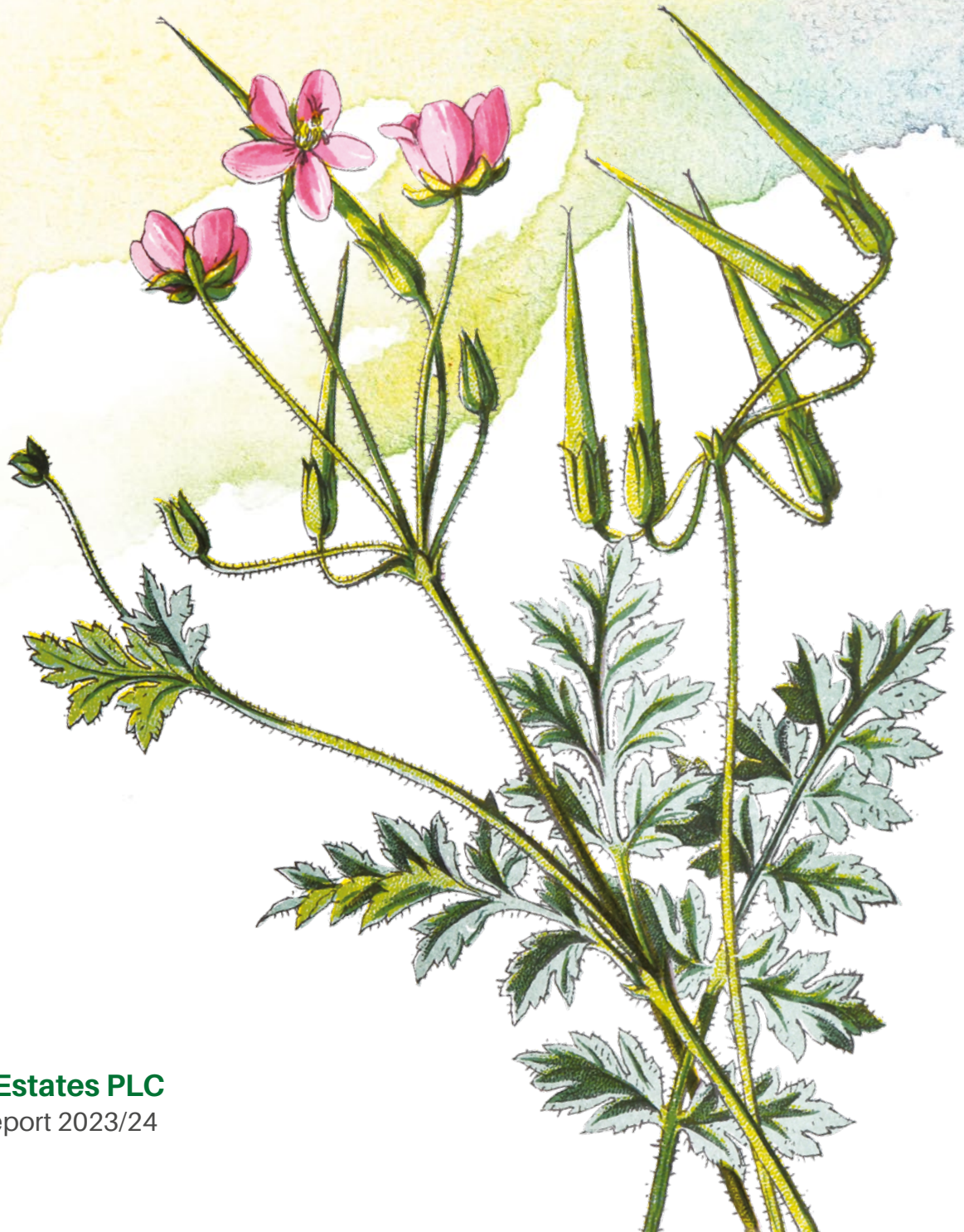


# Rejuvenate Regenerate



## VISION

To be the most admired  
Plantation Company in Sri Lanka.

### Positive Change Through Growth and Innovation:

Upholding best business practices, we are open to new ideas to stay ahead of the evolving market dynamics. We give precedence and allocate our resources strategically to expand our outreach, offer enhanced products and blend modernity with conventional tea production practices.

- ☼ Precision Agriculture
- ☼ Water Conservation
- ☼ Renewable Energy
- ☼ Eco-friendly Processes

### Community Engagement and Local Development:

Creating impactful and shared value, we stand committed to support our employees, bought-leaf suppliers and communities residing in our estates—empowering them, ensuring their wellbeing and uplifting their quality of life, through our key human resources and social initiatives.

- ☼ Fair Trade
- ☼ Estate Workforce Engagement
- ☼ Best Labour Practices
- ☼ Skill-Building Opportunities
- ☼ Access to Healthcare Facilities
- ☼ Social Infrastructure

## Our Purpose Brewing a Better Future

### Environment stewardship, Conservation & Climate Action:

Advocating environmental stewardship, we prioritise responsible resource management, waste reduction and environmental conservation.

- ☼ Circular Economy
- ☼ Water Conservation
- ☼ Reforestation
- ☼ Wildlife Conservation
- ☼ Energy Management
- ☼ Renewable Energy
- ☼ Carbon Footprint

### Beyond Profit: Conscious and Responsible Future:

Going beyond mere short-term financial gains, we stand committed to integrate ethical and sustainable business practices into our strategic delivery for long-term impact.

- ☼ Environmental Responsibility
- ☼ Social Responsibility
- ☼ Good Governance

## MISSION

Manage the plantations to enhance Quality of life of all employees. Produce and market quality teas that delight our customers. Drive sustainable growth. Enhance shareholder value.

## BUSINESS PHILOSOPHY

- ☼ Manufacturing Quality Tea that fetch Premium Prices
- ☼ Increasing Shareholder Value
- ☼ The Spirit of Entrepreneurship
- ☼ Making Profit without loss of Honour
- ☼ Motivating and Training our people to reach their full potential
- ☼ Rewarding Performance
- ☼ Being a Learning Organisation and continuously improving
- ☼ Building mutually beneficial long term relationships with our Customers and Suppliers
- ☼ Positively contributing to the conservation of the environment



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*"Hello and welcome to Talawakelle Tea Estates PLC. I am your AI powered Virtual Report Assistant. Feel free to ask me anything you would like to know about this report or the company. Thank you and have a great day!"*



SCAN ME!

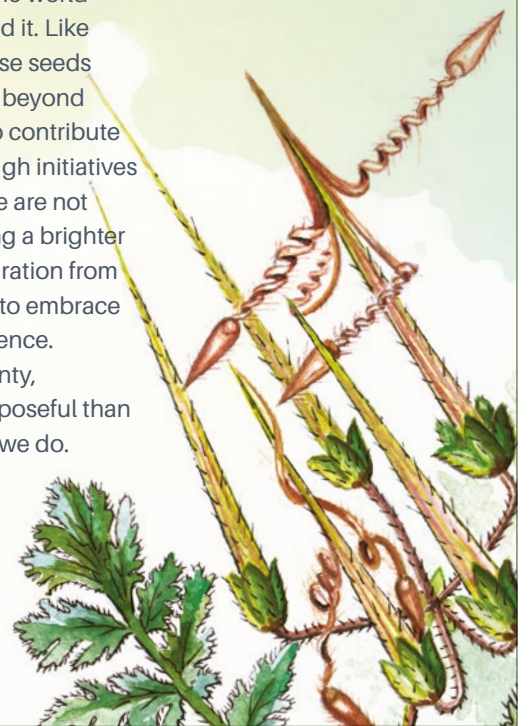
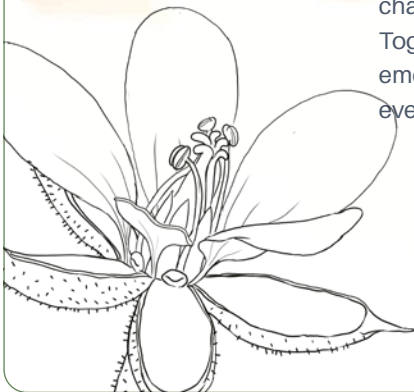




## Rejuvenate Regenerate

As we reflect on the past year, it is evident that we have navigated through challenges with resilience and innovation. Our commitment to regeneration has been a guiding principle, and we have witnessed its transformative power firsthand. And this year, we share a remarkable example that encapsulates our journey: the extraordinary regeneration of the Filaree tree. Much like our business, Filaree seeds, when faced with the juncture of growth, have chosen to adapt, grow, and thrive and their resilience serves as an inspiring metaphor for our own endeavours.

In the face of shifting market dynamics and unforeseen obstacles, we have mirrored these characteristics and embraced change as an opportunity for growth, constantly changing our strategies to remain agile and competitive in a fast paced environment that upholds sustainable initiatives above all. So regeneration for Talawakelle PLC in nature and in the industry is not just about bouncing back—it is about embracing new possibilities and ensuring that the world around us is always left better than we have found it. Like the delicate balance of ecosystems in which these seeds thrive, our commitment to regeneration extends beyond mere survival. We recognize our responsibility to contribute positively to society and the environment. Through initiatives that promote sustainability and social impact, we are not only regenerating our business but also nurturing a brighter future for generations to come. As we draw inspiration from the remarkable story of the Filaree, we continue to embrace change, innovate fearlessly, and strive for excellence. Together, we will navigate the winds of uncertainty, emerging stronger, more resilient, and more purposeful than ever before as we rejuvenate and regenerate all we do.



# Rejuvenate and Regenerate

## The Inspirational Tale of the Redstem Filaree Seed"

In the heart of Talawakelle Tea Estates PLC lies a story of resilience, determination, and growth — a story echoed in the journey of the "Redstem Filaree" (*Erodium Cicutarium*) seed. This retiring seed, embodies the spirit of rejuvenation and regeneration, mirroring the core values of our esteemed company.

### STAGE 1

#### Survival Against all Odds

Much like the redstem filaree seed, Talawakelle Tea Estates PLC has weathered rough periods and emerged stronger than ever. With unwavering perseverance, we have navigated challenges, demonstrating our ability to adapt and thrive in any atmosphere.

### STAGE 2

#### Rooted in Resilience

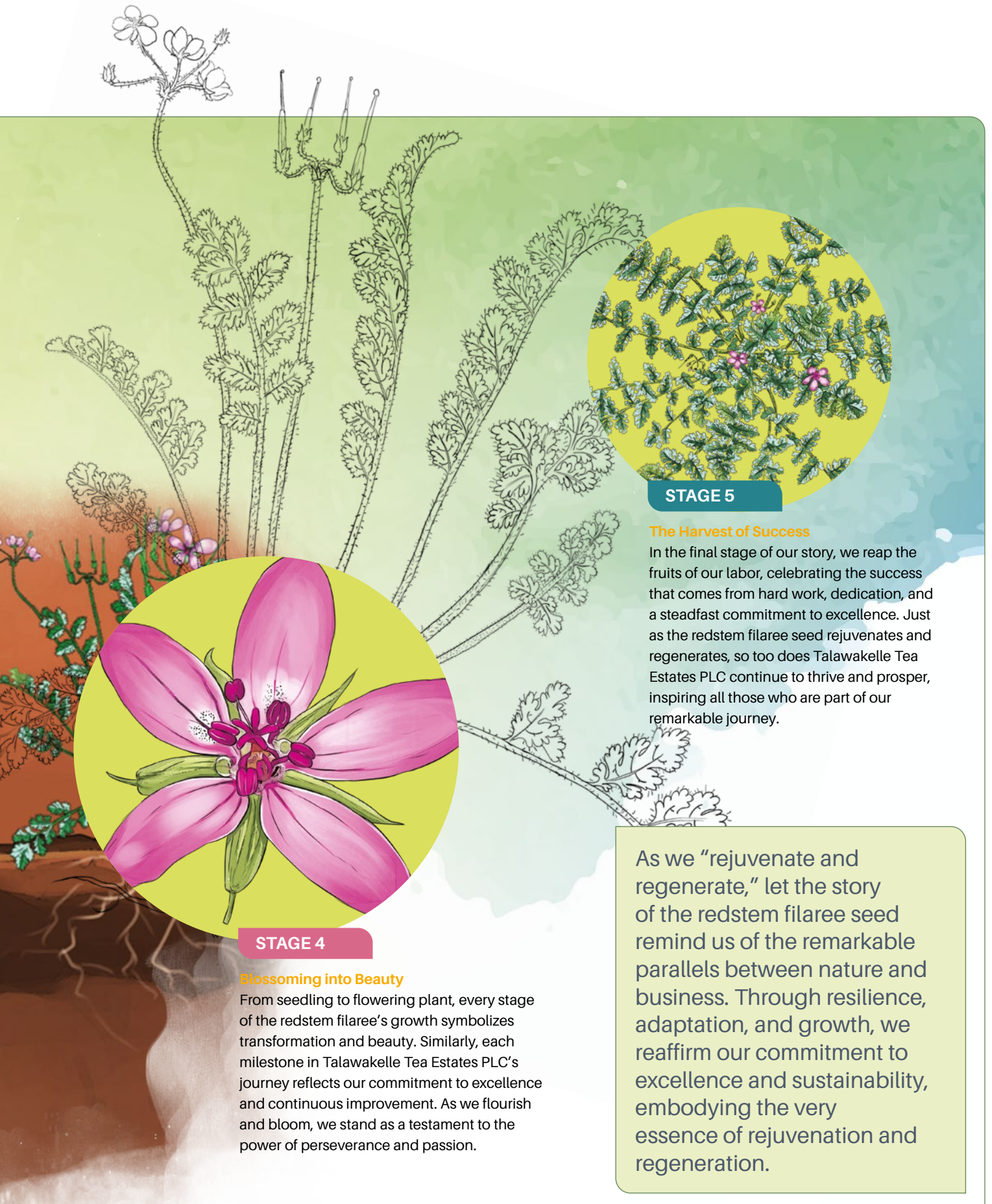
Just as the redstem filaree seed drills itself into the earth using its natural spiral tail, our company is deeply rooted in our values and principles. Through dedication and hard work, we anchor ourselves in the soil of the tea industry, laying the foundation for sustainable growth.

### STAGE 3

#### Navigating the Path to Success

Like the filaree seed that is carried through wind currents in search of the ideal spot to grow, Talawakelle Tea Estates PLC carefully navigates the business landscape, constantly seeking opportunities for expansion and innovation. Our strategic approach ensures that we find the perfect conditions for growth and prosperity.





#### STAGE 5

##### The Harvest of Success

In the final stage of our story, we reap the fruits of our labor, celebrating the success that comes from hard work, dedication, and a steadfast commitment to excellence. Just as the redstem filaree seed rejuvenates and regenerates, so too does Talawakelle Tea Estates PLC continue to thrive and prosper, inspiring all those who are part of our remarkable journey.

#### STAGE 4

##### Blossoming into Beauty

From seedling to flowering plant, every stage of the redstem filaree's growth symbolizes transformation and beauty. Similarly, each milestone in Talawakelle Tea Estates PLC's journey reflects our commitment to excellence and continuous improvement. As we flourish and bloom, we stand as a testament to the power of perseverance and passion.

As we "rejuvenate and regenerate," let the story of the redstem filaree seed remind us of the remarkable parallels between nature and business. Through resilience, adaptation, and growth, we reaffirm our commitment to excellence and sustainability, embodying the very essence of rejuvenation and regeneration.

## Year at a Glance



Winner of Best corporate Citizen sustainability Award 2023



We won the most prestigious award for quality management at the Sri Lanka National Quality Awards, becoming the first plantation company in Sri Lanka to achieve this honor.



Once again, we are positioned as the number 1 regional plantation company in Sri Lanka for the sixth consecutive year. We hold the number one position in all our operating regions, including both high-grown and low-grown areas.



We acquired full ownership of TTEL Hydro Power Company (Pvt) Ltd and TTEL Somerset Hydro Power Company (Pvt) Ltd, previously holding 51% ownership.



First-Ever Certification for Ecosystem Restoration in the Asia Region



We are now certified with the "Mother & Child Friendly Seal" for Responsible Business.



Recognition as a Top-Ranked Company in LMD's "The Corporate Elite" List



Relaunched the 'TeaTel' Brand and Established an Exclusive Tea Centre in Colombo



Hosting the First International Sustainability Summit in the Sri Lankan Industry Sector



We won 6 awards, including the Overall Excellence Award for Best Management Practices Company Awards of the Institute of Chartered Professional Managers of Sri Lanka (CPM).



Launch of the "HERLEAD" Programme



## Awards & Recognitions

### Winner – Best Corporate Citizen Sustainability Awards

Category B Winner – Best corporate citizen Sustainability Awards

Winner – Top Ten Corporate Citizen



#### SUSTAINABILITY

##### Best Corporate Citizen Sustainability Awards 2023 by Ceylon Chamber of Commerce

- ★ Corporate Environmental Commitment - Category Winner
- ★ Environment Beyond the Business - Category Winner
- ★ Environmental Integration - Category Winner
- ★ Employee Relations - Category Winner
- ★ Governance - Category Winner
- ★ Environmental Sustainability (Planet) - Triple Bottom-Line Winner
- ★ Award for Planning and Adoption of Resilient Practices - Winner
- ★ Agriculture Sector - Sector Winner
- ★ Ten Best Corporate Citizens - Winner
- ★ Best Corporate Citizen Sustainability Award - Category B (Less than 15bn turnover) - Winner
- ★ Best Corporate Citizen Sustainability Award - Overall Winner



## Awards & Recognitions



### SUSTAINABILITY

- S1. Global Sustainability Awards 2024 at 6th International Conference on Sustainable Globalization - Overall Excellence - Gold
- S2. ICSG Global Sustainability Recognition Award 2024 at 6th International Conference on Sustainable Globalization - Agriculture & Plantation Sector
- S3. Sustainability Award 2023 at 12th Annual North American Tea Conference
- S4. Renewable Energy Revolution - Winner
- S5. ESG Business Awards 2023 - Renewable Energy Adoption - Winner
- S6. Global Business and Finance Magazine Award 2023 - Best Environmental & Social Initiatives Sri Lanka 2023 - Winner
- S7. International Business Magazine Award 2023 - Best Sustainability Report Asia - Winner
- S8. World Sustainability Award 2023 - Sustainability Excellence Awards - Finalist

### REPORTING, GOVERNANCE & TRANSPARENCY

- R1. CA TAGS Award 2023 by CA Sri Lanka - Joint Winner in Plantation Sector - Gold
- R2. CMA Excellence in Integrated Reporting Award 2023 - "Best Integrated Report in Plantation Sector" - Winner
- R3. CMA Excellence in Integrated Reporting Award 2023 - One of the "Ten Best Integrated Reports"
- R4. Best Presented Annual Report Awards, Integrated Reporting & SAARC Anniversary Award 2022 by SAFA - Corporate Governance Disclosure in Agriculture Sector - Bronze
- R5. Corporate Governance Disclosures in Agriculture Sector - Bronze
- R6. Asia's Best Integrated Report Award 2023 by CSR Works International - Integrated Thinking - Gold
- R7. Asia's Best Integrated Report Award 2023 by CSR Works International - CEO's Message - Silver

### BUSINESS EXCELLENCE

- B1. National Industry Excellence Award 2023 by Industrial Development Board of Ceylon - Tea, Value added Tea and Beverage Related Sector - Large Scale - Gold
- B2. CNCI Achiever of Industrial Excellence 2023 in Extra Large Manufacturing Sector - National Level - Merit Award
- B3. CNCI Achiever of Industrial Excellence 2023 in Extra Large Manufacturing Sector - Provincial Level - Silver Award
- B4. Ralston Tissera Memorial Award by Planters' Association of Ceylon - Great Western Estate - For Excellence in Tea Manufacturing during the Year 2022
- B5. Ralston Tissera Memorial Award by Planters' Association of Ceylon - Great Western Estate - For Excellence in Tea Manufacturing during the Year 2022/2023
- B6. International Business Magazine Award 2023 - Leading Tea Plantations in Sri Lanka - Winner

### BEST MANAGEMENT PRACTICES

#### Best Management Practices Company Award 2023 by CPM

- M1. Top Ten Companies
- M2. Overall Winner Gold
- M3. Excellence Award
- M4. Agriculture and Plantation Category - Category Winner
- M5. Diversity, Equity and Inclusion Category - Category Winner
- M6. Certificate of Recognition - Palmerston Estate





## QUALITY & PRODUCTIVITY

- Q1. Sri Lanka National Quality Award 2022 by Sri Lanka Standards Institution
- Q2. Manufacturing Large Category - Winner
- Q3. Asia's Quality Excellence & Leadership Award 2023 by CMO Asia
- Q4. Hayleys Plantations - Quality Leadership Award 2023
- Q5. 8th Asia - Pacific Tea Competition - 2023 held in Beijing, China - Bearwell - Gold
- Q6. 8th Asia - Pacific Tea Competition - 2023 held in Beijing, China - Wattegoda - Gold
- Q7. 8th Asia - Pacific Tea Competition - 2023 held in Beijing, China - Great Western - Silver
- Q8. 8th Asia - Pacific Tea Competition - 2023 held in Beijing, China - Radella - Silver
- Q9. 8th Asia - Pacific Tea Competition - 2023 held in Beijing, China - Somerset - Silver
- Q10. 8th Asia - Pacific Tea Competition - 2023 held in Beijing, China - Holyrood - Special Gold
- Q11. International Tea Academy Award 2023 - BOP of Dessford
- Q12. NCE Export Award 2023 by National Chamber of Exporters of Sri Lanka - Tea & Tea Products - Extra Large Category - Bronze
- Q13. Global Business and Finance Magazine Award 2023 - Best Quality Ceylon Tea Producers Sri Lanka 2023 - Winner
- Q14. Global Business and Finance Magazine Award 2023 - Fastest Growing Tea Plantations in Sri Lanka 2023 - Winner
- Q15. Food & Drink Awards 2023 by Lux Life Magazine - Best Black Tea Production Estate 2023 Sri Lanka

## PROJECTS

- P1. Chairman Awards 2023 - "Zero Footprint Sand Project"- Merit-Palmerston Estate in Plantation Category



Ranked 3rd on LMD's "The Corporate Elite" list of the most awarded companies 2023.

## HUMAN RESOURCES

- H1. 50. Best Workplaces in Asia 2023 - Ranked 40th in Asia's Best Large Workplaces 2023 (70 Organizations in the list)
- H2. Best Workplaces™ in Sri Lanka 2023 - Ranked 4th in 50 Best Workplaces in Sri Lanka (Large Size Workplaces Category)
- H3. The Cube Award 2023 - Best in Bold Acts of Leadership
- H4. Recognized as one of 15 Best Workplaces in the Manufacturing & Production Industry Sri Lanka 2024
- H5. Recognized as one of 15 Best Workplaces™ for Women in Sri Lanka 2023
- H6. "We Love Our Workplace" Video Contest 2023 - Winner
- H7. South Asian Business Excellence Awards 2023 by South Asian Partnership Summit - Best Place to Work under HR Leadership Category

### Social Dialogue Excellence Award 2023 by Department of Labor Sri Lanka

- H8. Radella Estate
- H9. Bearwell Estate
- H10. Logie Estate
- H11. Mattakelle Estate
- H12. Somerset Estate
- H13. Wattegoda Estate
- H14. Great Western Estate
- H15. Dessford Estate
- H16. Palmerston Estate

## LMD

- L1. Most Respected Entities in Sri Lanka 2023 by LMD Ranked 98th in the Most Respected Entities in Sri Lanka, among Top 100 list.
- L2. LMD's "Most Awarded" (Fourth Edition) Overall Rank No.3 and No. 1 in the Plantation Sector



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Climate Related Financial Disclosures

### Climate Related Financial Disclosures

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## About the Report

GRI 2-2,3

**Following through best practices and leading reporting standards, we at Talawakelle Tea Estates PLC (TTE) are pleased to present our 10th integrated annual report.**

Covering a 12-month cycle, we publish our report for the financial year 01st April 2023 to 31st March 2024. In this report, we strive to establish our commitment to uphold integrated thinking and drive a perceptive strategy to optimise our capitals and deliver meaningful value to all our stakeholders, with positive socio-economic and environmental impacts.

### Scope and Boundary

The report covers material information relating to the Company's operating context, business model, strategy, performance, risk management, governance along with future outlook and plans set up to the date of the Board approval on 09th May 2024. It presents both, financial and non-financial disclosures including a well-balanced

account of environmental, socio-economic and governance (ESG) performance across three-time periods. We consider the short-term to be one to three years; the medium term to be three to five years; and the long-term as above five years. The report also provides comparative data for the previous financial year 2022/23; in some instances, for the past five years; and targets for the next financial year, 2024/25, as well as ESG targets up until 2030 (refer page 79.) aligned with our Regenerative Agenda and climate action target for 2030, and NetZero 2050 targets (refer page 79).

This report covers our operations spanning 16 estates and 15 factories in the high and low grown regions in the country along with operations at our regional office in Nanu Oya and the corporate office in Colombo. It also presents key information of our two subsidiaries engaged in hydropower generation as and when deemed material. The data provided herein are set out at the group level unless otherwise stated as company level; whilst financials are presented for both the company and for the group on a consolidated basis.

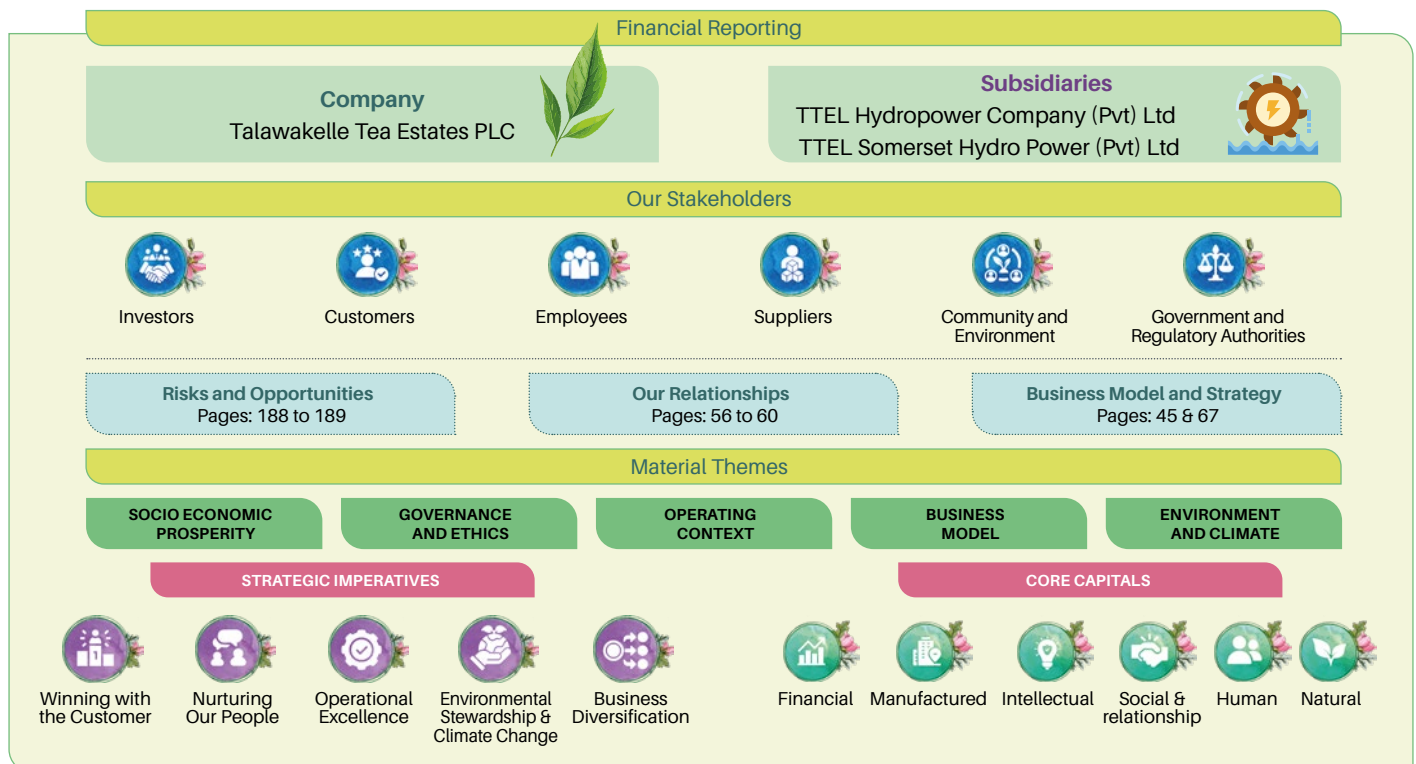
Refer: [www.talawakelleteas.com](http://www.talawakelleteas.com) for the current and the past integrated annual reports.

### Materiality and Precautionary Principle

Based on the principle of materiality, our report focuses on significant and relevant internal and external matters that could materially impact or influence our ability to create and sustain value overtime, and meet our stakeholder expectations. We considered our strategic and sustainability related risks and opportunities; findings from stakeholder engagement process; and deliberations of the Board, Board sub committees and the senior management; to identify material matters and validate them to be comprehensive, complete and robust. (Refer: Materiality in Focus, page 61)

Aside, social and environmental content is also developed on the precautionary principle underscored by the Rio Declaration on Environment and Development. This complements our commitment to address and mitigate our operational impacts on the environment and the society.

### INTEGRATED REPORTING BOUNDARY





## WHAT TO LOOK FOR

**BUSINESS REPORT**

Gives a comprehensive review of our strategy in response to principal risks and opportunities, resource allocation, trade-offs; along with our operational performance, future outlook, plans and targets against the macroeconomic backdrop and the dynamics of the plantation industry in Sri Lanka. This review is primarily targeted at our shareholders and prospective investors.

 Pages 10 to 29
**CAPITAL REPORTS**

These reports outline our strategy in managing the core capitals in our quest to create and preserve value in the short, medium to long-term. Key performance indicators are also presented. This section is tailored to resonate with a broad spectrum of stakeholders' interest.

 Pages 113 to 187
**CORPORATE GOVERNANCE REPORT**

This provides a comprehensive overview of our leadership and our commitment to effective governance and sustainability. It gives a detailed insight into the Board composition, procedural frameworks, and compliance with regulatory and statutory requisites, both mandatory and voluntary.

 Pages 200 to 207
**RISK MANAGEMENT REPORT**

This report sets out our commitment to navigate the complex landscape of risk management. It discusses our strategic approach, methodologies and practices in managing risks and opportunities to optimise the value creation process.

 Pages 190 to 199
**STATEMENT OF ESG PERFORMANCE**

This provides a succinct view of our ESG considerations. The statement sets out key performance results along with notes to the statement.

 Pages 228 to 235
**FINANCIAL REPORTS**

These reports present our audited financial statements, notes and statutory reports prepared in accordance with relevant accounting and reporting standards.

 Pages 241 to 300
**SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES**

These disclosures present sustainability-related financial information with a special focus on climate-related financial disclosures. They highlight the financial impacts arising from climate and sustainability-related risks and opportunities.

 Pages 86 to 97
**Target Audience**

Our annual report is primarily aimed at meeting the information requirements of our shareholders and potential investors. It is also tailored to address other stakeholders, encompassing our employees, buyers, brokers and customers, business partners, regulators and our resident estate communities.

**Reporting Improvements**

In keeping with the evolving landscape of corporate reporting, this year, we attempted to integrate our reporting process with the International Financial Reporting Standards (IFRS) sustainability disclosure standards including S1 and S2 as well as the localized versions, SLFRS S1 and SLFRS S2, by CA Sri Lanka. Accordingly, we focused on disclosing sustainability-related risks and opportunities with greater financial

implications along with specific climate disclosures, providing stakeholders with comprehensive information on our climate-related impacts and mitigation strategies. Mandated in January 2024, our compliance in this regard, underscores our commitment to be accountable and transparent to our stakeholders.

**Restatements**

GRI 2-4

The GHG emissions for the financial year 2022/23 have been recalculated due to changes in the Global Warming Factor of IPCC AR6. These emission values have been restated in this financial year's disclosures to ensure better comparability.

**Report Preparation**

Upholding current and best reporting practices, we followed through a meticulous reporting preparation process—ensuring accountability,

completeness and conciseness in presenting information. We relied on information and data gathered from our corporate plan, risk register, management progress reports, financial statements and desk-research on publicly available reports. We relied on comprehensive interviews with the executive and management teams at the corporate office as well as at the estates. Our senior management team together with the Hayleys Internal Audit spearheaded and guided the process and validated the content to be accurate, complete and relevant prior to obtaining Board approval.

## About the Report

GRI 2-5

### Reporting Guidelines, Frameworks and Standards

**Narrative Reporting** External Assurance: Messrs. Ernest & Young, Chartered Accountants Page: 322

- The International Integrated Reporting <IR> Framework, 2021 - Integrated Reporting Council
- "A Preparer's Guide to Integrated Reporting and Supplement 1 & 2" - The Institute of Chartered Accountants of Sri Lanka

**Financial Reporting** External Assurance: Messrs. Ernest & Young, Chartered Accountants Page: 280

- Company's Act, No. 07 of 2007 (mandatory)
- Sri Lanka Financial Reporting Standards (SLFRS); Sri Lanka Accounting Standards (LKAS) and Auditing Standards Act No. 15 of 1995 - The Institute of Chartered Accountants of Sri Lanka (mandatory)
- Continuous Listing Rules - Colombo Stock Exchange (mandatory)

**Governance, Compliance and Risk Reporting** External Assurance for GRI Disclosures: Messrs. Ernest & Young, Chartered Accountants Page: 234

- Code of Best Practices on Corporate Governance 2023 - The Institute of Chartered Accountants of Sri Lanka (mandatory)
- Continuous Listing Rules - Colombo Stock Exchange (mandatory)
- Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended) (mandatory)
- ISO 31000:2018 Integrated Risk Management Framework - International Organisation for Standardization
- Companies Act, No. 07 of 2007 (mandatory)

**ESG & Sustainability Reporting** External Assurance for ESG and GRI Disclosures: Messrs. Ernest & Young, Chartered Accountants Page: 234

- Global Reporting Initiative (GRI) Universal Standards and GRI 13 Agriculture, Aquaculture and Fishing Sectors, 2022 - In Accordance GRI with Stanadards (GRI Content Index is set out on page 308)
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, June 2023; and IFRS S2, Sustainability Disclosure Standard, Industry-based Guidance on Implementing Climate-related Disclosures, Volume 20 - Agriculture Products, June 2023 - International Sustainability Standard Board
- United Nations Global Compact (UNCG) 10 Principles
- United Nations Sustainable Development Goals (UNSDGs)
- Guidance on ESG Reporting, Colombo Stock Exchange
- Non-financial Reporting Guideline, The Institute of Chartered Accountants of Sri Lanka

**Climate-related Disclosures** External Assurance for GHG Emission Inventory: Sri Lanka Climate Fund Page: 321

- Task Force on Climate-related Financial Disclosure (TCFD)
- ISO 14064-1:2018 Organisation Level GHG Emissions/ Removal Reporting Standard
- GHG Protocol - World Resources Institute & World Business Council for Sustainable Development
- Science Based Target Initiative (SBTi)

### Combined Assurance

Following through a combined assurance approach, the entire reporting process including the integrated reporting content, ESG considerations and financial information and data is scrutinized, verified and assured for integrity by both, external and internal governing/certification bodies.

On one hand, the report is reviewed and validated by the senior management, Internal Audit of the Hayleys Group, ESEG Steering Committee and the Board Audit Committee. Subsequently, the entire report is formally approved by the Board of Directors. On the other, third-party independent assurance is obtained for the report including sustainability and ESG disclosures, GHG emission discourses and the consolidated financial statements and notes. This dual assurance model serves to enhance the overall quality of the report and provides confirmation of the absence of any material misstatements.



## Statement of Compliance with SLFRS S1 and S2 Requirements

This year's report complies with the requirements of SLFRS S1 and S2, utilizing the transitional relief granted by the ISSB and CA Sri Lanka. We follow a climate-first approach, as detailed in the dedicated section on page 86. In this report, we provide both quantitative and qualitative disclosures on the anticipated financial effects and climate-related scenario analysis. Our GHG emission-related metrics comprehensively cover Scope 1, 2, and 3 in accordance with the GHG Protocol. Information is limited to what is reasonable, supportable, and available without undue cost or effort, particularly in measuring Scope 3 emissions and determining the scope of the value chain.

## Forward Looking Statements

This report includes forward-looking statements regarding our financial position, strategic objectives, business prospects, industry trends and market dynamics. While we have exercised due diligence in making such statements, the reader is cautioned to be prudent, as actual operations may significantly deviate from our business expectations, projections and plans. We do not commit to publicly update or revise these statements to reflect the changes occurring after the date of publication of this report, unless mandated by applicable statutory and regulatory authorities.

### Resource Allocation FY 2023/24

Foresight from  
Leadership  
**Pages 20 to 27**

Operating  
context  
**Pages 49 to 53**

Strategy and  
Resource allocation  
**Pages 67 to 77**

Business Review and  
Subsidiary Review  
**Pages 106 to 109**

Future  
Snapshot  
**Pages 186 to 187**

### Board Responsibility Statement

The Board of Directors of Talawakelle Tea Estates PLC takes full responsibility for the authenticity and transparency of this integrated annual report. The Board assures stakeholders that the report addresses all material information on the Company's value creation process and provides an accurate and balanced representation of the performance for the financial year 2023/24.

Signed for and on behalf of the Board

Chairman  
Board of Directors

Chairman  
Audit Committee

Chief Executive Officer

### Feedback and Queries

We welcome feedback and queries regarding this report and encourages the reader to direct their responses and their suggestions to:

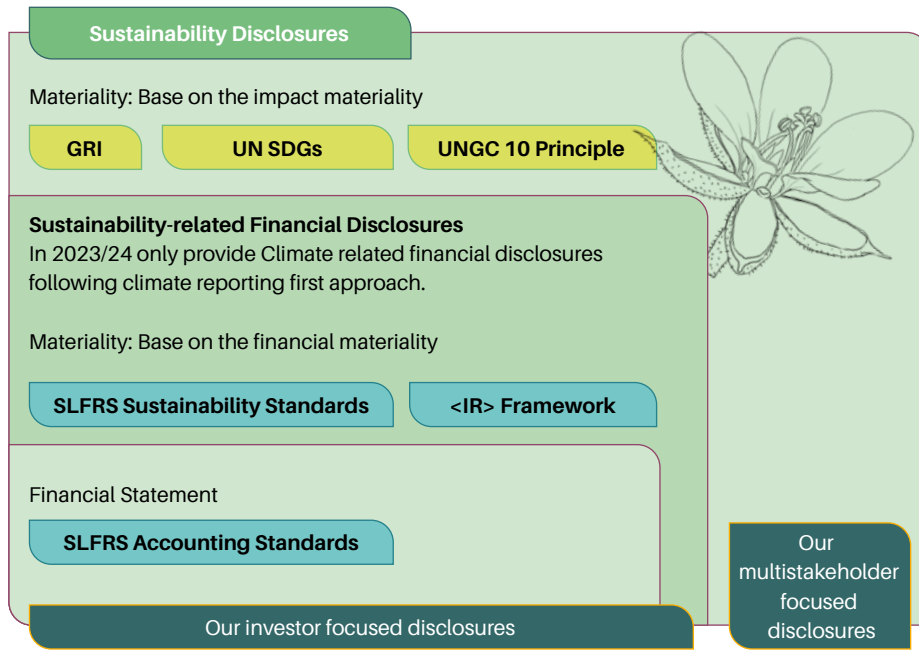
#### Director - Finance

Talawakelle Tea Estates PLC  
Address: Talawakelle Tea Estates PLC  
No 400, Deans Road  
Colombo 10  
Telephone: +94-11-2627759  
Email: [tpl.tea@ttl.hayleys.com](mailto:tpl.tea@ttl.hayleys.com)

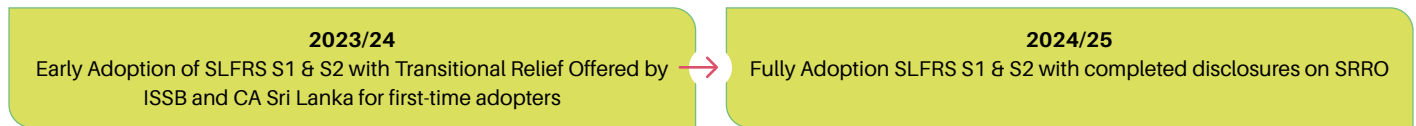


# Strategic Roadmap for Corporate Reporting Excellence

Our commitment to continuous improvement in integrated annual reporting is unwavering. We aim to enhance transparency, accountability, and stakeholder engagement, ensuring that our disclosures consistently reflect our evolving sustainability and financial performance. This strategic journey underscores our dedication to maintaining excellence and integrity in corporate reporting practices.



The roadmap highlights our early adoption of SLFRS S1 & S2 with transitional relief in 2023/24, moving towards full adoption in 2024/25. Key implications include implementing a climate-first reporting approach, integrating key sustainability-related material topics as per SLFRS S1, assessing financial impacts from climate-related risks and opportunities, and completing and disclosing the GHG inventory in accordance with the GHG Protocol. The implications plan for 2024/25 focuses on integrating and disclosing all material sustainability-related financial information, comprehensively assessing and disclosing financial impacts from sustainability-related risks and opportunities, conducting and disclosing scenario analysis and business resilience assessments, and improving the integration of SLFRS disclosures and integrated reporting disclosures while significantly enhancing the report's conciseness.



## Key implication

- ☘ Followed a climate-first report approach, including a section on climate reporting in accordance with SLFRS S2.
- ☘ Integrated key sustainability-related material topics in accordance with SLFRS S1 disclosure requirements, conducted sensitivity analysis, and disclosed financial impacts qualitatively.
- ☘ Assessed financial impacts from climate-related risks and opportunities, conducted initial scenario analysis, and identified financial impacts.
- ☘ Completed and disclosed GHG inventory, reporting Scope 1, Scope 2, and Scope 3 emissions with all applicable categories in accordance with the GHG Protocol.

## Implications Plan

- ☘ Integrate and disclose all material sustainability-related financial information.
- ☘ Comprehensively assess and disclose financial impacts from sustainability-related risks and opportunities.
- ☘ Conduct and disclose scenario analysis and business resilience assessments in a comprehensive manner.
- ☘ Improve integration of SLFRS disclosures and integrated reporting disclosures, while significantly enhancing the report's conciseness.



## Our Reporting Suite

**WE'VE REACHED THE POINT WHERE DIGITAL TRANSFORMATION IN THE PLANTATION INDUSTRY**

**AUDIO VERSIONS**

- Chairman's Message
- Managing Director's Review

**VIDEO VERSION**

- Annual Report Summary
- Business Model
- ESG Report Summary

**DIGITAL VERSIONS**

- Dedicated Website
- FLIP Version
- PDF Version
- Web based feedback form

**INTERACTIVE PDF**

A digital document featuring interactive elements such as

- Clickable links
- Form fields
- Multimedia content
- Interactive navigation

These features enable users to engage with the document by interacting with the embedded elements, offering a dynamic and engaging reading experience.



QR Code For the Website

ESG Report 2023/24

GHG Report 2023/24

Trilingual Financial & Non-Financial Summary

**Digital Dashboard**

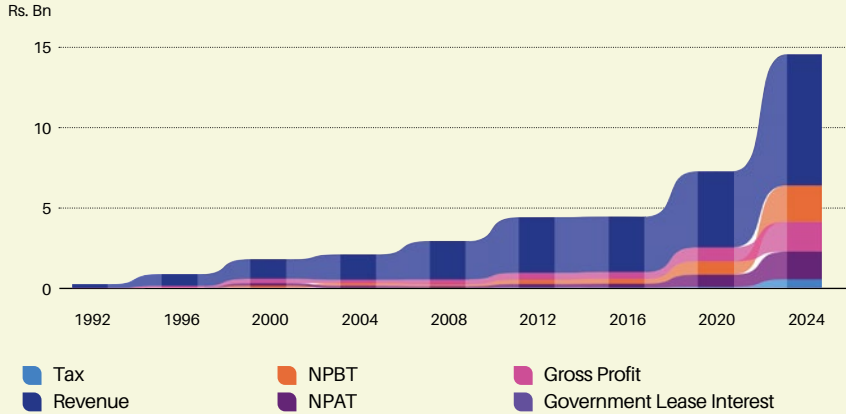
We are excited to announce the launch of our digital dashboard, offering comprehensive insights into ESG and financial performance indicators. This tool empowers stakeholders with real-time data, interactive visualizations, and detailed analytics, enhancing transparency and facilitating informed decision-making in sustainability and financial metrics.

**Revolutionizing Reporting with AI-Powered, Augmented Reality Assistance Tool**

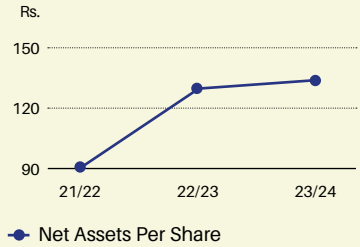
Introducing our AI-powered, augmented reality-based report assistance tool. This state-of-the-art solution leverages artificial intelligence and augmented reality to revolutionize report analysis and visualization. It provides an immersive, interactive experience, simplifying complex data interpretation and making insights more accessible and user-friendly for all stakeholders.

## Financial Highlights

### Revenue/Gross Profit/ Government Lease Interest/NPBT/ NPAT - 32 Years



### Net Assets Per Share

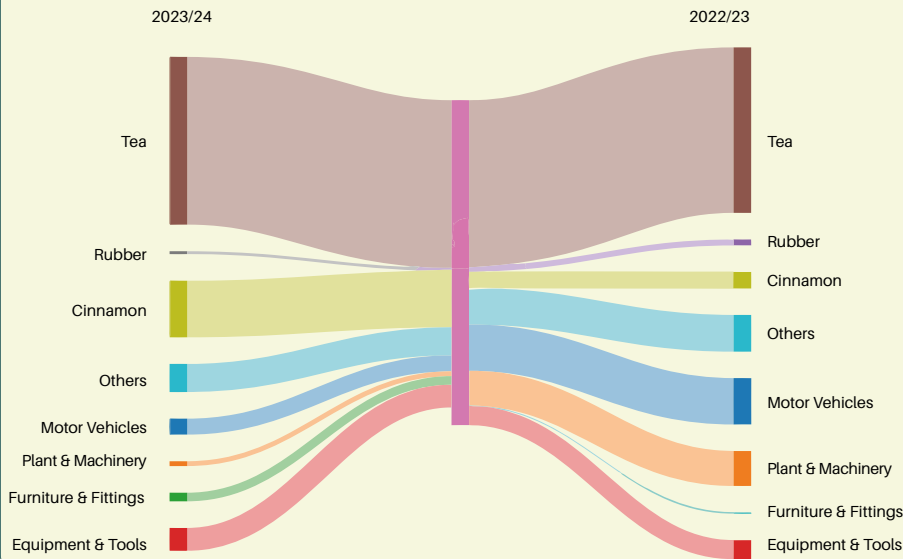


**Rs. 3,925 Mn**  
**Short Term Investment**

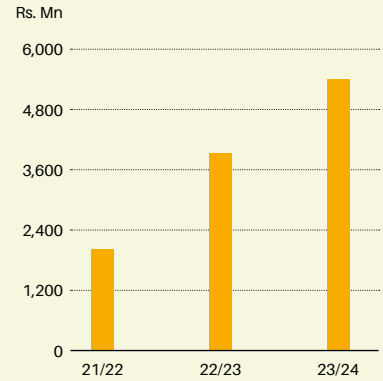
**Rs. 6,369 Mn**  
**Equity**

**7%**  
**Gearing Ratio**

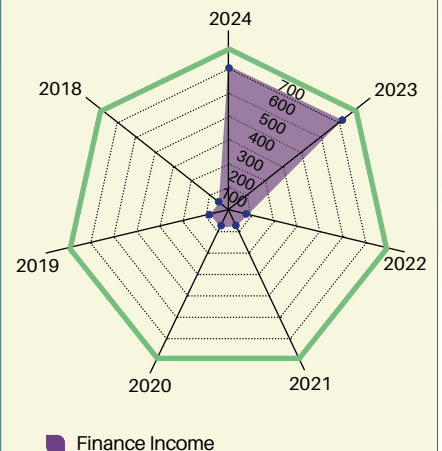
### Investments on Capex



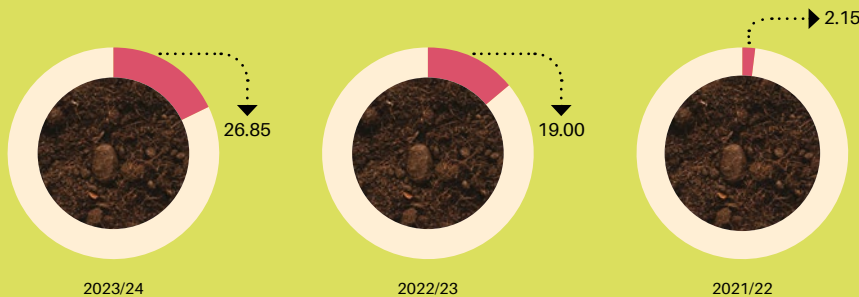
### Market Capitalisation



### Finance Income - 7 Years (Rs. Mn)



### Dividend Per Share (Rs.)





## ESG Highlights



### Our ESG Rating & Score



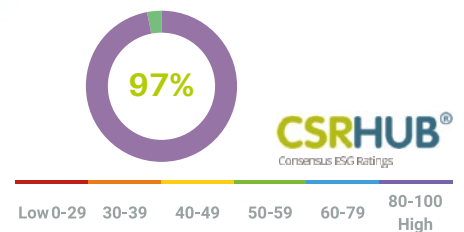
**AA**

Grade company on ESG Rating by IdealRatings®

**IdealRatings®**

(It's platform that provides environmental, social, and governance (ESG) data and analysis for investors and companies.)

### Our ESG Ranking Compared with 36,822 Companies





**Blossoming into their own, we have been integral in the growth of female entrepreneurs, maximising their potential in the industry while creating scope for communities.**







## Chairman's Statement

# "Recovering from a crisis-point in our nation's history, we are optimistic about our medium to long-term outlook"



environment was relatively stable, with inflation contained from record-highs and relief from external sector pressures.

The agriculture sector along with the tea industry welcomed the improved supplies of fertiliser and agrochemicals, although elevated costs remained a concern. Inclement weather conditions resulted in below-potential national tea production while the appreciation of the Sri Lankan Rupee also affected exporters. Meanwhile the Colombo Tea Auction saw weak sentiments compared to the bullish market trends in the previous year.

### Strategic interventions

Well deliberated and planned, we delivered a holistic strategy to navigate market dynamics and leveraged on opportunities to sustain business excellence. Adopting regenerative agronomic practices combined with innovation and SMART factory management, allowed us to manage anomalies in weather to boost our tea production—contributing 2% to the national output. We continued to lead the industry in quality, offering the finest Ceylon teas and value-added specialty ranges. Our competitive edge was evident—securing buyer loyalty whilst attracting new and high-end market segments. The prices we fetched at the Auctions consistently exceeded national averages in both, high and low grown elevations, reinforcing our rank at the top amongst the regional plantation companies for the 6th consecutive year.

Striving to curtail our reliance on a mono-crop model, we continued to make significant strides in our crop diversification initiatives. We systematically increased our exposure to cinnamon, coconut and commercial agro-forestry, enabling us to secure alternative revenue streams to support our long-term corporate objectives.

### Dear Shareholder,

On behalf of the Board, it is my pleasure to present the 10th Integrated Annual Report and the Audited Financial Statements of Talawakelle Tea Estates PLC for the financial year ended 31st March 2024.

As we navigated multiple challenges in a rapidly evolving and complex business environment, your Company was resilient, agile and decisive in its strategic response—consolidating and achieving a solid performance and outperforming the industry both financially and operationally. Group Turnover reached Rs. 7,763 million whilst Profit After Tax amounted to Rs. 1,643 million, a decline of 36% as profits normalised from the record highs of the previous year. The Company also achieved a major milestone in its operating history, clinching the coveted 'Overall Winner' at the Best Corporate Citizen Sustainability Awards 2023 organised by the Ceylon Chamber Commerce, marking the first time a plantation company achieved this feat.

**Rs. 34.63**  
EPS

### Business Context

Despite demonstrating a degree of resilience, the global economic recovery in the year 2023 was slow and uneven, failing to reach pre-pandemic levels. Geopolitical tensions remained a significant deterrent, which in turn impacted shipping routes, commodity prices and supply chains. Much-needed policy reforms aligned to the IMF programme, enabled Sri Lanka to record a gradual economic recovery rebounding from the unprecedented challenges of the previous year. While GDP recorded a contraction for the full year, the latter part of the year saw moderate growth with key sectors of the economy witnessing revival. The macroeconomic





## Chairman's Statement

**"We continued to lead the industry in quality, offering the finest Ceylon teas and value-added specialty ranges"**

**25.80%**  
**ROE**

### ESG Aspirations

As an exemplary corporate citizen, we remain steadfast in our efforts to create shared value, a commitment we have upheld for over three decades. Having launched our ESG roadmap, aligned to that of our parent's Hayleys Lifecode, we sought to strategically action our 'Regenerative Business Agenda 2030' through interventions across our processes and decision making. Seeking to go beyond conventional sustainability efforts, this framework has provided a robust platform to rejuvenate our strategic delivery, systems and processes—enabling us to achieve our progressive environmental, social and governance aspirations and goals. Considerable progress was also made in strengthening sustainability governance in the Company, with the formation of an ESG Committee with oversight responsibility for monitoring performance against ESG targets and identifying and monitoring sustainability risks and opportunities.

Our stewardship and investments in terms of sustainable resource management, quality management, renewable energy, capacity building, social wellbeing and biodiversity and ecosystem health—are significant; and essentially underline our quest to be more inclusive, equitable and

responsible in the medium to long-term. As an agriculture-based organisation, we are well aware of the impacts on climate change on our core operations. The proactive measures we have adopted to manage and mitigate potential and existential threats assume greater significance and warrant consistent and continuous strategic investments. Our participation in recognised certification programmes—covering our field and factory operations, product quality and environmental and social standards—further strengthens our sustainable business approach.

In the year under review, we invested Rs. 14.4 million on training and development of our people, encompassing over 4,200 work force covering estate staff and manual grade, head office and estate management staff. We provided productivity-based incentives to top up their daily wages, enabled revenue-share with independent working arrangements, extended well-rounded skills development programmes, and prioritised their wellbeing through comprehensive welfare measures in health, nutrition and safety. We also invested Rs. 103.6 million to enhance the quality of life for our resident communities—positively impacting over 40,000 across our estates—combined with our key environmental initiatives.

### Performance

High tea volumes and premium prices, even in a less remunerative market, sustained our earnings in the year under review. Tea turnover recorded a marginal drop of 6% to Rs. 7,415 million, compared to Rs. 7,900 million in the previous year. Upholding sustainable agriculture and manufacturing practices, cost saving initiatives were implemented across the estates. Profit after tax recorded a decline of 36% during the year, reflecting the impact of numerous external factors.

With astute management, our financial position continued to be robust and well-managed. Our asset position stood at Rs.

9,857 million, reflecting an increase of 8% over the preceding year's position. This year, we acquired the balance ownership of 49% of our two subsidiary companies in mini-hydropower sector.

The working capital position was managed effectively maintaining healthy liquidity ratios. Both returns on equity (ROE) and capital employed (ROCE) were sound at 25.8% and 32.16% respectively.

### Governance and Leadership

We were deeply saddened by the passing away of our esteemed Director Deshamanya Merrill J. Fernando in July 2023. A highly respected stalwart in our industry, he served on our Board since 1998. We are indebted for his wisdom, guidance, and passion for excellence, leaving an indelible mark not only on our organisation, but on the entire tea industry.

In order to comply with the revised Listing Rules of Colombo Stock Exchange on corporate governance, Dr. Neil Bogahalande resigned from the Board after serving for 11 years. We thank him for his valuable contribution to the Board during his tenure.

Mr. D C Fernando who joined the Board on 2nd August 2023 and Mr. N Ekanayake and Mr. C B Talwatte who joined the Board on 3rd January 2024.

The Company adopted the Bribery and Anti-Corruption Policy and Shareholder and Investor Communications Policy of the Hayleys Group, which was launched during the year. The Company is fully compliant with the requirements as at 1st of April 2024 of Section 9 of the Listing Rules of Colombo Stock Exchange and is currently exploring the changes required to fully comply with the requirements by the effective date. The Company has also formulated a roadmap to ensure compliance with the requirements of the Code of Best Practice on Corporate Governance 2023 issued by Institute of Chartered Accountants of Sri Lanka by the effective date.



## Dividend Payout

We continued to generate outstanding returns for our esteemed shareholders. During the year we paid Rs. 9.50 per share in three interim dividends. The dividend yield and the pay-out ratio stood at 23.60 percent and 78.13 percent respectively.

## Moving Forward

Recovering from a crisis-point in our nation's history, we are optimistic about our medium to long-term outlook. With comprehensive structural and policy changes underway we anticipate the country's economic recovery to gain further momentum, once again, to its aspired growth trajectory. However, it is critical that we remain agile, alert and adaptable in addressing short-term risks and challenges which continue to shape our operating landscape.

This calls for our organisation to brace and leverage on our core strengths in managing the downside-risks and aggressively pursuing growth opportunities. With our expertise, collaborative team spirit, passion for innovation, excellence in sustainability and strong brand reputation and efficient systems and processes, we are well poised to produce finest quality teas; and lead the Colombo Tea Auctions by achieving record elevational prices, ahead of our competitors.

The ongoing strategy, that we adopted in the preceding year, based on regenerative principles, is indeed the way forward for us to steer through the dynamics in our industry. This approach ensures that we are responsive and resilient to manage the changing circumstances and uncertainties in our path towards creating meaningful value to all our stakeholders, thus, preserving the livelihoods of many thousands who rely on the plantation industry. Our focused and consistent efforts to refine and enhance the quality of our risk management and governance processes and procedures, in partnership with our parent, Hayley PLC, will further

complement and support us in securing long-term success.


## Appreciation

I extend my sincere appreciation to our Managing Director, Chief Executive Officer, Corporate Management Team, Executive Teams and most importantly, to our Estate Teams, for their steadfast commitment and hard work—for which we have been recognised over the years from some of the most acclaimed awarding bodies in the country and globally.

I am grateful to my esteemed colleagues on the Board for their insightful guidance in delivering a cohesive strategy in a fast-evolving business landscape. A warm thank you to our shareholders, customers and business partners for their continuous support, loyalty and trust placed in our corporate mission.

I am confident and humbly call upon all stakeholders to unite and work together to go the distance—pushing the bar to take our organisation to new heights of excellence.

Thank you



**Mohan Pandithage**  
Chairman  
Talawakelle Tea Estates PLC

09th May 2024



## Managing Director's Review

# "Our employee satisfaction rate is 99% as surveyed under the Great Place to Work certification"



Our goal is to create meaningful value for all our stakeholders—by setting science-based sustainability targets—be it in terms of developing our products and markets; deepening our engagement with our people; and reducing our carbon footprint to achieve net zero emissions within the next three decades.

### Role of Digitalisation

Driving for science and precision based agronomic and management solutions, we continued to focus on data insights as a critical enabler, underscoring our efforts to bring in operational efficiency and performance management. Through our strategic investments in digital systems, we have in place real-time data collection capabilities with advanced analytics and key performance dashboards. Our dedicated team tasked with monitoring and analysing data, plays a pivotal role, underlining a total management system across all aspects of the estate—field and factory operations as well as in sales, marketing and distribution.

### Financial Performance

Benefiting from our focused climate-smart and regenerative agronomic practices, we achieved a notable crop performance even amidst inclement weather patterns. Complemented by both elevations, tea production in the reporting year improved by 12% year-on-year, reaching to 5.72 million kilograms. However, market sentiments at the Colombo Tea Auctions were bearish, normalising from the rallying we witnessed in the previous year. Yet, our commitment to deliver exceptional quality paid dividends, enabling us to fetch premium prices and sustain our rankings, once again, at number one for both high and low grown teas, consistently exceeding the national elevation averages.

Overall prices in the year were 18.9% lower compared to the previous year. Given higher tea sales volumes, we managed to curtail the reduction in topline earnings to mere 5%, reaching to Rs 7,695 million.

Sri Lanka's plantation industry demonstrated remarkable maturity and resilience to adapt to the new status quo which followed the country's economic and political crisis of the preceding year. Against this backdrop, Talawakelle Tea Estates PLC (TTE) responded with its characteristic agility and spirit, leveraging on our inherent strengths and core competencies to surmount the challenges of the year. My review herein will highlight how we implemented our strategy in the financial year 2023/24, with unwavering coherence to achieve commendable operational and financial results, whilst outlining our future course of action for long-term success.

### Cohesive Management Approach

Against a demanding operating environment, we actioned a timely and holistic strategy, rooted in precision, decisiveness, and inclusivity. Through a central line of command, we were able to roll out our action plans, reaching out to our corporate team, estate management team, field officers and estate workers. With clear communication, our entire team

was on the same page—understanding and appreciating their roles and responsibilities—culminating in effective coordination, conformity and execution of actions at every tier of our operations. This integrated management strategy essentially and successfully paved the way to oversee and manage our large-scale operations, in both elevations, under complex business circumstances that prevailed in the year under review.

Consolidating our positioning for best quality teas, we adopted a data-driven decisions-based management approach. This strategy aligns perfectly with our 'Regen Agenda 2030', guiding us to rethink, revamp and refine the way we do business—by integrating climate smart and rejuvenative agronomic practices into our field operations including replanting, soil and water management whilst employing 'SMART' precision agri-management. This underlined improved processes, higher productivity, strategic capex and cost optimisation, thereby, sustaining a long-term view to value creation through improved quality and healthy margins.







## Managing Director's Review

### "As the first organization in the country to verify science-based targets, TTE became the sole representation from Sri Lanka in the UN Global Compact-Accenture SDG Stocktake Report - 2023"

Cost of sales increased by 12% reflecting industry-wide cost escalations, which together with the decline in top line affected our overall profitability. Our profit before tax reached Rs. 2,136 million, a contraction of 35% year-on-year. Our return on equity stood at 25.8% compared to 41.80% in the previous year. Our dividends in the year totaled to Rs. 1,275 million, with a payout ratio of 78%.

We generated positive cash flows from our operations. We also sustained a healthy financial position as at the year-end 31st March 2024 with asset growth at 8% to reach Rs 9,858 million. During the year, we acquired the balance 49% ownership stake in our two subsidiary companies in hydropower, allowing us to fully own these entities for a purchase consideration of Rs 90.86 million.

#### Productivity and Wellbeing

Reaffirming our multi-pronged approach, we continued to focus and drive for higher productivity and well-being of our estate workforce. Strengthening our productivity-based wage model, we offered a dynamic compensation structure, tied up with an incentive scheme on productivity—empowering our workers to increase their earning potential.

Taking a step further, and steadily moving away from the conventional attendance system, the new paradigm on revenue-share gained ground—which has now become an integral part of our estate work culture.

Many of our estate workers have opted to work as independent block managers, tending to assigned plots on flexible working arrangements. Currently, nearly 45% of our operations have successfully adopted this model which we believe is the only way forward for a labour intensive industry such as ours. In fact, our employee satisfaction rate of 99% as surveyed under the Great Place to Work certification amply reflects the success of this model. This year, we made a concerted effort to prioritise employee health and wellbeing. Key areas of priority included eye screening camps, affordable medical insurance schemes and the construction of eco-friendly sanitation facilities within our estates for the female workforce.

#### Team Development

Team development across the grades remained a top strategic priority, with the Company investing Rs.14.4 million in skill and capacity building. Training programmes were facilitated by both external resource persons and our own management cadre, thereby nurturing a culture of sharing and mentoring. In the year, we trained 17,169 personal head counts, totaling to 38,554 training hours including overseas training at the executive cadre level. As of date, 72 field staff have successfully completed their vocational studies, NVQ Level III & IV, under NAITA. We also continued to strengthen to our planter trainee programme, recruiting 7 dynamic school leavers during the year who are now training on-the-job.

In a unique, industry-first initiative the Company sought to transform a traditionally-male dominated role with the recruitment of 24 young women as field supervisors. These aspiring young women were equipped with the technical and soft skills to thrive, thereby improving the gender balance in leadership roles while also creating a more conducive work environment for female estate workers.

We also appointed 30 high achiever estate women tea harvesters as team leaders, steadily crafting a career advancement path for those working in the fields who

traditionally have fewer opportunities to climb the ranks.

#### Community Support

Staying true to our ethos, 'doing good is good for business', we invested Rs 103.6 million in our holistic social responsibility programme, 'Home for Every Plantation Worker', entailing community housing, infrastructure development, health and nutrition, capacity building and youth empowerment.

We also continued to engage and collaborate with the Save the Children Fund and the Centre for Child Rights and Business, implementing meaningful measures to safeguard the wellbeing of our female workers and the children of our estates. With a dedicated focal point at each estate, we implemented a comprehensive policy across our operations and achieved certification as 'Mother and Child-friendly Estates'—another first in our industry.

#### Environmental Footprint

Committed to environmental stewardship and driven by our Regen Agenda 2030, we strived to go beyond mere conventional ways of creating a net positive nature impact on our soils, ecosystems, biodiversity and climate action. Our certifications—Rainforest Alliance, Ecolabel and ISO standards for environmental, energy and emissions management—enabled us to systematically manage and curtail our environmental footprint. We also followed through the Science Base Targets Initiative to monitor and manage our emission targets more efficiently. Our overall investment in this regard stood at Rs. 62 million.

This year, we partnered with an international company to commercialise our Biochar pilot project which we initiated in the preceding year—offering an eco-friendly alternative for synthetic fertilisers to enhance soil health and fertility. Furthermore, complementing Hayleys Group's environment conservation programme, the 'KIRULA' project, we

collaborated with the Wildlife Nature Protection Society and the University of Colombo to conduct a biodiversity assessment at the Dessford estate. We are also proud to announce the completion of the construction of our state-of-the-art Tea Factory at Kiruwanaganga estate, in keeping with Sri Lanka Green Building Standards. Apart from these, we continued with our investments in renewable energy, both hydropower and solar, enabling us to generate electricity exceeding our consumption needs by over 100 percent from the national grid.

### Exemplary Corporate Citizen

The Company continues to receive both national and international recognition for its exemplary business practices and commitment to excellence.

Amongst the many awards we received this year, we were humbled and honoured to be the first plantation company and the first company under Rs 15 billion turnover category, to clinch the coveted Overall Winner at the Best Corporate Citizens Sustainability Awards, organised by the Ceylon Chamber of Commerce. We were ranked among the three most awarded organisations with 66 awards by LMD Magazine's "Hall of Fame -The Top 50". We also consider it our privilege to have been recognised as winner under the Manufacturing Large category at the Sri Lanka National Quality Awards organized by the Sri Lanka Standard Institution.

We remain committed to embracing global best practices in corporate reporting and our Annual Report 2022/23 won the joint Gold award in the Plantation Sector category at the TAGS Awards 2023 organised by CA Sri Lanka; whilst ranking amongst the Ten Best Integrated Reports and winning the Best Integrated Report - Plantation Sector category, at the 2023 CMA Excellence in Integrated Reporting Awards.

### Path Ahead

With mounting downside risks characterised by slow-paced global

economy and turbulent geopolitics, combined with the domestic macroeconomic uncertainties, low growth, impending elections and ongoing wage negotiations are likely to weigh down on industry prospects in the short to medium term. With strategic interventions in place to reset and reinforce our core competencies based on regenerative business practices, we are confident that we can sustain our resurgence and retain our positioning at the top within the plantation industry from a long-term standpoint. Our efforts to achieve our ESG goals will further complement this market positioning.

Following through with our five-pillar strategy, we will seek to further consolidate our core, tea operations, particularly, driving for higher productivity, innovation and cost efficiencies. Our priority will be on developing and promoting value-added specialty teas and organic offerings for discerning markets, underscoring their strategic significance within our business approach. In addition, we will continue to focus on our crop diversification programme—making headway with cinnamon, coconut and commercial agro-forestry. We will leverage and promote our high-end tea centers—Talawakelle TeaTel Boutique in Colombo which we established in the year under review, and our revamped and upgraded Somerset Tea Boutique in Nanu Oya. Offering specialty teas of our estates, these premium tea centers will seek to tap into the tourism market, as well as the perceptive tea enthusiasts within the domestic market arena.

### In Appreciation

This was a year of consolidation, strengthening our systems, processes and practices to steer through a complex and rapidly evolving business environment. I extend my appreciation to our Chairman, my colleagues on the Board and the Group Management Committee for their forward-thinking and strategic leadership, which has kept our organisation at the

forefront of the industry. A special note of gratitude to our director, late Deshamanya Merrill J Fernando. His visionary guidance was invaluable to our organisation, leaving behind an enduring impact that we deeply appreciate. I commend and thank our Chief Executive Officer, our Corporate Management and Operational Management teams for their foresight and fortitude in resetting and securing our path towards long-term success amidst significant challenges.

I sincerely appreciate our team, at the head office and across the estates for working tirelessly with passion and dedication, each doing their part to reach out to our corporate goals. A heartfelt thank you to all, for a job well-done.

To our valued shareholders, buyers, brokers and business partners, thank you for your confidence. We earnestly hope that you will continue to stand beside us in our ambitious journey ahead.



**Roshan Rajadurai**  
Managing Director  
Talawakelle Tea Estates PLC

09th May 2024





## About US

### Welcome to Talawakelle Tea Estates PLC

Nestled in the heart of Sri Lanka's breathtaking tea country, Talawakelle Tea Estates PLC stands as a beacon of excellence in the world of Ceylon tea. Our legacy is steeped in tradition and innovation; a harmonious blend that brews the finest teas this island has to offer.

#### Our Heritage

Our journey began in 1992, amidst the verdant hills and misty landscapes of Sri Lanka, following a privatization initiative by the government. The roots of our 16 tea gardens, however, delve deeper into history, tracing back to the late 19th century when Scottish planters first cultivated these lands. Today, we honor their vision by continuing to produce unparalleled Ceylon tea.

#### Our Commitment

Talawakelle, we are committed to more than just tea. We are dedicated to enhancing the lives of our community, from the diligent workers in our fields to the passionate connoisseurs who savor our teas. Our mission is simple yet profound: to manage our plantations sustainably, produce teas that delight, and foster growth that benefits all.

#### Our Innovation

Innovation is the lifeblood of Talawakelle. We were the first in Sri Lanka to achieve numerous certifications, reflecting our commitment to quality and sustainability. Our estates are a testament to eco-friendliness, powered by renewable energy and guided by eco-conscious practices.

#### Our People

The true essence of Talawakelle lies within our people. Their dedication and expertise are the cornerstones of the quality we promise. We cultivate a culture of professionalism and excellence, ensuring that every cup of Talawakelle tea is a testament to their hard work.

#### Our Responsibility

Our responsibility extends beyond our estates. We are fervently involved in community development, healthcare, education, and environmental conservation. Our CSR initiatives are a reflection of our pledge to society and our unwavering commitment to making a positive impact.

#### Our Promise

As custodians of some of the finest tea gardens in Sri Lanka, we promise to bring you the authentic taste of Ceylon tea. Each leaf is a story of passion; each brew a sip of purity. Join us in experiencing the true essence of Sri Lanka, one cup at a time.



Hayleys Plantation Services (Private) Limited

Golden Share - Secretary to the Treasury  
\*Refer page 222-223

74.74%

100%



**Talawakelle**  
Tea Estates®

100%

TTEL Somerset Hydro Power Company (Pvt) Ltd

TTEL Hydro Power Company (Pvt) Ltd

## "Cultivating Prosperity: The Sustainable Success Story of Talawakelle Tea Estates PLC"



### Financial Gains

- Talawakelle Tea Estates PLC has consistently delivered robust financial performance. Our commitment to quality and sustainable practices has translated into healthy profits year after year.



### Market Position

- Talawakelle reputation as a premium tea producer positions us favorably in the market. Our teas command higher prices due to their superior quality.



### Operational Efficiency

- We optimize our operations meticulously, ensuring that every aspect of tea cultivation, processing, and distribution is streamlined. This efficiency directly contributes to our bottom line.



### Diversification

- Beyond traditional tea production, we explore innovative avenues to enhance profitability. This includes value-added products such as specialty blends, organic teas, and herbal infusions.

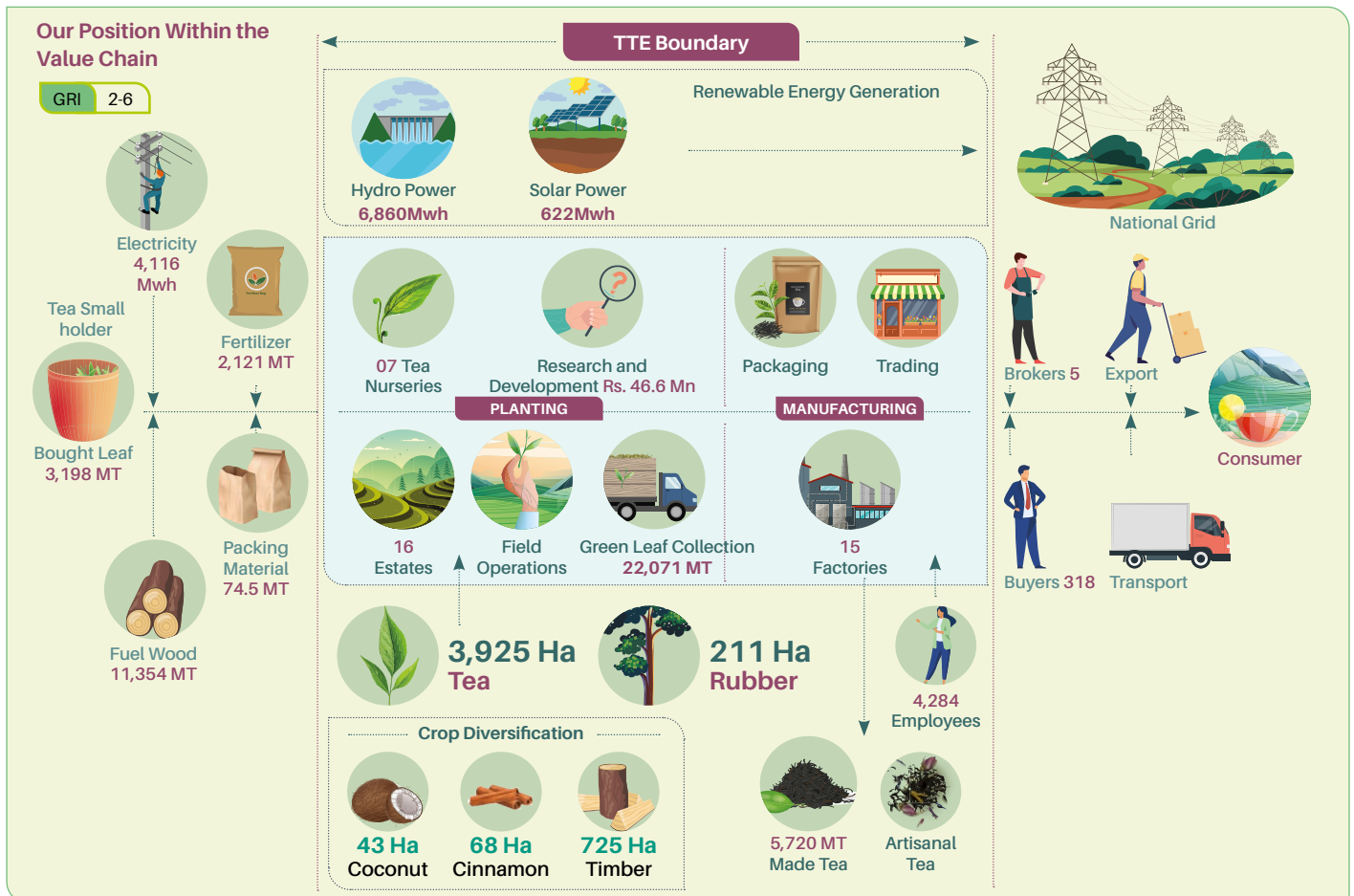


### Sustainable Practices

- Profitability is intrinsically linked to sustainability. Talawakelle invests in eco-friendly practices, conserving natural resources and maintaining soil health.

### Social Responsibility

- Profitability isn't solely about financial gains; it's also about enriching lives. Talawakelle invests in education, healthcare, and community development.





## Our Estates



### Bearwell Estate

#### Talawakelle Agro Climatic District

Located in the midst of lush, Sri Lankan Tea country, Bearwell Estate comprises of four divisions - Bearwell, Belgravia, Fairfield and Walaha was established in 1895.

Total Extent (Ha)	423.41
Area in Tea (Ha)	317.14
Others (Ha)	54.32
Total Cultivated (Ha)	371.46
No. of Workers (Nos)	223
Tea Production (Kg)	478,236
Factory Elevation (M)	1,230



### Great Western Estate

#### Talawakelle Agro Climatic District

Great Western Estate established in 1865 & is situated in the foothills of the majestic Great Western mountain range consists of the sixth highest peak in Sri Lanka at 2215m. Renowned for exceptional quality teas, was the first factory to be HACCP certified in 2001.

Total Extent (Ha)	628.48
Area in Tea (Ha)	398.60
Others (Ha)	87.52
Total Cultivated (Ha)	486.12
No. of Workers (Nos)	341
Tea Production (Kg)	530,966
Factory Elevation (M)	1,337



### Mattakelle Estate

#### Talawakelle Agro Climatic District

Mattakelle Estate is named because of its flat terrain in an undulating hilly landscape is situated in the heart of Dimbula planting region. Renowned for high quality teas, is the most famous mark in the Local tea industry.

Total Extent (Ha)	361.96
Area in Tea (Ha)	252.14
Others (Ha)	47.13
Total Cultivated (Ha)	299.27
No. of Workers (Nos)	410
Tea Production (Kg)	502,760
Factory Elevation (M)	1,412



### Wattegoda Estate

#### Talawakelle Agro Climatic District

Wattegoda Estate is situated bordering the Great Western mountain range, has for decades been synonymous with high quality tea production.

Total Extent (Ha)	529.89
Area in Tea (Ha)	310.15
Others (Ha)	104.15
Total Cultivated (Ha)	414.30
No. of Workers (Nos)	309
Tea Production (Kg)	448,964
Factory Elevation (M)	1,245



### Holyrood Estate

#### Talawakelle Agro Climatic District

Holyrood Estate is situated in Talawakelle heart of Dimbula region. Rail tracks go right around the fields creating a scenic view. 1st factory to be ISO 50001:2018 certified in the country.

Total Extent (Ha)	465.96
Area in Tea (Ha)	322.10
Others (Ha)	84.40
Total Cultivated (Ha)	406.50
No. of Workers (Nos)	320
Tea Production (Kg)	378,836
Factory Elevation (M)	1,262



### Logie Estate

#### Talawakelle Agro Climatic District

Logie Estate established in 1870, is one of the oldest tea gardens in the country and is situated alongside the main Talawakelle - Nuwara Eliya Road.

Total Extent (Ha)	329.88
Area in Tea (Ha)	212.76
Others (Ha)	44.62
Total Cultivated (Ha)	257.38
No. of Workers (Nos)	171
Tea Production (Kg)	261,629
Factory Elevation (M)	1,222



### Palmerston Estate

#### Talawakelle Agro Climatic District

Situated in the Dimbula valley, Palmerston Estate is nestled in the traditional tea growing area of the country. Also home to one of the three Mini-Hydro plants of the company.

Total Extent (Ha)	203.11
Area in Tea (Ha)	149.61
Others (Ha)	23.75
Total Cultivated (Ha)	173.36
No. of Workers (Nos)	123
Tea Production (Kg)	213,604
Factory Elevation (M)	-



### Somerset Estate

#### Nanu Oya Agro Climatic District

Somerset Estate is situated in the Dimbula valley on the western slopes of the central hills of Sri Lanka. Frequently visited by foreign and local buyers, is one of the most famous marks producing the finest quality Dimbula Teas.

Total Extent (Ha)	456.64
Area in Tea (Ha)	330.90
Others (Ha)	48.47
Total Cultivated (Ha)	379.37
No. of Workers (Nos)	392
Tea Production (Kg)	464,997
Factory Elevation (M)	1,377



### Radella Estate

**Nanu Oya Agro Climatic District**  
Radella Estate is the green tea facility of the company and is famous for its superior quality. Established in 1896 with four divisions and also is capable of producing steamed and pan fried green tea.

Total Extent (Ha)	458.76
Area in Tea (Ha)	257.64
Others (Ha)	116.83
Total Cultivated (Ha)	374.47
No. of Workers (Nos)	RD 307
No. of Workers (Nos)	WO 12
Tea Production (Kg)	430,222
Factory Elevation (M)	RD 1,399
Factory Elevation (M)	WO 1,316



### Dessford Estate

**Nanu Oya Agro Climatic District**  
Bordering One of World's most beautiful natural parks of the Horton Plains, Dessford Estate dates back from 1871 and is renowned for producing a delicate, sweet tea.

Total Extent (Ha)	431.99
Area in Tea (Ha)	314.38
Others (Ha)	33.33
Total Cultivated (Ha)	347.71
No. of Workers (Nos)	361
Tea Production (Kg)	393,633
Factory Elevation (M)	1,459



### Calsay Estate

**Nanu Oya Agro Climatic District**  
Maha Eliya is the garden mark of Calsay Estate situated in the cool climes of Nanu Oya. It is certified by the Rainforest Alliance and Eco Label.

Total Extent (Ha)	282.25
Area in Tea (Ha)	185.23
Others (Ha)	38.86
Total Cultivated (Ha)	224.09
No. of Workers (Nos)	159
Tea Production (Kg)	206,755
Factory Elevation (M)	1,500



### Clarendon Estate

**Nanu Oya Agro Climatic District**  
Clarendon is a beautiful tea estate located at Nanu Oya in the Talawakelle-Lindula agro climatic district of Dimbula region. Is famous for its lush greenery and surroundings.

Total Extent (Ha)	191.42
Area in Tea (Ha)	151.28
Others (Ha)	19.66
Total Cultivated (Ha)	170.94
No. of Workers (Nos)	102
Tea Production (Kg)	154,141
Factory Elevation (M)	1,548



### Kiruwanaganga Estate

**Deniyaya/Urubokka Agro Climatic District**

Kiruwanaganga Estate is situated in Deniyaya and is the most renowned RPC estate in the Low grown and First factory to be ISO 22000:2005 certified in Sri Lanka, were tea was 1st grown around in the 1959.

Total Extent (Ha)	483.71
Area in Tea (Ha)	331.65
Others (Ha)	17.77
Total Cultivated (Ha)	349.42
No. of Workers (Nos)	248
Tea Production with Bought Leaf (Kg)	451,075
Factory Elevation (M)	408



### Deniyaya Estate

**Deniyaya/Urubokka Agro Climatic District**

An estate renowned for its picturesque surroundings and situated bordering the Sinharaja Rainforest, a UNESCO World Heritage site is Deniyaya Estate. Produces Orthodox Black Tea.

Total Extent (Ha)	578.15
Area in Tea (Ha)	214.41
Area in Rubber (Ha)	13.35
Others (Ha)	108.60
Total Cultivated (Ha)	336.36
No. of Workers (Nos)	139
Tea Production with Bought Leaf (Kg)	489,820
Factory Elevation (M)	387



### Moragalla Estate

**Galle Agro Climatic District**

Situated in the Coastal district of Galle, famous for the magnificent Dutch Fort, Moragalla Estate boasts of a mix of crops tea, rubber and cinnamon.

Total Extent (Ha)	384.78
Area in Tea (Ha)	93.16
Area in Rubber (Ha)	114.26
Others (Ha)	68.96
Total Cultivated (Ha)	276.38
No. of Workers (Nos)	MG 118
No. of Workers (Nos)	PG 08
Tea Production with Bought Leaf (Kg)	241,657
Factory Elevation (M)	MG 40
Factory Elevation (M)	PG 49



### Indola Estate

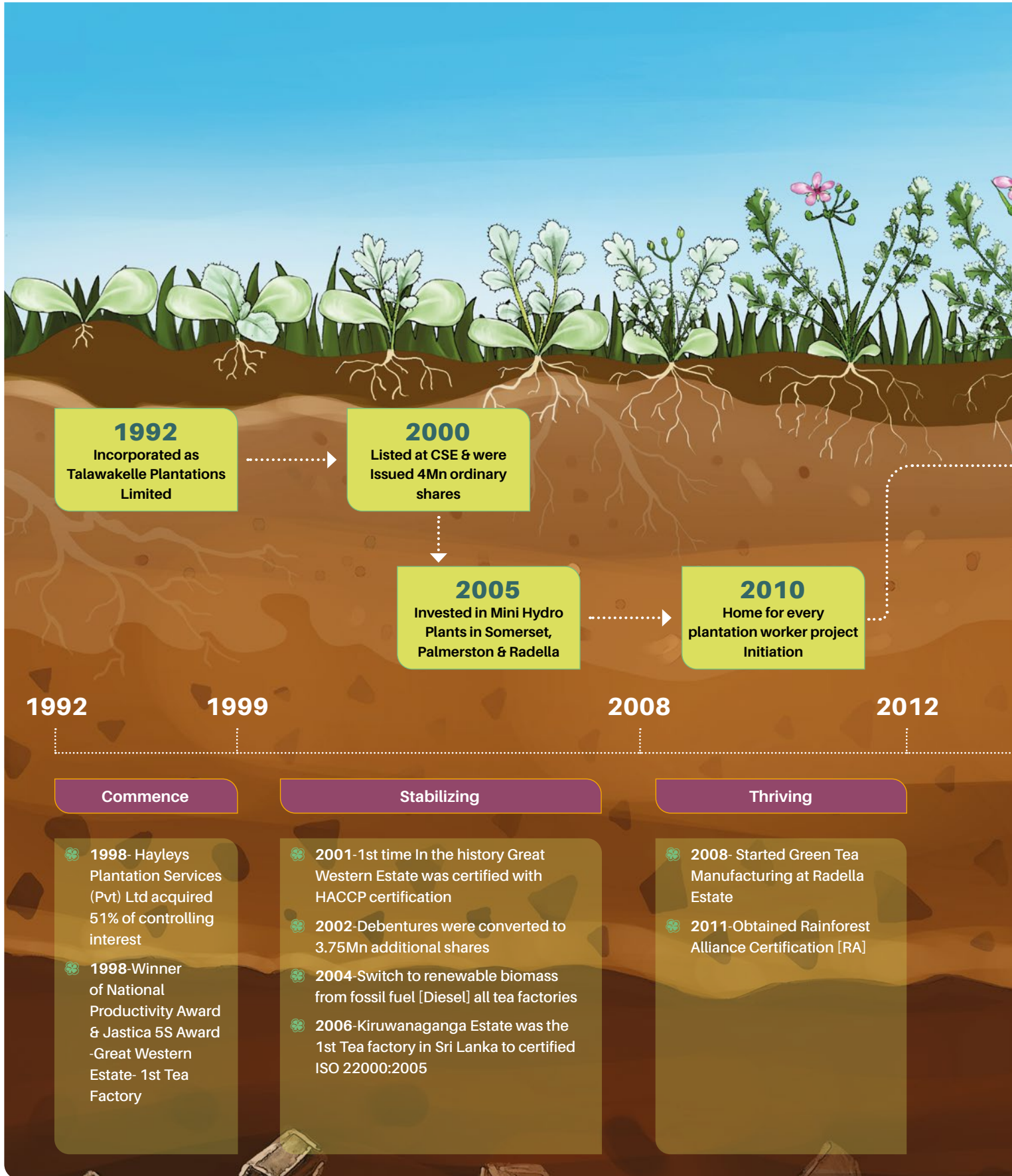
**Deniyaya/Urubokka Agro Climatic District**

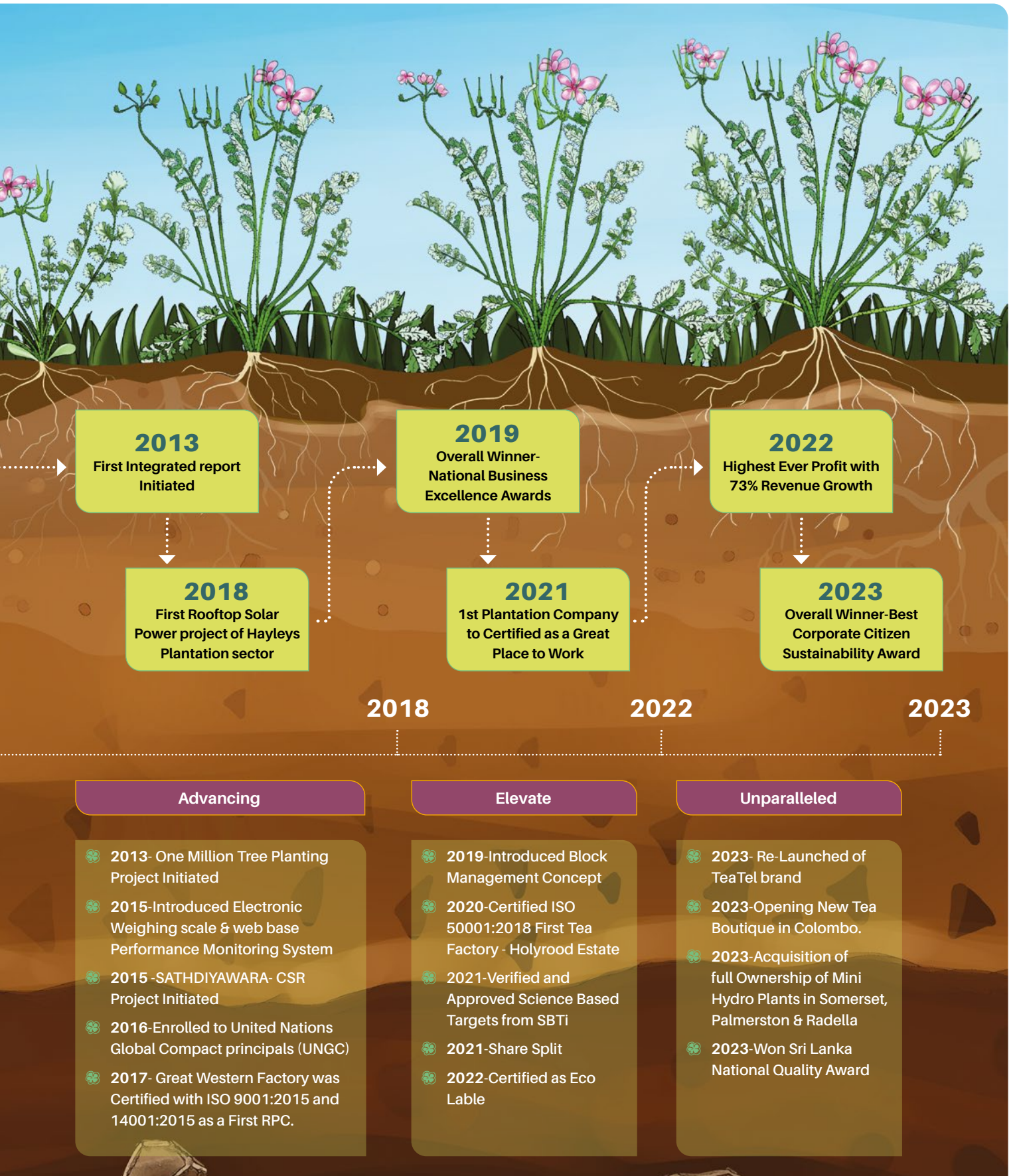
Indola Estate is in Bengamuwa, part of Matara District in the Southern Province. The Estate encompasses hectares of tea and rubber plantations spread across a stunning landscape.

Total Extent (Ha)	282.16
Area in Tea (Ha)	83.89
Area in Rubber (Ha)	83.14
Others (Ha)	55.66
Total Cultivated (Ha)	222.69
No. of Workers (Nos)	79
Tea Production (Kg)	72,243
Factory Elevation (M)	-



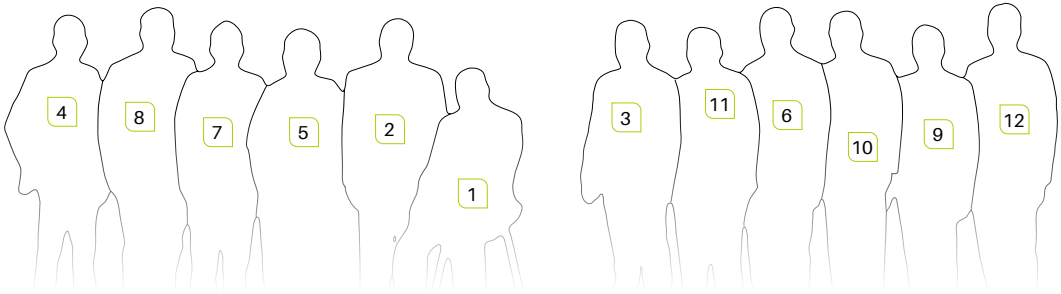
## Our Journey







# Board of Directors





- 01. **Mr A M Pandithage** - *Chairman - Executive Director*
- 02. **Dr W G Roshan Rajadurai** - *Managing Director - Executive Director*
- 03. **Mr S B Alawattegama** - *Chief Executive Officer - Executive Director*
- 04. **Mr Malik J Fernando** - *Non-Executive Director*
- 05. **Ms Minette D A Perera** - *Non-Executive Director*
- 06. **Mr S L Athukorala** - *Senior Independent Director*
- 07. **Mr M H Jamaldeen** - *Non-Executive Director*

- 08. **Mr J M Kariapperuma** - *Independent Non-Executive Director*
- 09. **Mr D C Fernando** - *Non-Executive Director*
- 10. **Mr N Ekanayake** - *Independent Non-Executive Director*
- 11. **Mr M C B Talwatte** - *Independent Non-Executive Director*
- 12. **Mr A M J Fernando** - *Alternate Director to Mr D C Fernando*



## Board of Directors



**Mr A M Pandithage**

*Chairman - Executive Director*

*Appointed to the Board of Talawakelle Tea Estates PLC in July 2009*

He currently serves as the Chairman and Chief Executive of Hayleys PLC, a position he has held since his appointment in July 2009.

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, Kelani Valley Plantations PLC, Horana Plantations PLC, Hayleys Fibre PLC, Alumex PLC, Hayleys Fabric PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC and Hayleys Leisure PLC.



**Dr W G Roshan Rajadurai**

*Managing Director - Executive Director*

*Appointed to the Board in 2013.*

Dr. Roshan Rajadurai joined Hayleys Group in 2013 as a member of Group Management Committee for Plantations Sector.

He joined the Plantation Sector in 1983, and served in the Janatha Estates Development Board (JEDB) till privatization of Plantations in 1992 and counts over 40 years of planting experience. In 1992, he joined Hayleys Kelani Valley Plantations as Estate Group Manager and Kahawatta Plantations of Dilmah in 2002 as General Manager and was Director/CEO from 2008 to 2012.

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 serves as a member of the Tea Research Board Consultative Committee on Research and the Board of Study in the Faculty of Agriculture and Plantation Management at Wayamba University Board of Academic Affairs of the National Institute of Plantation Management. He served as 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) of 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 is a Ph.D in Management and a D.Sc in Agriculture.

### Male Female Ratio



### Board Composition

**3**  
Executive Directors

**8**  
Non-Executive Directors

### Diversity of Experience



He is the Chairman of;

- ☼ Sustainability Group of Sri Lanka Tea Road Map Strategy 2030
- ☼ Tea Research Board Consultative Committee on Estates and Advisory Services.

He holds the position of Managing Director at;

- ☼ Horana Plantations PLC
- ☼ Kelani Valley Plantations PLC

He also serves as a Director of our two subsidiary companies;

- ☼ TTEL Hydro Power Company (Pvt) Ltd
- ☼ TTEL Somerset Hydro Power Company (Pvt) Ltd



**Mr S B Alawattagama**

*Chief Executive Officer - Executive Director  
Appointed to the Board in 2020.*

Mr. Alawattagama has 38 years of experience in the Plantation Sector. He joined Sri Lanka State Plantations Corporation as an Assistant Superintendent and after privatisation of the Estates, has been with Talawakelle Tea Estates PLC from its inception. He has held the positions of Group Manager, Visiting Agent, Deputy General Manager, Senior Regional General Manager, General Manager - Plantations in the company and was the Director - Plantations prior to taking over as Director/CEO, in February 2020. He holds a MBA from the London Metropolitan University, UK.

He serves as;

- ☼ Chairman of - Planters' Association of Ceylon
- ☼ Deputy Chairman of - Colombo Tea Traders Association
- ☼ Board Member of - Sri Lanka Tea Board, Rubber Research Institute
- ☼ Committee Member of - Estate Staffs' Provident Society
- ☼ Member of the Ceylon Tea Road Map 2030 Committee

He also serves as a Director of our two subsidiary companies;

- ☼ TTEL Hydro Power Company (Pvt) Ltd
- ☼ TTEL Somerset Hydro Power Company (Pvt) Ltd



**Mr Malik J Fernando**

*Non-Executive Director*

*Appointed to the Board in 1998.*

Mr. Fernando is a Director of MJF Group of Companies and the CEO of MJF Leisure (Private) Limited. Established by Mr. Merrill J. Fernando; Dilmah, named after his two sons Dilhan and Malik, was the first producer owned tea brand, offering tea 'picked, perfected and packed' at origin. Dilmah is founded on a passionate commitment to quality and authenticity in tea, it is also a part of a philosophy that goes beyond commerce in seeing business as a matter of human service.

He serves on the Boards of following companies;

- ☼ MJF Group of Companies
- ☼ Resplendent Ceylon (Private) Limited
- ☼ MJF Leisure (Private) Limited

He also serves as a Director of our two subsidiary companies;

- ☼ TTEL Hydro Power Company (Pvt) Ltd
- ☼ TTEL Somerset Hydro Power Company (Pvt) Ltd

He is the Managing Director of Resplendent Ceylon (Private) Limited, the first Sri Lankan luxury resort brand. Resplendent Ceylon is developing a collection of small, luxury resorts offer discriminating travellers a remarkable circuit across Sri Lanka, with a range of authentic experiences, while contributing towards local communities & the environment through the 'MJF Foundation' & Dilmah Conservation. After the Easter Sunday outrage, Mr Fernando spearheaded the Sri Lanka Tourism Alliance to mobilize the private tourism sector to act swiftly and strategically, with one voice under the Love Sri Lanka banner.

He has a B.Sc.in Business Management from Babson College in the US.





## Board of Directors



**Ms Minette D A Perera**

*Non-Executive Director*

*Appointed to the Board in 2012.*

Ms. Minette Perera was the Group Finance Director of the MJF Group from September 2000 till March 2013. The MJF Group comprises a fully vertically integrated tea operation with presence along the entire value chain and includes Companies with the finest tea gardens, factories, printing and packaging facilities and markets "Dilmah Tea" around the world. The Leisure Sector of the MJF Group marketed by Resplendent Ceylon (private) Limited, includes Companies which sets the benchmark for luxury boutique resorts in Sri Lanka.

During the period of her employment with the MJF Group, Ms. Perera was appointed a Director of the MJF Group of Companies, including MJF Holdings Limited. She continues to hold Board positions in several Companies of the MJF Group.

Ms. Perera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Association of Chartered Certified Accountants of UK. She has over 40 years working experience as a Finance Professional having worked in leading local and international companies as the CFO and Finance Director.

She is currently a Non-Executive Director of several Companies including Dilmah Ceylon Tea Company PLC, Kahawatte Plantations PLC, First Capital Treasuries PLC and Forbes & Walker (Pvt) Limited.



**Mr S L Athukorala**

*Senior Independent Director*

*Appointed to the Board in 2016.*

Mr Athukorala is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, Fellow member of Chartered Institute of Management Accountants, UK. Master of Business Administration, University of Warwickshire, UK; Certified Management Accountant, Australia.

He counts over forty years' experience in the fields of Management, Human Resources, Accountancy, Auditing, Consultancy and Finance. Retired international staff member of the Asian Development Bank, Manila, Philippines. Worked in a number of countries mainly in the Asian region.

Mr Athukorala who is the Audit Committee Chairman of TTE PLC is also serves as the Audit Committee Chairman of Hayleys Consumer Products Ltd, David Peiris Group of Companies and Asset Line Finance Ltd.

He also serves as a member of the Audit Advisory Committee of the United Nations International Children's Emergency Fund (UNICEF).



**Mr M H Jamaldeen**

*Non-Executive Director*

*Appointed to the Board in 2017.*

Mr. Jamaldeen is a finance professional with multi-industry experience in accounting, corporate finance, acquisitions and disposals, business planning and restructuring and strategic business development among others. His expertise has been enriched

by both local and global exposure, which includes stints as Finance Director of Newbridge Capital Investments Limited in London, Freeman & Partners Accountancy Practice (UK) and Barclays Capital, a British multinational investment bank.

Mr. Jamaldeen is the Founding Managing Director of Steradian Capital Investments, a boutique real estate advisory and consultancy firm. Serving both local and foreign clientele, his responsibilities include acquisitions, structuring debt financing and corporate structures. In 2020, Mr. Jamaldeen was recognized as a trailblazer and disruptor in the investments sector by Echelon for his contribution to the sector. He also formerly served as a Director of People's Bank, Atomic Energy Board and as a member of the Interim Committee for Sri Lanka Cricket.

He holds a Degree in Engineering and Business from the University of Warwick and is a Fellow of the Association of Certified Chartered Accountants, UK.

Mr. Jamaldeen is an Executive Director of Lanka Realty Investments PLC, Managing Director of On'all Holdings PLC, Independent Non-Executive Director of Hayleys PLC, Singer (Sri Lanka) PLC and Haycarb PLC.



**Mr J M Kariapperuma**

*Independent Non-Executive Director*

*Appointed to the Board in 2020.*

Lt Col J M Kariapperuma was in continuous service for 36 years in the Plantation Industry of which 30 years in the Senior Management capacity in the Corporate Sector till his retirement in 2020. He was the Director/Chief Executive Officer of Horana Plantations PLC since December 2013 to March 2020. He had functioned as the Head of Produce/Marketing at Hapugastenna Plantations PLC and Udapussellawa Plantations PLC managed by Finlays Tea Estates Lanka Ltd., as well as the Manufacturing Advisor of Balangoda Plantations PLC.

He Served in the Board of Directors of Vallibel Plantation Management Ltd., Uni-Dil Packaging Ltd and Plantation Human Development Trust.

He currently serves as the Director General of Bandaranaike National Memorial Fund and also served as Consultant at Sri Lanka Cricket for National Women's Cricket Development, Operations - International & Domestic. He is commissioned as Lieutenant Colonel in the Sri Lanka Army Volunteer Force as a Professional Officer. He has successfully completed a course in General Management Programme conducted by the Business School of National University of Singapore.





**Mr D C Fernando**

*Non-Executive Director*

*Appointed to the Board on 02.08.2023.*

Mr. Dilhan C. Fernando is the younger son of Dilmah Founder Mr. Merrill J. Fernando. He has a BSc (Hons) in Economics from the London School of Economics. Mr. Fernando is a Director of MJF Group of Companies and the CEO of Dilmah Ceylon Tea Company PLC, as Trustee of the Merrill J. Fernando Charitable Foundation, and Director of Dilmah Conservation he directs the fulfillment of his father's unique commitment to serving humanity and environment through business.

He serves on the Board of following companies;

-  MJF Group of Companies
-  Dilmah Ceylon Tea Company PLC

His efforts have focused on bringing tea to a new generation with innovations like tea gastronomy, t-Lounges and by enhancing knowledge in tea through the Dilmah School of Tea.

Mr. Fernando serves as Chair of UN Global Compact Network Sri Lanka and Biodiversity Sri Lanka, a pioneering environmental collaboration initiated by the Ceylon Chamber of Commerce, IUCN and Dilmah Conservation.



**Mr N Ekanayake**

*Independent Non-Executive Director*

*Appointed to the Board on 03.01.2024.*

Mr. Ekanayake is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka possessing over 30 years of post-qualifying experience at different management levels. He is also an Associate member of Certified Practicing Accountants (CPA) Australia. He is also an alumna of the London Business School UK and IMD business school in Switzerland.

Mr. Ekanayake serves as an Independent Non-Executive Director on the Board of Kelani Valley Plantations PLC.

He is currently serving as the Chairman of Siam City Cement Lanka Ltd - Colombo. He has served as the Head of the divestment project and as the Finance Director of Holcim (Vietnam) Ltd, Ho Chi Minh City, as the Vice President - Finance, IT and Procurement of Holcim Lanka Ltd - Colombo and as the Finance Controller /General Manager of Ruhunu Cement Co. Ltd - Colombo.

Mr. Ekanayake is the Chairman of Mahaweli Marine (Pvt) Ltd (90% owned subsidiary of Siam City Cement (Lanka) Ltd) and Insee Ecocycle Lanka (Pvt) Ltd (fully owned subsidiary of Siam City Cement (Lanka) Ltd).



**Mr M C B Talwatte**

*Independent Non-Executive Director*

*Appointed to the Board on 03.01.2024.*

Mr. Talwatte, an accomplished business professional holds a B.Eng (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 a Board Member of Horana Plantations 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.



**Mr A M J Fernando**

*Alternate Director to Mr D C Fernando*

*Appointed to the Board on 25.08.2023*

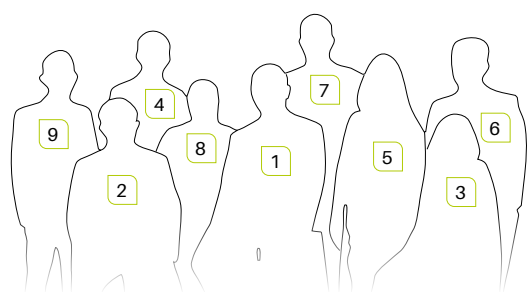
Mr. Amrit Fernando is currently engaged with the MJF Group of Companies as Brand Marketing Specialist. He holds a Bachelor of Science Honours Degree, and in Marketing and Business Management, from the University of Exeter, UK.

Together with his father he is engaged in Renaissance of the Finest Ceylon Cinnamon through the development and launch of Dilmah finest Cinnamon.

-  Audit Committee
-  Nomination & Governance Committee
-  Remuneration Committee
-  Related Party Transaction Committee
-  Committee Chairman

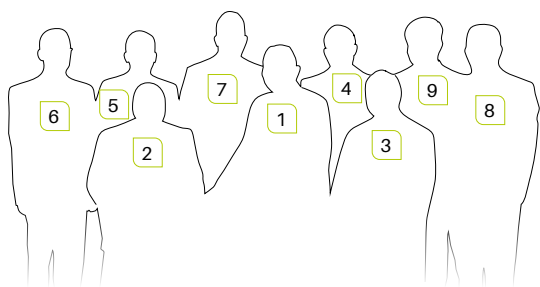


## Corporate Management



1. **Mr. N P Abeysinghe** - Director - Plantations
2. **Mr. M T D Rodrigo** - Director - Strategic Performance Management
3. **Mrs. V A Perera** - Director - Finance
4. **Mr. L A E A Perera** - General Manager - Marketing
5. **Ms. S K Dharmasekara** - Deputy General Manager - Human Resource
6. **Mr. R A K S C Ranagala** - Deputy General Manager - Sustainability & QSD
7. **Mr. M E Suraweera** - Senior Manager - Management Information Systems
8. **Mrs. M D Mendis** - Manager - Accounts
9. **Mr. Y M S R Yapa** - Manager - Marketing

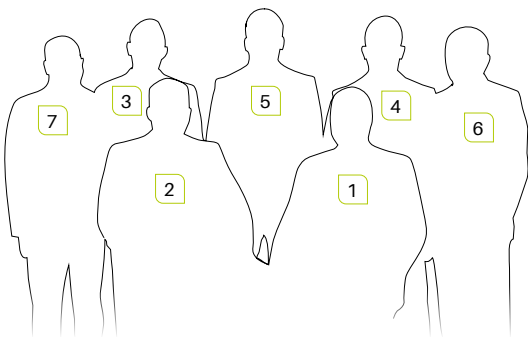
## Estate Management



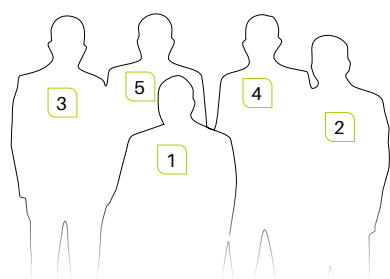
- 1 **Mr. G K Wijesekera** - Regional General Manager - Somerset Estate
- 2 **Mr. D M G B Dassanayake** - Deputy General Manager - Agro Forestry and Projects
- 3 **Mr. U B Udawatte** - Senior Manager - Clarendon Estate
- 4 **Mr. V P Pelpola** - Senior Manager - Dessford Estate
- 5 **Mr. S Ramar** - Senior Manager - Human Resource Development
- 6 **Mr. W D Jayasinghe** - Manager - Wangi Oya Re-Processing Centre
- 7 **Mr. I S I Mohamed** - Manager - Radella Estate
- 8 **Mr. A B Kodagoda** - Manager - Calsay Estate
- 9 **Mr. G G K S Pathirana** - Manager - Sustainability & QSD



## Estate Management



1. **Mr. E S B A Egodawela** - Senior Deputy General Manager - Bearwell Estate
2. **Mr. D M A S Dissanayake** - Deputy General Manager - Holyrood Estate
3. **Mr. A G R M S Ranaweera** - Deputy General Manager - Great Western Estate
4. **Mr. S G N N Kumara** - Group Manager - Wattegoda Estate
5. **Mr. D W A Jayathilake** - Group Manager - Mattakelle Estate
6. **Mr. T H D Hulangamuwa** - Manager - Logie Estate
7. **Mr. V S Kanna** - Manager - Palmerston Estate



1. **Mr. P G G Jayathilake** - Regional General Manager - Kiruwanaganga Estate
2. **Mr. K M N Prasan** - Manager - Deniyaya Estate
3. **Mr. P A R R Pathiraja** - Manager - Indola Estate
4. **Mr. D I N I De Silva** - Manager - Moragalla Estate
5. **Mr. J S Vajiranath** - Deputy Manager - Pitiyagoda Re-Processing Centre



## Product Portfolio



Value Added - Tea



Value Added - Spices



Specialty and Artisanal Tea

Black Tea Orthodox  
RotorvaneBlack Tea Orthodox  
LeafyGreen Tea Steam and  
Pan Fried

### Value Added-Tea

- Logie Queens of Blooms
- Mattakelle Golden Curls
- Bearwell Platinum Tips
- Great Western Silver Curls
- Holyrood Jade Tips
- Moragalla Fortress Special
- Deniyaya Ran Pathra
- Kiruwanaganga Sinharaja Sparks
- Somerset Flowery Bloom
- Radella Sparkling Rose
- Dessford Abbotsford Special
- Wattegoda Butterfly Blue
- English Breakfast
- Ruhunu Premium
- Leafy Orange Pekoe
- Earl Gray
- Extra Strong
- Gunpowder Special
- Green Tea Mint
- Essence of Love
- Ceylon Cardamom Tea
- Ceylon Cinnamon Tea
- Somerset Special Blend
- Somerset Dust 1
- Somerset FBOP
- Somerset BOPF
- Somerset BOP
- Black Tea & Green Tea Bags
- Golden Tips
- Silver Tips

### Specialty and Artisanal Tea

- Dragon Ball
- Blooming Tea
- Tea Flame
- Silver Blossom
- Eagle Nest

### Value Added-Spices

- Deniyaya Pure Ceylon Cloves
- Moragalla Pure Ceylon Cinnamon
- Kiruwanaganga Pure Turmeric Powder
- Moragalla Black Pepper
- Deniyaya Pure Ceylon Cardamom

# Our Approach to Integrated Thinking and Value Creation

Our dedication as a purpose-driven organization lies in our steadfast commitment to achieving our mission. To realize this goal, we understand the essential role of having a strong business model combined with a flexible and forward-thinking strategy. We are convinced that moving beyond the current standards demands a holistic approach that continually generates value in innovative and meaningful manner.

## Integrated Thinking

### Our Vision

To be the most admired Plantation Company in Sri Lanka.

### Our Purpose

"Brewing a Better Future"

### ReGen Agenda 2030



We move past the typical sustainability model, aiming not just to minimize harm but to foster significant positive change. Our goal is to generate a net positive impact, exceeding the usual sustainability standards. By diligently pursuing avenues for positive influence, we are committed to making a profound and lasting difference in every aspect of our work. Page 79

### Our ESG Framework

Our ReGen agenda, guided by ESG principles, aligns with Hayleys Group Lifecode, integrating the latest ESG developments into our core through the ESEG committee and governance structure. We prioritize ecological care, social responsibility, and strong governance to drive regenerative transformation. Page 79



### Our Culture

#### Our Business Philosophy

Manufacturing Quality Tea that fetch Premium Prices Increasing Shareholder Value the Spirit of Entrepreneurship Making Profit without loss of Honour Motivating and Training our people to reach their full potential Rewarding Performance Being a Learning Organisation and continuously improving Building mutually beneficial long term relationships with our Customers and Suppliers Positively contributing to the conservation of the environment.

#### Our Mission

Manage the plantations to enhance Quality of life of all employees. Produce and market quality teas that delight our customers. Drive sustainable growth. Enhance shareholder value

## Governance Structure

### TTE's Value Creation

We are dedicated to generating value for both our organization and our stakeholders by embracing holistic decision-making and proactive initiatives. We emphasize seamless integration across all company facets to enhance synergy and propel collective achievement.

### Our Context

#### Operating Context

Within the global tea industry and plantation sector, we focus on regenerative and sustainable agriculture practices, community involvement, and the responsible use of resources to ensure positive and enduring operations. Pages 49 to 52

#### Stakeholder Engagement

Our commitment to stakeholder engagement is central to achieving positive returns and fostering sustainable impact. Pages 56 to 60

#### Risk and Opportunities

We proactively identify and mitigate risks, with a particular focus on climate-related challenges, while harnessing opportunities for resilience and growth. Pages 190 to 199

### Material matter

Our integrated approach includes identifying overall material topics of the business, with a focus on key sustainability and climate-related issues. Through stakeholder engagement and double materiality assessments, we address strategic imperatives effectively, ensuring informed decision-making across all critical areas. Pages 61 to 66.

### Integrated Strategy

Our strategies are shaped by stakeholder input and double materiality assessments, ensuring we address key material topics effectively. We incorporate sustainability and climate-related strategies to ensure the long-term resilience of our business. By aligning our initiatives with strategic priorities, we respond comprehensively to internal and external demands, maintaining a focused and impactful approach.

ReGen Goals - Pages 79 to 85  
Strategy - Pages 79 to 85  
Climate specific strategies - Pages 86 to 97.

### Our Business Model

Our business model is crafted to address key material issues, integrating these priorities into our strategic goals. By aligning our efforts with stakeholder needs, we enhance our positive impact and drive sustainability. This approach ensures long-term value creation and resilience for our business. Page 46 to 48.

## Management of our Six Capitals



Refer pages  
114 to 121



Refer pages  
122 to 127



Refer pages  
128 to 135



Refer pages  
136 to 149



Refer pages  
150 to 169

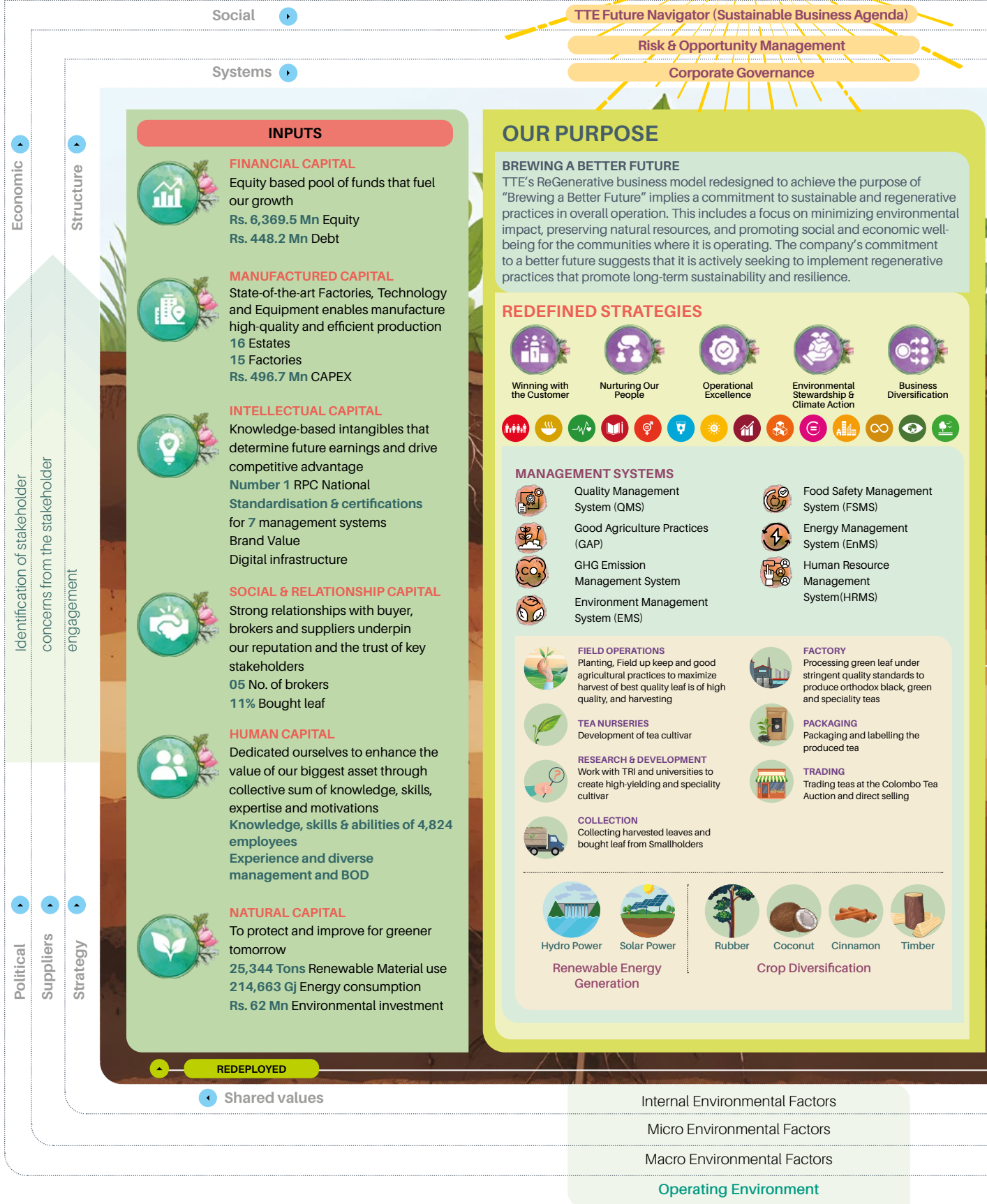


Refer pages  
170 to 185



# Our Approach to Integrated Thinking and Value Creation

## Value Creation Model



## Technological

## Style

## Customers

## OUTPUTS


5,477 MT  
Black Tea

242 MT  
Green Tea

Rs. 7.8 Bn  
Revenue  
Generation

11,045 tco<sub>2</sub>e  
Emission

9,321 kg  
Waste

9.3 MT  
Cinnamon

51.5 MT  
Rubber

7,482,599 kWh  
Renewable  
Electricity  
Generation

## OUTCOMES

Appreciation of share  
Prices 37.9%

+ S


Sustainable financial  
growth & stability

+ S M L

Increased production  
efficiencies

+ M


Premium quality  
products

+ S M L

New Specialty Grades  
06

+ S M L


Opportunities for  
value addition

+ S M L

Customer satisfaction  
rate of 86%

+ S M


Community  
development

+ S M L

Employee  
satisfaction -99%

+ S M


Enhanced quality of  
life of employees

+ S M L

Biodiversity  
preservation

+ S M L


GHG Emission Saving  
5,119 tCO<sub>2</sub>e

+ S M L

STAKEHOLDERS  
IMPACTED


Skills

engaging with them

Communicate the value position  
and manage trade-offs by

Staff

## Substitutes

## Legal

S  
Short Term

M  
Medium Term

L  
Long Term

+  
Value Created

-  
Value Eroded


●  
Value Preserved



# Our Approach to Integrated Thinking and Value Creation


## OUTCOMES

## TRADE-OFF




Indicator of value delivered	Value derived as at 01st April 2023	Value derived as at 31st March 2024	Growth in value Created
Net asset per share (Rs.)	129.84	134.10	■
Earning per share (Rs.)	54.21	34.63	■
Net cash generated from operation (Rs. Mn)	3,164	1,997	■

Strategic capital allocation involves a careful balance between sustainability and prioritizing shareholder interests, ultimately driving growth and creating value across all aspects of the business.




Indicator of value delivered	Value derived as at 01st April 2023	Value derived as at 31st March 2024	Growth in value Created
Solar & Hydro Generated (kWh. Mn)	8.5	7.5	■
Field development (Rs. Mn)	197	240	■
Production (kg. Mn)	5.1	5.7	■

Our financial stability is guaranteed by technological progress, creativity and efficient operations, which also attract investments and ensure our sustainability in the long run.




Indicator of value delivered	Value derived as at 01st April 2023	Value derived as at 31st March 2024	Growth in value Created
Awards and recognition	37	66	■
Specialty Tea Grades	24	6	■
Top Prices (Nos.)	211	232	■

Prioritizing technology and innovation is crucial for ensuring financial stability, boosting competitiveness and safeguarding our intellectual assets.




Indicator of value delivered	Value derived as at 01st April 2023	Value derived as at 31st March 2024	Growth in value Created
Number of Buyers	259	318	■
Investment in Local community development (Rs. Mn)	165.4	103.6	■
MSME payment (Rs. Mn)	930.36	721.17	■

Enhancing the health, happiness, and growth of our staff leads to a proficient and driven team, leading to higher efficiency and triumph for the organization.



Indicator of value delivered	Value derived as at 01st April 2023	Value derived as at 31st March 2024	Growth in value Created
No. of employees	4,825	4,284	■
Invested in training and development (Rs. Mn)	13.8	14.4	■
Employees trust index (%)	97	99	■

Investing in the needs of the community enhances quality of life, establishing a social license to operate and nurturing long-lasting relationships.



Indicator of value delivered	Value derived as at 01st April 2023	Value derived as at 31st March 2024	Growth in value Created
GHG Emission (tCO <sub>2</sub> e) Saving	6,836	5,119	■
Energy Consumption (Gj)	201,663	214,663	■
Material Consumption (Mt)	25,292	29,359	■

Investing in natural capital financially secures resources for the future, guaranteeing the longevity and sustainability of our business operations.

# Operating Environment

## Political Instability

### Global Geopolitics

- Protracted conflicts in Europe and the Middle East, strained relations between China and the US, and ongoing US sanctions on Iran, inter-alia, intensified geopolitical tension.
- Amidst geopolitical tension and tighter monetary policy, aimed at controlling high inflationary pressures, the global economy remained resilient, albeit, with slow and uneven growth across economies.

#### Global Real GDP (Annual % Change)

- 2023: 3.2%
- 2022: 3.5%

#### Advanced Economies

- 2023: 1.6%
- 2022: 2.6%

#### Emerging Market & Developing Economies

- 2023: 4.3%
- 2022: 4.1%

### Potential Impact on TTE :

sluggish economic conditions and geopolitical issues, demand for Ceylon teas from key export markets in Europe and the Middle East contracted and impacted market sentiments for premium quality teas.

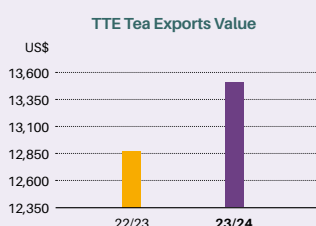
Sanctions on Iran impacted tea exports significantly up until the tea-for-oil barter agreement came into effect in June 2023.

**Risk : R1**

**Opportunity : O3**

### IMF - EFF Facility

Sri Lanka's economy is recovering from the debt default crisis in 2022. The IMF Board completed the first review under the 48-month Extended Fund Facility with Sri Lanka, providing the country with access to SDR 254 million (about US\$337 million) to support its economic policies and reforms.



### Potential Impact on TTE :

Stable exchange rates and easing interest rates could reduce financial uncertainties and provide opportunities for investment and growth. Moreover, the support from the IMF can contribute to overall economic stability, potentially leading to increased consumer confidence and market demand for products such as tea.

**Risk : R9**

**Opportunity : O1**

Source : Forbes & Walker Tea Review 2023

## Outlook 2024-25

The most important is uncertainty associated with the upcoming elections, including any possible impact on fiscal policy and reform implementation. Commitment to the reform program will also be tested by efforts to balance public sentiment with the implementation of the IMF program. Delays in the completion of a debt restructuring agreement and any barriers to passing key legislation could dampen sentiment and derail growth. Sri Lanka is reeling from high outmigration, particularly by the young, leading to higher skills mismatch, which could impact forecasts if prolonged. Weakness in the finance sector may prolong a full recovery. Additionally, weather vagaries could adversely impact agriculture and food security. Weaker-than-expected growth in key export markets could lead to increasingly tepid demand for exports, and geopolitical uncertainty could impinge on growth.

Source : Asian Development Outlook, April 2024



# Operating Environment

## Economic Uncertainty

### Sri Lanka Economy Economic Growth

- Recovering from the severe economic crisis in 2022, the contraction in real GDP bottomed-out, with improved economic activity from the second half of the year—settling at a lower negative growth.
- Agriculture sector growth moved to positive territory with improved supply conditions of fertiliser, agro-chemicals and fuel.
- Industry and service sectors improved, registering a moderation in negative growth trends

#### Real GDP Growth

2023: -2.3%  
2022: -7.3%

#### Agriculture

2023: -2.6%  
2022: -4.2%

#### Industry

2023: -9.2%  
2022: -16%

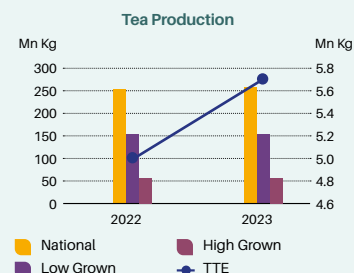
#### Services

2023: -0.2%  
2022: -2.6%

### Potential Impact on TTE :

Although weather anomalies impacted tea production, use of best regenerative agronomic practices propped tea yields per hectare and production improved by 14 percent, accounting for 2 percent of national production.

More positive economic landscape complemented domestic operations.



**Risk : R8**

**Opportunity : O3**

### Market Interest Rates

- With disinflationary trends, the Central Bank moved towards an accommodative monetary policy, with downward adjustments in policy rates—resulting in declining trends in market interest rates.

#### Commercial banks' Average Weighted Prime Lending Rate

2023: 12.13%  
2022: 27.24%

#### Commercial banks' Average Weighted Fixed Deposit Rate

2023: 14.88%  
2022: 18.49%

### Potential Impact on TTE :

Declining interest rates underlined lower cost of finance and fixed interest rate investment income.



**Risk: R8**

**Opportunity: O4**

### Inflationary Pressure

- Following an ultra-tight monetary policy, the record high inflation witnessed in 2022, reversed to lower single digits, towards the year-end 2023. Easing of demand pressures, better supply conditions, strengthening of the rupee against the US dollar and lower global commodity prices complemented disinflation.

#### CCPI (Annual Av.)

2023: 17.4%  
2022: 46.4%

#### CCPI (Year-on-Year)

2023: 4.0%  
2022: 57.2%

#### NCPI (Annual Av.)

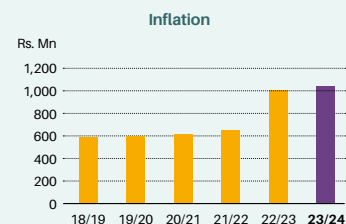
2023: 16.5%  
2022: 50.4%

#### NCPI (Year-on-Year)

2023: 4.2%  
2022: 59.2%

### Potential Impact on TTE :

Elevated prices due to skyrocketing inflation in the previous year continued to weigh on cost of production, particularly, for fertiliser and agro-chemicals.



**Risk: R6**

**Opportunity: O4**

Colombo Consumer Price Index (CCPI)  
National Consumer Price Index (NCPI)  
2022: (2013=100); 2023: (2021=100)

**Exchange Rate**

- Rallying from the slump in 2022, with a severe foreign exchange shortage, external sector improved by the latter part of the year. The IMF-Extended Fund Facility programme buttressed the sector stability. This was complemented by the contraction in the trade deficit and higher inflows from tourism and workers' remittances.
- Gross official reserves improved from 1.2 months of imports in 2022 to 3.1 months of imports.
- Under a market-based exchange rate policy, with improved liquidity and positive market sentiments, the Sri Lanka rupee appreciated notably during 2023 compared to the sharp depreciation in the previous year. The rupee also appreciated against the pound sterling, the euro, the Japanese yen, and the Indian rupee.

**Balance of Payment  
(US\$ MN)**

- 2023: -2,826
- 2022: 2,806

**Total External Debt  
(% of GDP)**

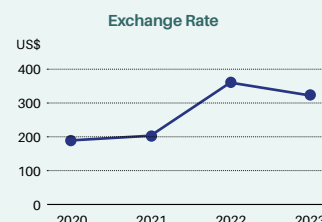
- 2023: 65.0
- 2022: 64.6

**Exchange Rate  
(Rs/US\$ year-end)**

- 2023: 323.92
- 2022: 363.11

**Potential Impact on TTE :**

The strengthening of the Sri Lankan rupee against the US dollar dampened prices on the Colombo Tea Auctions, reflecting on the topline earnings.

**Risk : R9****Opportunity : O4****Outlook 2024-25**

Against this background and with the low base effect from 2023, economic growth is forecast at 1.9% in 2024 and 2.5% in 2025. The resumption of growth hinges on the assumed continuation of reforms and better supply conditions. Crucial reforms include the expected enactment in 2024 of a public financial management act, which will strengthen fiscal discipline, and a debt management law to mitigate medium-term refinancing risks, as well as the completion of external debt restructuring.

Source : Asian Development Outlook, April 2024

**Social Factors**

Estimated economically active population is about 8.1 million in the fourth quarter 2023. Of which 66.5 percent are males and 33.5 percent being females. The economically inactive population is about 9.2 million. Out of the economically inactive population 28.6 percent are males and 71.4 percent are females

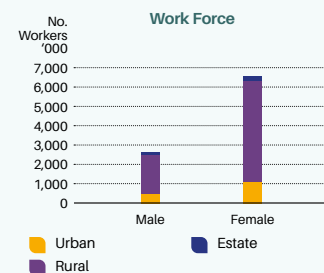
**Labour Force (Economically inactive Population)**

	Total	%	Male	%	Female	%
Sri Lanka	9,183,112	100	2,627,306	28.6	6,555,807	71.4
Urban	1,632,061	100	494,263	30.3	1,137,799	69.7
Rural	7,201,687	100	2,028,257	28.2	5,173,429	71.8
Estate	349,364	100	104,786	30.0	244,579	70.0

Source : Department of census & statistic

**Potential Impact on TTE :**

TTE relies heavily on women's labor, a large number of women are economically inactive, leading to potential labor shortages, especially if this trend continues or worsens.

**Risk : R11****Opportunity : O3****Outlook 2024-25**

The near-term priority during economic recovery is to lay institutional and structural frameworks for an inclusive social protection system. In the absence of a cohesive social protection strategy and governance mechanism, programs in the past have been fragmented, with low coverage, poor targeting, high inclusion and exclusion errors, and low payments. In 2023, however, the government introduced the Aswesuma program to consolidate over 25 state sponsored cash-transfer programs that were previously managed by several government agencies. The new Social-protection program covers nearly 40% of the population at various income levels and includes a self-registry database for a more objective and streamlined selection process aimed at minimizing leakage.

Source : Asian Development Outlook, April 2024



## Operating Environment

### Technological Trends

Improved technologies on commercial cultivation especially application of fertilizer, crop management, irrigation systems, optimum input applications, pest and disease control, post-harvest management, well-equipped machinery for processing, quality packaging and improved transportation methods are practiced specially for export marketing.

#### Smart Agriculture

The adoption of advanced technologies and data-driven farm operations to optimize and improve the sustainability of agricultural production is also known as smart farming. Technologies used in smart farming include artificial intelligence (AI), automation and the Internet of Things (IoT).



#### Agricultural Technologies

- Agricultural Drones to increase crop production & Monitor crop growth.
- Robots are used in harvesting & picking in large scale farming.
- Smart Agriculture Sensors are used in precision agriculture, providing data that helps farmers monitor and optimize crops, as well as adapt to changing environmental factors
- Genetic Manipulation
- Hydroponics & Aeroponics, Tissue culture, Vertical Farming

#### Potential Impact on TTE :

- Crop Traits for Defense against Pests and Disease and tolerant to Droughts/Floods-Extreme weather conditions
- Climate Change adaptation
  - Soil and land management
  - Crop management
  - Water management
  - Energy management
  - Climate information services



**Risk:** R16

**Opportunity:** O5

### Outlook 2024-25

Creating jobs and fostering sustainable livelihoods would go a long way toward alleviating poverty. This can begin by improving workforce productivity, particularly in agriculture, which employs 27% of the labor force but contributes little to GDP. The government must prioritize modernizing agriculture by resolving issues regarding farmland, investing to improve land productivity, and promoting greater value addition and diversification in agricultural exports. Policies targeting structural economic transformation—by promoting investment in manufacturing and technology, digital inclusion, the adoption of global best practices in industry, and skill enhancement—would ensure increased job creation outside of agriculture with high productivity and thus bolster worker earning capacity across the economy. To catalyze economic expansion, development, and job creation, the government should promote private sector participation through consistent policies and the regulatory, legal, and institutional support necessary for private sector development. Embracing pro-poor tourism policies by providing the necessary regulatory support and capacity building would ensure optimal transfers of benefits to local communities

Source : Asian Development Outlook, April 2024

## Legal / Regulatory Developments

### VAT Revisions 2023

From January 1, 2024, the tea industry, which was previously exempt from the VAT, subjected to an 18 percent VAT.



### Potential Impact on TTE :

The TTE account systems and procedures were updated to comply with the new standard, which now includes additional requirements for handling new VAT documentation and reporting.

Local bulk tea buyers adjusted their bidding thresholds to accommodate the VAT component in their regular payments, resulting in a decrease in revenue from local bulk tea sales at the Colombo tea auction.

**Risk:** R19

**Opportunity:** O3

### Outlook 2024-25

The economy will recover gradually in 2024 and 2025. Key forward-looking indicators like the purchasing managers' index and the industrial, index of production, are improving. Construction, stalled during the height of the crisis, is resuming but will be tempered by an increase in the value-added tax, which will raise raw material prices and dampen housing construction. The service sector will be supported by higher tourist arrivals and receipts, and the finance sector by lower interest rates and consequently higher demand for credit. Industry will see a resumption in construction projects and higher manufacturing, and agriculture will be supported by cheaper fertilizer. However, the higher costs of raw materials, higher taxes, and unpredictable weather will likely weigh on growth across sectors. Within private consumption and investment, but this is likely to be dampened by the higher prices following the value-added tax increase and uncertainty from the electoral cycle. Limited fiscal space will likely restrain government expenditure. With the removal of most import restrictions in the second half of 2023, net exports of goods and services are likely to turn negative in 2024 gradual economic stabilization, consumer and business sentiment will improve, leading to a cautious recovery.

Source : Asian Development Outlook, April 2024

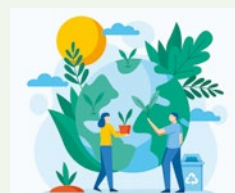
## Environmental

- Climate change poses significant risks to tea production, affecting yield and quality. The industry is increasingly adopting climate-resilient practices such as drought-resistant tea varieties, integrated pest management, and agroforestry. These methods help mitigate the adverse effects of changing weather patterns.
- carbon emissions associated with tea production, plantations are adopting practices like reducing energy use, utilizing renewable energy sources, and improving waste management. Carbon offset initiatives, such as reforestation projects, are also gaining traction.
- Tea plantations are integrating biodiversity-friendly practices, such as maintaining natural habitats, planting native species, and creating wildlife corridors. These efforts help preserve local ecosystems and enhance biodiversity on and around tea estates.

"More and more countries are experiencing water stress, and increasing drought and desertification is already worsening these trends. By 2050, it is projected that at least one in four people will suffer recurring water shortages".

### Potential Impact on TTE :

Implementing new technologies and sustainable practices, like renewable energy systems and advanced irrigation methods, may necessitate a substantial initial investment.



**Risk :** R18 & R20

**Opportunity :** O5

### Outlook 2024-25

The tea plantation industry is poised for sustainable growth and resilience in the long term through the adoption of climate-resilient, eco-friendly, and socially responsible practices. By reducing carbon footprint, promoting biodiversity, and supporting fair trade, tea companies can secure their competitiveness while aligning with global sustainability objectives.



# Risk and Opportunity Management

## KEY DEVELOPMENTS IN 2023/24

- Reviewed and updated key risk & opportunity related policies through risk and Opportunity registers.
- Effective, robust and stringent framework for Controlling risks.
- Adequate resources and systems infrastructure for grabbing opportunities
- Management system optimization
- Established comprehensive processes and policies to manage climate-related risks
- Employing climate-related scenario analysis to identify potential risks and opportunities

Refer: Risk and Opportunity Management Report on Pages 190 to 199

## How to Mitigate Key Risks

- Based on the risk identified, the Board of Directors, Managing Director & Chief Executive Officer together with the management team initiates risk response strategies developed to manage risk by accepting, mitigating, transferring or avoiding it.
- Based on risk response selected, gaps in Risk Management Capabilities are re-examined and adjusted with expert advice.
- The Risk Management Process is executed by TTE's Corporate Management Committee under the stewardship of the TTE Board and the Board Audit Committee. The Internal and External Audit Committee play a vital role in providing independent verification and assurance regarding the efficacy of the Risk Management Process.
- Continuous monitoring of TTE PLC through environmental impact assessments, use of IoTs and field tests.

## KEY RISK FACTORS

### Operating Environment Risk

- R1-Geo-political developments
- R2- Macroeconomic and political developments
- R3- Threat from civil unrest
- R4- Change in consumer demand behavior
- R5- Inflation Risk

### Financial Risk

- R6- Liquidity Risk
- R7- Interest Rate Risk
- R8- Credit Risk
- R9-Exchange Rate Risk
- R10-Financial Covenant Breach

### Operational Risk

- R11- Talent attraction/Retention and labour management
- R12- Resilience to incidents or disruptions or control breakdown
- R13- Occupational health and safety
- R14- Fraud and anti-corruption
- R15-Brand reputation and impact
- R16-Technology and data leakage risk
- R17-Competitor Risk

### Environmental Risk

- R18- Climate Change Risk

### Compliance Risk

- R19- Risk arising out of non-compliance with Laws, Regulations, By-laws and Statutory requirements

### Sustainability Related Risks

- R20 Non-Financial Reporting and Disclosures



Refer page 190 to 199

## Key Opportunity Factors

- Growing Demand for Sustainable Products
- Rising Demand for Certain Commodities
- Explore opportunities for expansion into new markets with growing populations and increasing demand for products
- Investing in research and development of high-yielding, disease-resistant and drought-tolerant crop varieties
- The natural beauty while promoting sustainable practices, attracting new visitors, and contributing to the local community.

## How to Grab Key Opportunities

On realizing the opportunity, the Board of Directors, together with the Managing Director and Chief Executive Officer with the members of ESEG Steering Committee initiates strategies to grab the Opportunities by pursuing, exploring or accepting.

- Commitment to the strategy
- Aligning strategy with organizational structure & culture
- Creating an environment where strategy succeeds
- Setting realistic targets for delivery across a set time Period
- Build strong partnerships with research institutes, universities and NGOs to access knowledge, expertise and resources for innovation and sustainable development

## KEY RISK PREDICTED IN 2024/25

### Financial Risk

- Geopolitical conflicts
- Fuel and energy prices
- Climate Risks
- Talent/Labour migration and cost of labour
- Changing demographic that demand a product differentiation
- Currency fluctuations

### Risk Assessment

The four different yet connected elements of TTE's risk management process—risk identification, risk assessment, risk mitigation, and risk monitoring create an ecosystem that safeguards the company from both present and potential hazards.

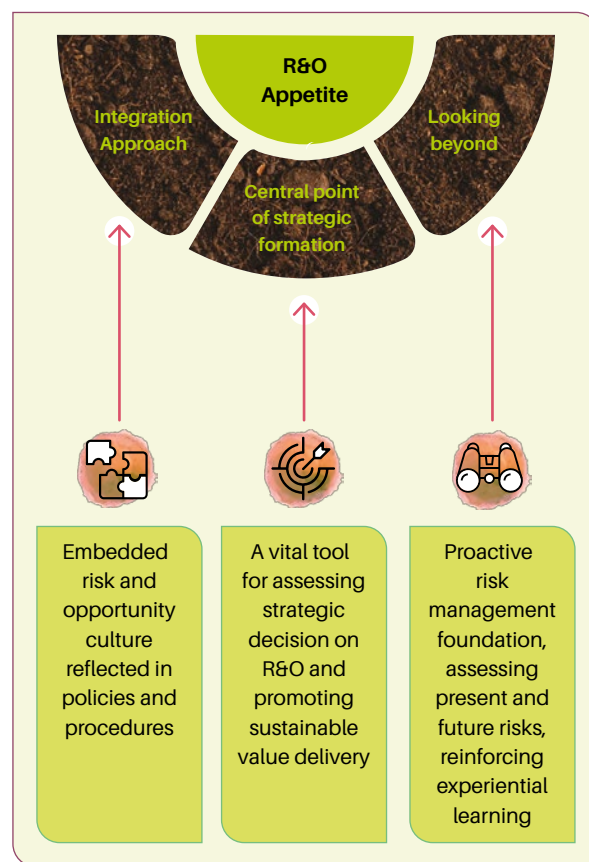
### Opportunities Assessment

The process of managing opportunities also revolves around a 4-step process that begins with the identification and recording of opportunities in the Opportunity Register, followed by the evaluation of the opportunity to establish the final opportunity factor rating.

## Evaluating Our EROM Journey: Current State and Future Vision

At TTE, we are committed to continuously improving our risk and opportunity management practices as a vital part of our journey towards greater strategic resilience. We understand that this journey is essential for enabling sustained value creation within the framework of Environmental, Social, and Governance (ESG) principles without limiting to economical aspect. By embracing this journey, we aim to enhance our organization's ability to navigate challenges, capitalize on opportunities, and drive positive impact in a rapidly evolving business landscape.

	Our Past: Tracing Our Progress	Our Current Position: Assessing Our Progress	Our Desired Destination: Envisioning Our Future
 <b>Maturity Level of EROM</b>	Foundational risk management systems with limited business risk insights	Adopted a more integrated and frequent approach to risk and opportunity management.	Proactively identifying and assessing R&O while implementing comprehensive management plan
 <b>Compliance</b>	Ensure adherence to statutory requirements within the prescribed scope of compliance.	Emphasizing best practices while maintaining compliance with statutory requirements.	Establishment compliance management that adds business value and provides unique insights.
 <b>Strategic Value Enabler</b>	Minimum of integration with business functions	Integration of ESG considerations into risk and opportunity management practices.	Strategic value-driven approach enabling execution and delivery of Redefine's value proposition through forward-looking strategies.



### Maturity level of EROM

1	2	3	4	5
Initial	Developing	Developed	Integrated	Optimized
Some informal practices exist. Formal policies and processes are not developed. Issues are dealt with reactively.	Systems and processes are in place and effective in some parts of either design and/or operation. Approaches are partially aligned to business operations.	Frameworks and systems are formally established, embedded and operating to meet expectations contained within recognized standards.	Systems and processes are integrated, collaborative and enhanced so that it drives a coordinated strategic and efficient response to current and emerging risks.	Systems, processes and culture are integrated with key organizational programs, linked directly with the strategic priorities, and use technology to optimize governance, risk management and monitoring/reporting.

### Compliance

TTE is embedded with Hayleys group compliance monitoring procedure and TTE monitors the compliance procedure.

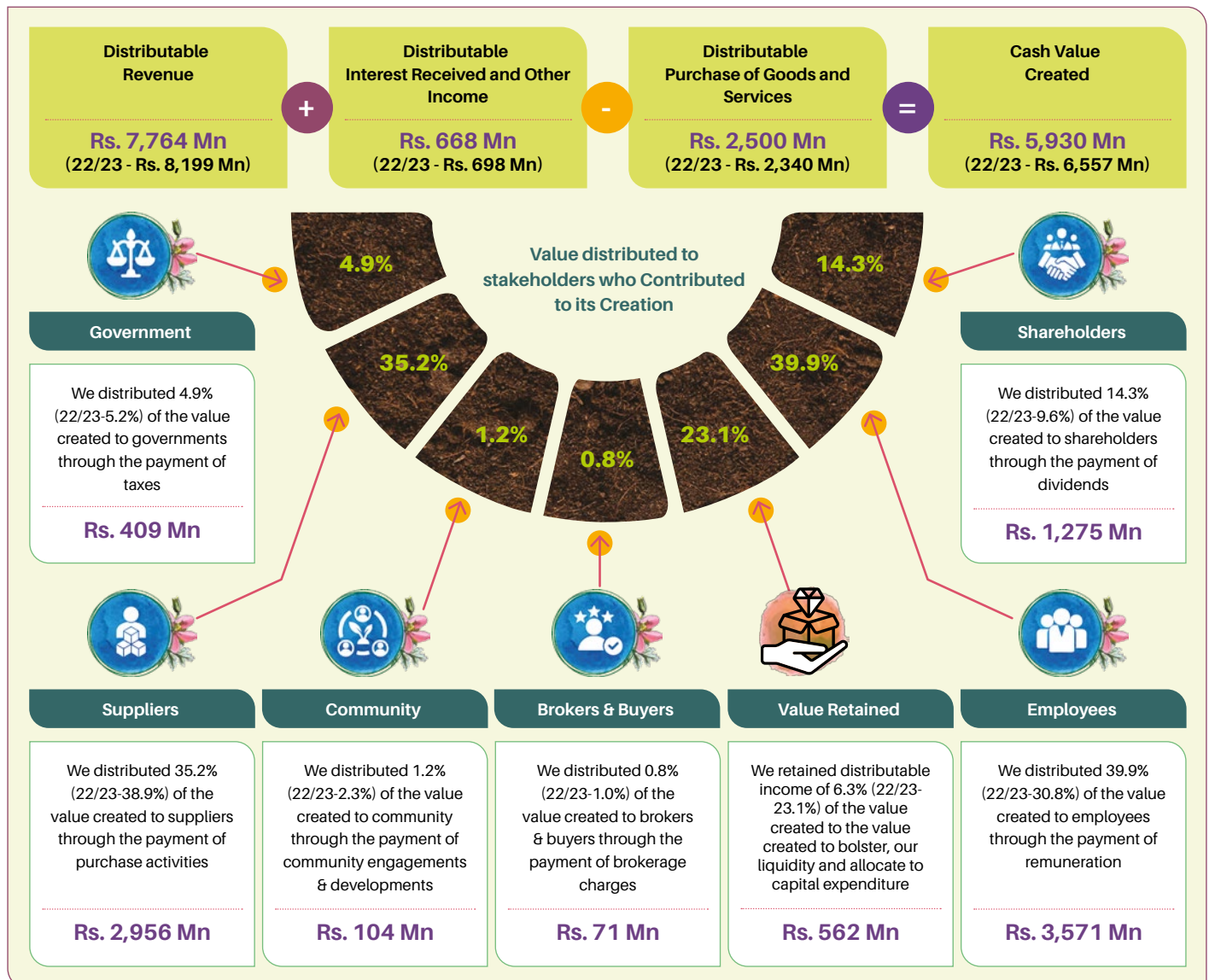


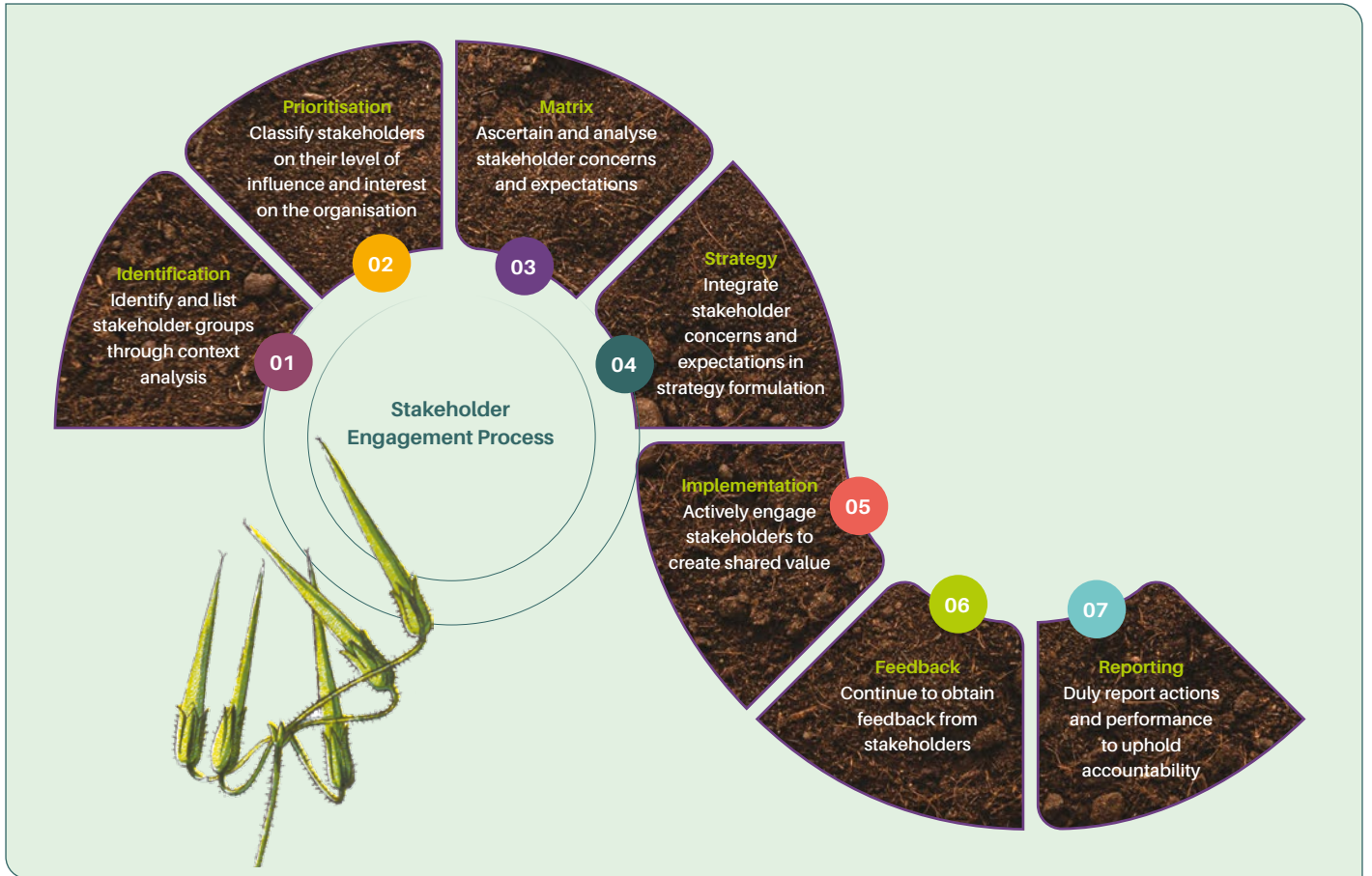
## Our Stakeholders - Creating Shared Value

GRI 2-29

**“We stand committed to build collaborative partnerships with our key stakeholders across our value chain—securing investor confidence; empowering our workforce; forging solid relationships with our suppliers and buyers and brokers; and above all, striving to uphold our responsibility as an exemplary corporate citizen.”**

Our long-term success is intertwined with the wellbeing and interests of our stakeholders. Actively engaging and fostering meaningful relationships with them, therefore, stand as an integral part of our strategy making process. Aligned with responsible business practices, we have in place a comprehensive framework for stakeholder engagement—facilitating effective communication to obtain their feedback and ensure that their concerns and expectations are proactively met in our quest to create shared value.





### Stakeholder Engagement

#### Our Approach

Following a structured approach, a generic stakeholder mapping tool is used to identify and prioritise our stakeholder groups. Top strategic priority is given those stakeholders that fall under 'high influence - high interest' category.

#### Quality of Relationships

Management consistently monitors and assesses these relationships to ensure a full understanding, acknowledgment, and addressing of the legitimate needs and interests of its stakeholders.

- ☘ Strong relationship of transparency, trust and mutual understanding
- ☘ Good quality, value-adding relationship
- ☘ Good relationship but needs to improve to add value
- ☘ Functional, below average quality relationship

#### Low Interest + High Influence

##### Strategy: Align engagement - involve

- ☘ Suppliers/service providers
- ☘ Certification bodies
- ☘ Regulatory bodies

#### High Interest + High Influence Strategy: High engagement - collaborate

- ☘ Parent company
- ☘ Shareholders/investors
- ☘ Employees
- ☘ Trade unions
- ☘ Buyers/brokers/customers
- ☘ Resident estate communities
- ☘ Government

#### Low Interest + Low Influence Strategy: Low engagement - inform

- ☘ Neighbouring communities
- ☘ Non-government organisations

#### High Interest + Low Influence Strategy: Medium engagement - include

- ☘ Financial institutions
- ☘ Associations
- ☘ Media
- ☘ Society





## Our Stakeholders – Creating Shared Value

### Key Stakeholder Engagement



#### Shareholders/Investors






(Parent company and over 14,800 shareholders/investors on the CSE with equity totaling to Rs. 6,369 Mn)

<b>Strategic Goal:</b> Align our strategies and actions to create sustained value to meet shareholder interests.																	
<b>Risks</b> <ul style="list-style-type: none"> <li>Country risk</li> <li>Business disruption risk</li> <li>Compliance risk</li> <li>Climate change risk</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>Productivity optimisation through technology</li> <li>Diversification in to less labour-intensive crops</li> </ul>	Priority: High Engagement – Collaborate <b>Capitals Impacted</b> Financial + Manufactured <b>Related SDGs</b>  															
<b>Method</b> <ul style="list-style-type: none"> <li>Annual and extraordinary general meetings</li> <li>Annual report</li> <li>Interim financial statements</li> <li>Press releases - as required</li> <li>Corporate website</li> </ul>	<b>Expectations/Issues</b> <ul style="list-style-type: none"> <li>Earnings growth, profits and stable returns</li> <li>Financial stability</li> <li>Share price performance</li> <li>Responsible corporate governance</li> </ul>	<b>Strategic Response</b> <ul style="list-style-type: none"> <li>Deliver a pragmatic growth strategy and closely monitor performance targets.</li> <li>Maintain a healthy financial position.</li> <li>Invest in sustainable agriculture and manufacturing practices.</li> <li>Integrate ESG considerations into corporate strategy.</li> <li>Ensure timely shareholder disclosures of corporate information.</li> </ul>															
<b>Material Matters</b> <ul style="list-style-type: none"> <li>Economic and industry performance</li> <li>Corporate strategy and results</li> <li>Labour management</li> <li>Risk management</li> <li>ESG considerations</li> </ul>	<table> <tr> <th>KPIs Monitored</th><th>FY 2023/24</th><th>FY 2022/23</th></tr> <tr> <td>Revenue (Rs. Mn)</td><td>7,763.6</td><td>8,199.3</td></tr> <tr> <td>Return On Equity (%)</td><td>25.80</td><td>42.84</td></tr> <tr> <td>Dividends paid (Rs.)</td><td>26.85</td><td>54.21</td></tr> <tr> <td>Earnings per share (Rs.)</td><td>34.63</td><td>54.21</td></tr> </table>		KPIs Monitored	FY 2023/24	FY 2022/23	Revenue (Rs. Mn)	7,763.6	8,199.3	Return On Equity (%)	25.80	42.84	Dividends paid (Rs.)	26.85	54.21	Earnings per share (Rs.)	34.63	54.21
KPIs Monitored	FY 2023/24	FY 2022/23															
Revenue (Rs. Mn)	7,763.6	8,199.3															
Return On Equity (%)	25.80	42.84															
Dividends paid (Rs.)	26.85	54.21															
Earnings per share (Rs.)	34.63	54.21															



#### Employees

(4,284 employees at 16 estates and the corporate office; trade unions)


<b>Strategic Goal:</b> Foster an empowered workplace—focusing on employee skills and wellbeing, to enhance productivity, build resilience and strengthen their work ethic; enabling career progression, whilst ensuring business success.																	
<b>Risks</b> <ul style="list-style-type: none"> <li>Business disruption risk</li> <li>Labour and talent migration risk</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>Productivity optimisation through technology</li> </ul>	Priority: High Engagement – Collaborate <b>Capitals Impacted</b> Human+ Intellectual + Financial <b>Related SDGs</b>     															
<b>Method</b> <ul style="list-style-type: none"> <li>Daily, weekly and monthly staff meetings</li> <li>Weekly HR cluster meetings</li> <li>Monthly meetings with trade union representatives</li> <li>Monthly health and safety committee meetings</li> <li>Bi-annual performance evaluations</li> <li>Training initiatives</li> </ul>	<b>Expectations/Issues</b> <ul style="list-style-type: none"> <li>Fair recruitment</li> <li>Commensurate remuneration and benefits</li> <li>Performance evaluations and incentives</li> <li>Health, safety and wellbeing</li> <li>Training opportunities</li> </ul>	<b>Strategic Response</b> <ul style="list-style-type: none"> <li>Uphold best HR practices</li> <li>Regular dialogue with trade unions at company and industry levels</li> <li>Industry aligned compensation and benefits</li> <li>Comprehensive health and safety programme with staff representation</li> <li>Extending training to all staff grades</li> </ul>															
<b>Material Matters</b> <ul style="list-style-type: none"> <li>Compensation</li> <li>Training</li> <li>Performance evaluations</li> <li>Occupational health and safety</li> <li>Labour relations</li> </ul>	<table> <tr> <th>KPIs Monitored</th><th>FY 2023/24</th><th>FY 2022/23</th></tr> <tr> <td>HR investment (Rs Mn)</td><td>103.6</td><td>165.4</td></tr> <tr> <td>Employee turnover rate (%)</td><td>11</td><td>8.6</td></tr> <tr> <td>Employee retention rate (%)</td><td>89</td><td>91.4</td></tr> <tr> <td>Training investment (Rs Mn)</td><td>14.43</td><td>13.78</td></tr> </table>		KPIs Monitored	FY 2023/24	FY 2022/23	HR investment (Rs Mn)	103.6	165.4	Employee turnover rate (%)	11	8.6	Employee retention rate (%)	89	91.4	Training investment (Rs Mn)	14.43	13.78
KPIs Monitored	FY 2023/24	FY 2022/23															
HR investment (Rs Mn)	103.6	165.4															
Employee turnover rate (%)	11	8.6															
Employee retention rate (%)	89	91.4															
Training investment (Rs Mn)	14.43	13.78															



### Buyers, Brokers and Customers

(5 tea brokers at the Colombo Tea Auctions, accounting for 96 percent of sales; 318 local buyers; and 3 overseas buyers)

**Strategic Goal:** Secure broker and buyer confidence by offering finest quality teas made ethically and sustainably; enhance the brand strength; and drive for premium prices on the Colombo Tea Auctions.


<b>Risks</b> <ul style="list-style-type: none"> <li>Business disruption risk</li> <li>Competitor risk</li> <li>Climate change risk</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>Growing global demand for black teas</li> <li>Growing global demand for organic/sustainable teas</li> <li>Productivity optimisation through technology</li> </ul>	<b>Priority:</b> High Engagement - Collaborate <b>Capitals Impacted</b> Social and relationship+ Financial <b>Related SDGs</b> 									
<b>Method</b> <ul style="list-style-type: none"> <li>Periodic meetings</li> <li>Familiarisation estate tours</li> <li>International trade fairs and road shows</li> <li>Trade association meetings</li> </ul>	<b>Expectations/Issues</b> <ul style="list-style-type: none"> <li>Product quality and food safety</li> <li>Compliance with local and international certification standards and regulations</li> <li>Climate change impact</li> </ul>	<b>Strategic Response</b> <ul style="list-style-type: none"> <li>Good agricultural and manufacturing practices to ensure quality teas.</li> <li>Adopt and maintain internationally accepted certification guidelines and standards.</li> <li>Invest in research and development for value addition and product innovation.</li> </ul>									
<b>Material Matters</b> <ul style="list-style-type: none"> <li>Customer health and safety</li> <li>Product quality</li> <li>Customer satisfaction</li> <li>Marketing and labelling</li> <li>Research and development</li> </ul>	<b>KPIs Monitored</b> <table> <tr> <th></th><th>FY 2023/24</th><th>FY 2022/23</th></tr> <tr> <td>Customer satisfaction rate (%)</td><td>86</td><td>86</td></tr> <tr> <td>Rejection and complaints (number)</td><td>5</td><td>6</td></tr> </table>		FY 2023/24	FY 2022/23	Customer satisfaction rate (%)	86	86	Rejection and complaints (number)	5	6	
	FY 2023/24	FY 2022/23									
Customer satisfaction rate (%)	86	86									
Rejection and complaints (number)	5	6									



### Resident Estate Communities

(3,822 estate workers and their families living across 16 estates along with relevant non-government organisations)

**Strategic Goal:** Build strong and mutually beneficial relationships with estate communities—focusing on their wellbeing and enabling them through key socio-economic development initiatives.

<b>Risks</b> <ul style="list-style-type: none"> <li>Business disruption risk</li> <li>Climate change risk</li> <li>Labour and talent migration risk</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>Diversification into less labour-intensive crops</li> </ul>	<b>Priority:</b> High Engagement - Collaborate <b>Capitals Impacted</b> Social and relationship + Human + Financial <b>Related SDGs</b> 									
<b>Method</b> <ul style="list-style-type: none"> <li>Weekly community meetings</li> <li>'Home for every plantation worker' programme</li> </ul>	<b>Expectations/Issues</b> <ul style="list-style-type: none"> <li>Housing and estate infrastructure</li> <li>Water and sanitation</li> <li>Health and nutrition</li> </ul>	<b>Strategic Response</b> <ul style="list-style-type: none"> <li>"Home for every Plantation Worker" - a comprehensive community development and wellbeing programme</li> </ul>									
<b>Material Matters</b> <ul style="list-style-type: none"> <li>Estate development</li> <li>Livelihood development</li> <li>Community wellbeing</li> <li>Community empowerment</li> </ul>	<b>KPIs Monitored</b> <table> <tr> <th></th><th>FY 2023/24</th><th>FY 2022/23</th></tr> <tr> <td>Investment in community (Rs. Mn)</td><td>95.4</td><td>159.7</td></tr> <tr> <td>Beneficiaries in capacity development and educational programmes</td><td>183,494</td><td>173,221</td></tr> </table>		FY 2023/24	FY 2022/23	Investment in community (Rs. Mn)	95.4	159.7	Beneficiaries in capacity development and educational programmes	183,494	173,221	
	FY 2023/24	FY 2022/23									
Investment in community (Rs. Mn)	95.4	159.7									
Beneficiaries in capacity development and educational programmes	183,494	173,221									



## Our Stakeholders - Creating Shared Value



### Suppliers

(2,288 bought leaf suppliers, in both low and high grown areas, along with other raw material, machinery and equipment, logistics, transport and general suppliers)

**Strategic Goal:** Build collaborative partnerships with suppliers—to strengthen a reliable supply chain, whilst advocating best and ethical business practices to enhance and bring in quality to the value creation process.






<b>Risks</b> <ul style="list-style-type: none"> <li>Business disruption risk</li> <li>Competitor risk</li> <li>Climate change risk</li> <li>Compliance risk</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>Growing global demand for black and specialty teas</li> <li>Growing global demand for organic/sustainable teas</li> <li>Productivity optimisation through technology</li> </ul>	<b>Priority:</b> Align Engagement: Involve <b>Capitals Impacted</b> Social and relationship+ Financial <b>Related SDGs</b>   												
<b>Method</b> <ul style="list-style-type: none"> <li>Periodic supplier site visits</li> <li>Regular dialogue and interaction</li> </ul>	<b>Expectations/Issues</b> <ul style="list-style-type: none"> <li>Price and profitability</li> <li>Credit period</li> <li>Availability of raw materials</li> <li>Climate change</li> </ul>	<b>Strategic Response</b> <ul style="list-style-type: none"> <li>Maintain good supplier relationships with regular dialogue and fair pricing.</li> <li>Advocate best practices in social and environmental responsibility.</li> </ul>												
<b>Material Matters</b> <ul style="list-style-type: none"> <li>Supply chain</li> <li>Procurement practices</li> <li>Supplier social and environmental assessments</li> </ul>	<table> <tr> <th>KPIs Monitored</th><th>FY 2023/24</th><th>FY 2022/23</th></tr> <tr> <td>Bought leaf business value (Rs. Mn)</td><td>721.17</td><td>930.38</td></tr> <tr> <td>Local supplier payments (Rs. Mn)</td><td>1,926.18</td><td>2,085.85</td></tr> <tr> <td>Supplier assessments (number)</td><td>2,288</td><td>3,875</td></tr> </table>		KPIs Monitored	FY 2023/24	FY 2022/23	Bought leaf business value (Rs. Mn)	721.17	930.38	Local supplier payments (Rs. Mn)	1,926.18	2,085.85	Supplier assessments (number)	2,288	3,875
KPIs Monitored	FY 2023/24	FY 2022/23												
Bought leaf business value (Rs. Mn)	721.17	930.38												
Local supplier payments (Rs. Mn)	1,926.18	2,085.85												
Supplier assessments (number)	2,288	3,875												



### Society

Broader society including the government of Sri Lanka; regulatory bodies; certification agencies; industry associations; financial institutions; media; and the general public)

**Strategic Goal:** Contribute positively as a responsible corporate citizen to develop, support and preserve the living environment and culture; whilst upholding transparency and accountability in meeting obligations to regulatory bodies, financial institutions, certification agencies, industry associations, the media, and the general public.

<b>Risks</b> <ul style="list-style-type: none"> <li>Country risk</li> <li>Business disruption risk</li> <li>Climate change risk</li> <li>Compliance risk</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>Growing global demand for black teas</li> <li>Growing global demand for organic/sustainable teas</li> <li>Productivity optimisation through technology</li> </ul>	<b>Priority:</b> Medium and Align Engagement: Involve/ Include <b>Capitals Impacted</b> Financial + Intellectual + Natural + Social and relationship <b>Related SDGs</b>     									
<b>Method</b> <ul style="list-style-type: none"> <li>Estate and factory audits</li> <li>Meetings when required</li> <li>Published accounts</li> <li>Annual report</li> <li>Press Releases</li> </ul>	<b>Expectations/Issues</b> <ul style="list-style-type: none"> <li>Reliability and reputation</li> <li>Responsible corporate management</li> <li>Climate change and crop management</li> </ul>	<b>Strategic Response</b> <ul style="list-style-type: none"> <li>Uphold sustainable operations and disciplined financial management.</li> <li>Meet tax and financial obligations conscientiously.</li> <li>Ensure timely disclosures of corporate information.</li> <li>Lobby for progressive plantation sector policies.</li> </ul>									
<b>Material Matters</b> <ul style="list-style-type: none"> <li>Tax</li> <li>Product quality</li> <li>Corporate governance and risk management</li> <li>Corporate social responsibility</li> <li>Corporate environmental footprint</li> </ul>	<table> <tr> <th>KPIs Monitored</th><th>FY 2023/24</th><th>FY 2022/23</th></tr> <tr> <td>Taxes paid (Rs. Mn)</td><td>461.5</td><td>192.1</td></tr> <tr> <td>Corporate carbon footprint (tCO2e)</td><td>11,404</td><td>9,085</td></tr> </table>		KPIs Monitored	FY 2023/24	FY 2022/23	Taxes paid (Rs. Mn)	461.5	192.1	Corporate carbon footprint (tCO2e)	11,404	9,085
KPIs Monitored	FY 2023/24	FY 2022/23									
Taxes paid (Rs. Mn)	461.5	192.1									
Corporate carbon footprint (tCO2e)	11,404	9,085									



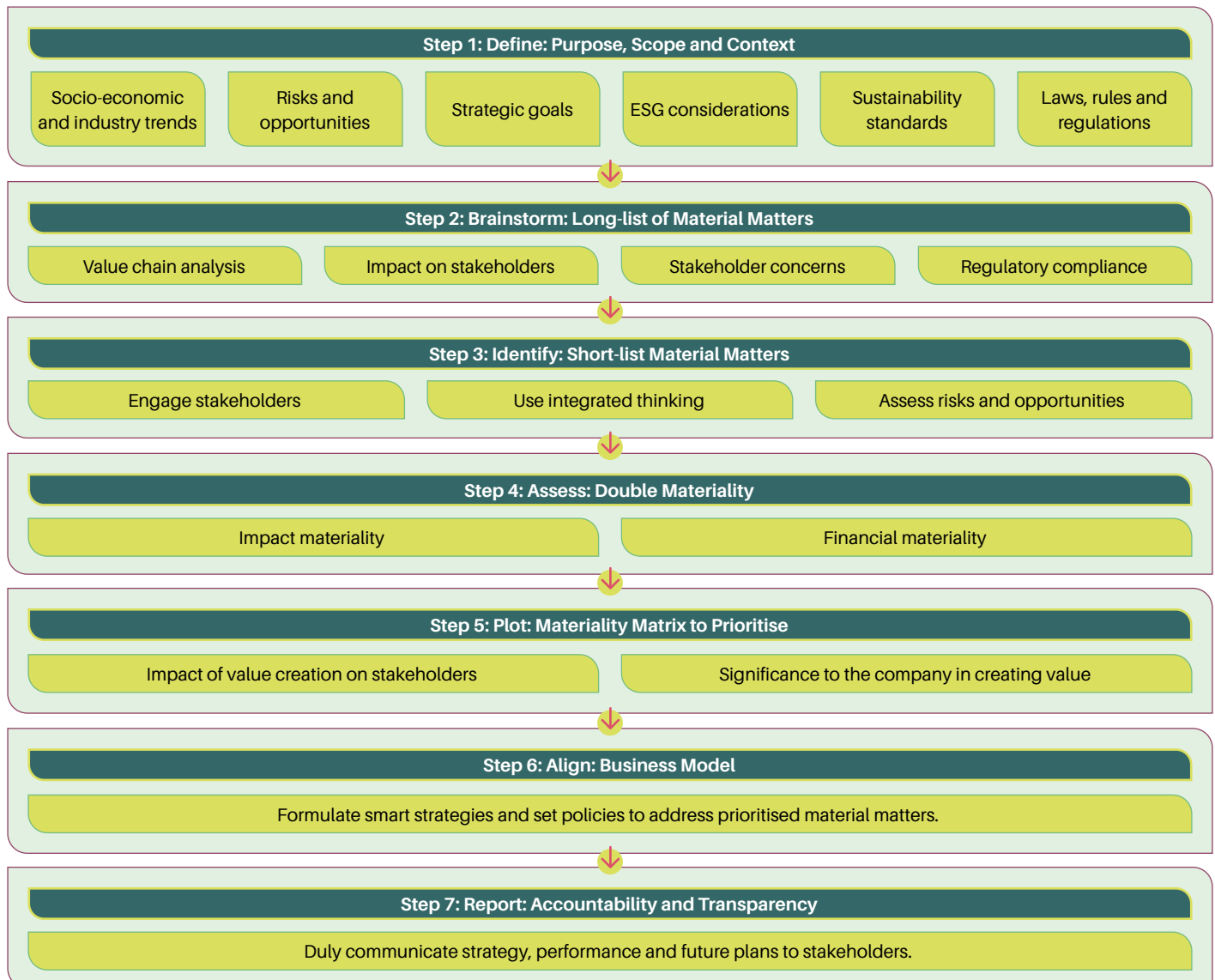
## Materiality in Focus

GRI 3-1, 2 &amp; 3

**“Materiality assessment is the bedrock of our strategy making process, guiding us to formulate efficient strategies and plans, enabling better resource allocation, and making our reporting initiatives more meaningful.”**

Aligned with our regenerative business agenda – 2030 (ReGen) and our standard procedure, materiality topics cover a ‘360-degree’ view; encompassing economic, environmental, social and governance considerations that hold the most significance to our organisation, as well as to our stakeholders. Accordingly, we have identified five material themes, under which we focus on 37 material topics—deemed as very high to medium in significance on a double materiality basis, from both financial and sustainability perspectives. Our disclosures emphasize the interconnectedness between the organisation and the external stakeholders, highlighting the impacts of external factors on the organisation’s value creation and, in turn, our impacts on the broader society and environment.

Continuing to adopt best practices in corporate reporting, this year, too, we sought to align our materiality determination with internationally recognised frameworks for assessing the significance of ESG factors in our business operations. Apart from the GRI Standards, we attempted to integrate our disclosures with the latest IFRS sustainability disclosure standards S1 and S2—which are in line with the relevant sector standards of SASB Standards.



## Materiality in Focus

5

Material Themes



Operating Context



Business Model



Socio-economic Dynamics



Governance and Ethics

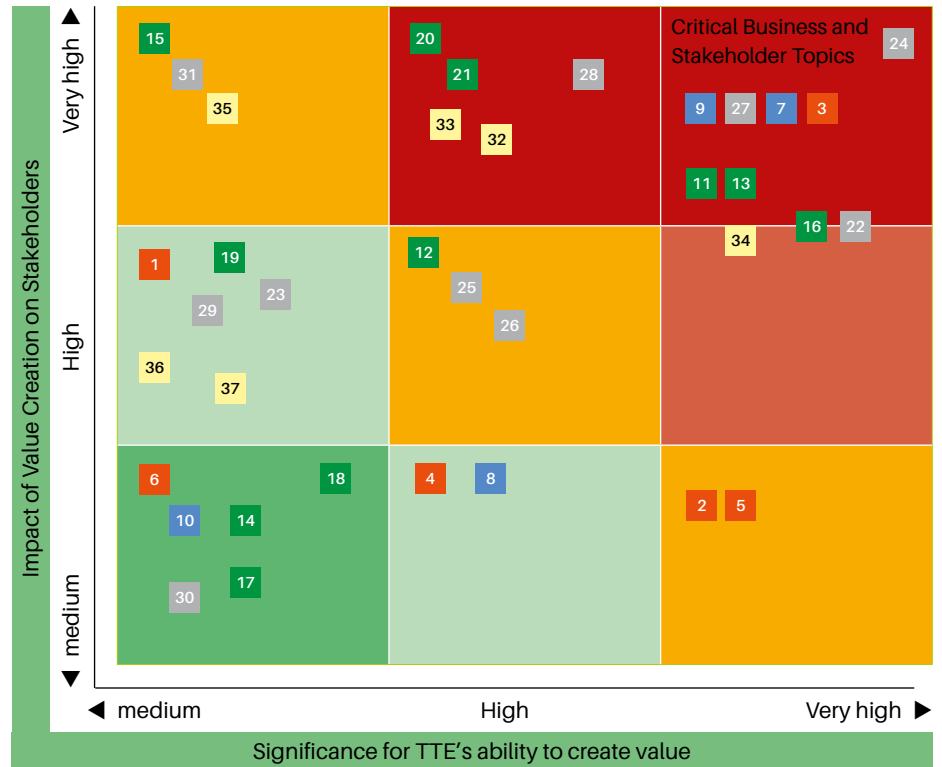


Environment and Climate

**Our materiality assessment is consistent, without significant alterations, compared to the preceding financial year. Key changes are as follows:**

- ‘pandemic led disruptions’ has been disregarded as not relevant in the present context;
- employment and employment practices have been bundled together as one topic;
- product quality, Customer health and safety and customer satisfaction bundled under customer health and safety;
- operational efficiency and agriculture sector productivity bundled together as land and labour productivity; and
- principal relationships have been viewed as an inherent part of the discussion on relationships inter-alia, our customers, employees and suppliers.

Materiality Matrix



Note: Refer double materiality assessment table for material topics corresponding to the numbers given in the matrix

## Double Materiality Assessment

## Materiality Level

Very High



High



Medium



**Operating Context:** With an extensive presence in the plantation industry, our operating environment significantly influences our ability to create value. It is critical that we align our strategy to meet the day-to-day challenges posed by internal procedures, systems and people. This underscores our adaptability and agility to create sustained value amidst evolving market dynamics, regulatory demands, and the ever-changing societal expectations.

## Related Stakeholders

- Shareholders
- Employees
- Customers
- Suppliers
- Regulatory bodies

## Principal Risks

- Country risk
- Business disruption risk
- Competitor risk

## Principal Opportunities

- Growing global demand for black and specialty teas
- Productivity optimisation through technology

## Strategic Imperatives

- Business diversification
- Winning with the customer
- Operational excellence

#	GRI/ IFRS-S2/ SASB/ Other	Material Topic	Impact Materiality	Financial Materiality	Double Materiality	SDG	Section/Capitals
01	GRI 202	Market presence	●	●	●		Human Pg: 150 to 160
02	GRI 204	Procurement practices	●	●	●		Social and relationship Pg: 136 to 149
03	GRI 207	Tax	●	●	●		Financial Pg: 114 to 121
04	GRI 13.23 FB-AG-430a	Supply chain traceability	●	●	●		Social and relationship Pg: 136 to 149
05	N/A	Technology	●	●	●		Intellectual Pg: 128 to 135
06	N/A	Brain-drain and labour outmigration	●	●	●		Social and relationship Pg: 136 to 149



## Materiality in Focus



**Business Model:** It is imperative to adopt a smart, agile and responsive business model—a foundational framework—to create, deliver, and capture value amid complexities of the market in an evolving plantation industry landscape. This support us to build a competitive advantage and secure growth and long-term success.

### Related Stakeholders

- Shareholders
- Employees

### Principal Risks

- Country risk
- Competitor risk

### Principal Opportunities

- Growing global demand for teas

### Strategic Imperatives

- Operational excellence

#	GRI/ IFRS-S2/ SASB/ Other	Material Topic	Impact Materiality	Financial Materiality	Double Materiality	SDG	Section/Capitals
07	N/A	Land and labour productivity	●	●	●		Manufactured Human Pg : 122 to 127
08	GRI 417	Marketing and labelling	●	●	●		Social & relationship, Pg: 136 to 149
09	GRI 416; 13.10 FB-AG-250a.	Customer satisfaction, health, safety	●	●	●		Social & relationship Pg: 136 to 149
10	N/A	Research and development	●	●	●		Intellectual Pg: 128 to 135



**Governance and Ethics:** Integrating good governance and ethical practices into strategic decision making is imperative to ensure transparency, accountability and responsibility across the value chain. This underscores our commitment to meet stake holder expectations and secure long-term success.

### Related Stakeholders

- Shareholders
- Community

### Principal Risks

- Country risk
- Competitor risk

### Principal Opportunities

- Growing global demand for tea

### Strategic Imperatives

- Operational excellence

#	GRI/ IFRS-S2/ SASB/ Other	Material Topic	Impact Materiality	Financial Materiality	Double Materiality	SDG	Section/Capitals
32	GRI 405; 13.15	Diversity and equal opportunity	●	●	●		Human Pg: 150 to 160
33	GRI 406; 13.15	Non-discrimination	●	●	●		Human Pg: 150
34	GRI 407; 13.18	Freedom of Association	●	●	●		Human Pg: 150
35	N/A	Food security	●	●	●		Social and relationship Pg: 136
36	GRI 408; 13.17	Child labour	●	●	●		Human Pg: 150
37	GRI 409; 13.16	Forced or compulsory Labour	●	●	●		Human Pg: 150



**Environment and Climate:** As a plantation company, our operations are intertwined with the environment and the climate and therefore, it is strategically imperative to uphold environmental responsibility, adopt sustainable agriculture practices and committedly work towards combatting climate change.

#### Related Stakeholders

- Shareholders
- Environment
- Community
- Employees
- Suppliers

#### Principal Risks

- Climate change risk

#### Principal Opportunities

- Growing global demand for organic/sustainable teas

#### Strategic Imperatives

- Environmental stewardship and climate action

#	GRI/ IFRS-S2/ SASB/ Other	Material Topic	Impact Materiality	Financial Materiality	Double Materiality	SDG	Section/Capitals
11	IFRS S2, GRI 13.2	Climate Transition	●	●	●		Natural Pg: 170
12	GRI 301	Materials	●	●	●		Natural Pg: 170
13	GRI 302 FB-AG-130a.	Energy	●	●	●		Natural Pg: 170
14	GRI 303;13.7 FB-AG-140a. FB-AG-440a.	Water and effluents	●	●	●		Natural Pg: 170
15	GRI 101; 13.3	Biodiversity	●	●	●		Natural Pg: 170
16	GRI 305; 13.1 FB-AG-110a.	Emissions	●	●	●		Natural Pg: 170
17	GRI 306; 13.8	Waste	●	●	●		Natural Pg: 170
18	GRI 308 FB-AG-440a.	Supplier environmental assessment	●	●	●		Social and relationship Pg: 136
19	GRI 13.4	Natural ecosystem conversion	●	●	●		Natural Pg: 170
20	GRI 13.5	Soil health	●	●	●		Natural Pg: 170
21	GRI 13.6	Pesticides used	●	●	●		Natural Pg: 170

## Materiality in Focus



**Socio-economic Context:** It is strategically significant to adopt fair labour practices; foster good relations with our suppliers; and develop and ensure the wellbeing of our resident estate communities. This is critical to create shared value with a positive social impact.

### Related Stakeholders

- Shareholders
- Community
- Employees
- Government and regulatory bodies

### Principal Risks

- Business disruption risk
- Labour and talent migration risk
- Fraud risk
- Compliance risk

### Principal Opportunities

- Growing global demand for black and specialty teas
- Productivity optimisation through technology

### Strategic Imperatives

- Nurturing our people

#	GRI/ IFRS-S2/ SASB/ Other	Material Topic	Impact Materiality	Financial Materiality	Double Materiality	SDG	Section/Capitals
22	GRI 201; 13.2; 13.22 FB-AG-000.A FB-AG-000.B FB-AG-000.C FB-AG-000.D FB-AG-440a.	Economic performance	●	●	●		Financial; human; natural Pg: 114, 150, 170
23	GRI 203	Indirect economic impacts	●	●	●		Financial; human; manufactured Pg: 114, 150, 122
24	GRI 401; 13.20	Employment and employment practices	●	●	●		Human Pg: 150
25	GRI 402	Labour/ management relations	●	●	●		Human Pg: 150
26	GRI 403 FB-AG-320a.	Occupational health and safety	●	●	●		Human Pg: 150
27	GRI 404	Training and education	●	●	●		Human Pg: 150
28	GRI 413; 13.12	Local communities	●	●	●		Social and relationship Pg: 136
29	N/A	Livelihood development	●	●	●		Social and relationship Pg: 136
30	GRI 414	Supplier social assessment	●	●	●		Social and relationship Pg: 136
31	GRI Sector 13.21	Living income and living wage	●	●	●		Social and relationship Pg: 136



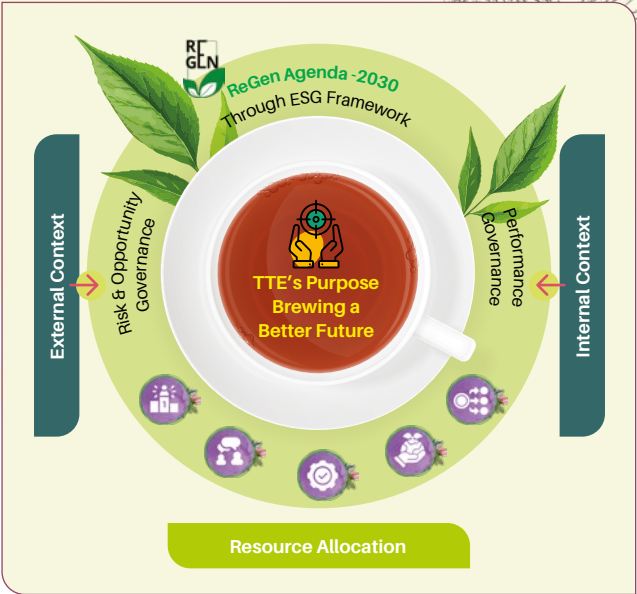
# Strategy, Resource Allocation and Trade-offs

"Our integrated strategy—grounded in regenerative principles—guides us in making smart decisions on resource allocations and trade-offs, fostering sustainable growth.

We operate in a complex business environment; with an interplay of risks, challenges, and opportunities—deeply influenced by socio-economic disruptions, market volatility, regulatory dynamics and more so, the intricacies of climate change. Focused and steadfast in creating long-term value for all stakeholders, we continued in the year to roll-out a well-integrated strategy, with ESG considerations taking precedence. This aligns seamlessly with our 2030 Regenerative Agenda, paving the path to achieve operational efficiency, sustainability and equitable growth.



To this end, we sought to make further structural changes, even going beyond traditional norms. Our five strategic imperatives which have been redefined to be in line with the 2030 agenda, prioritise transformations of our business model, agricultural operations, value chain management and employee and resident community engagement. Our aim is to minimise negative impacts of our operations, whilst proactively contributing to the regeneration of ecosystems and communities. This necessitated us to be smarter in the way we allocate resources, integrate technology and balance out trade-offs to meet short-term performance goals as well as to secure long-term resilience and success. Our initiatives have indeed culminated in positive financial and operational results this reporting year, despite the complexities we faced amidst an evolving and challenging business backdrop.

## Basis of Resource Allocation



		Strategic Imperatives				
Capitals						
		Strong reliance	Medium reliance	Low reliance		

## Strategy, Resource Allocation and Trade-offs

 <p><b>Strategic Imperative: Winning with the Customer</b></p> <p>Aligned with our regenerative business principles, we stand committed to create long-standing and reciprocal relationships with our customers—delivering exceptional customer experience; ensuring their wellbeing; and exceeding their expectations, consistently.</p>	<p><b>Stakeholders Impacted</b></p> <p>Shareholder, Customer, Employee; Supplier, Community</p> <p><b>UNSDGs</b></p> 
<p><b>Risks</b></p> <ul style="list-style-type: none"> <li><b>Market Dynamics:</b> Declining market demand for tea, and intense competition from local and global tea manufacturers can dampen revenue and bottom-line profitability.</li> <li><b>Quality Issues:</b> Lapses in quality may bring disrepute to the brand image.</li> <li><b>Supply Chain Disruptions:</b> This may result in shipping delays and impact quality.</li> <li><b>Consumer Preferences:</b> Changing preferences and trends may impact demand and revenue.</li> <li><b>Compliance:</b> Issues in meeting import regulations, quality standards, or labeling requirements of different export markets may result in delays, rejects and legal implications.</li> </ul>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li><b>Lifestyle Changes:</b> Consumer awareness of health benefits of tea may increase demand for black and specialty teas.</li> <li><b>Green and Ethical Business Practices:</b> This can differentiate and strengthen the brand and market positioning—appealing to social and environmentally conscious consumers.</li> <li><b>Value Addition:</b> Adding value and innovating new tea blends and flavours can attract new market opportunities.</li> <li><b>Branding and Marketing:</b> Strengthening the brand identity and marketing initiatives can attract and retain lucrative markets amidst global competition.</li> </ul>
<p><b>Short-term Strategy (01-03 years)</b></p> <ul style="list-style-type: none"> <li>Invest in quality measures in line with best agriculture and food safety practices—in conformance with international certification bodies, and accepted standards and guidelines.</li> <li>Stay abreast of latest market trends, monitor competitor activity, diversify and penetrate new and niche markets through greater value addition and specialty teas.</li> </ul> <p><b>Medium-term Strategy (03-05 years)</b></p> <ul style="list-style-type: none"> <li>Invest in market research to identify high growth potential and underserved market segments.</li> <li>Roll-out a branded product line of specialty teas.</li> <li>Invest in branding, with emphasis on the company's history, values and commitment to quality.</li> </ul> <p><b>Long-term Strategy (05 years above)</b></p> <ul style="list-style-type: none"> <li>Continue to explore new markets and invest in research and development to produce new tea blends.</li> <li>Invest in research and development to explore the potential of emerging technologies on strengthening product quality, brand and markets.</li> </ul> <p><b>Strategy in Action FY 2023/24</b></p> <ul style="list-style-type: none"> <li>Rolled out the field development programme to adopt sustainable agriculture practices; with frugal applications of agrochemicals and in line with RA certification.</li> <li>Upheld product stewardship to comply with MRL Assurance and ISO food safety and quality management standards.</li> <li>Followed through with supply chain sustainability—advocating and guiding suppliers to follow best social and environmental practices in line with RA certification across the value chain.</li> <li>Closely engaged and consistently networked with buyers and brokers along with focused branding and marketing initiatives.</li> </ul>	

## Key Performance Indicators

All Estates  
RA Certified

**15 Factories**  
ISO 22000:2018  
Food Safety  
Management

**1 Factory**  
ISO 9001:2015  
Quality  
Management

**86%**  
Customer  
Satisfaction  
Score

**5% ↓**  
Customer  
Complaints

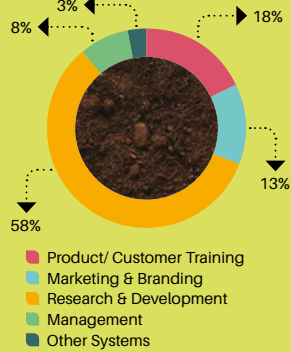
**ZERO Rejects,**  
Monetary Claims  
and Incidents  
of Health and  
Safety Impacts in  
Products

### Resource Allocation FY 2023/24

- 3,925 Hectares
- Conventional Tea Fields
- 5% Chemical-free Tea Fields
- Biodiversity Conservation

- 4,824 Workforce
- Field Operations
- Factory Processing
- Quality Management
- Rs. 46.6 Mn Research and Development

### Winning with the Customers



### Trade-offs

#### ↑ Medium to Long-term

##### Financial Capital

- Increased revenue

##### Human Capital

- Better customer engagement

##### Social and Relationship Capital

- Solid product portfolio
- Enhanced brand image
- Customer loyalty and satisfaction

#### ↓ Medium to Long-term

##### Financial Capital



- Ongoing financial costs of customer centric initiatives.

Producing quality teas is central to our customer strategy. We prioritise hand-picking tea leaves to guarantee premium quality teas. Therefore, our investment in labour is extensive. This coupled with key investments in technology, quality control, certifications, standards and marketing and branding, underscores our unwavering commitment to customers. Yet, we must carefully weigh these investments, ensuring that the trade-off between benefits and returns exceed expenses and balances operational efficiency, infrastructure maintenance and the needs of other stakeholders, including employee training and the wellbeing of our resident communities.

**Refer :** Social and Relationship Capital, Pages 136 - 151.; Intellectual Capital, Pages 128 - 135



## Strategy, Resource Allocation and Trade-offs

 <p><b>Strategic Imperative: Operational Excellence</b></p> <p>Aligned with our regenerative business principles, we stand committed to create long-standing and reciprocal relationships with our customers—delivering exceptional customer experience; ensuring their wellbeing; and exceeding their expectations, consistently.</p>	<p><b>Stakeholders Impacted</b></p> <p>Shareholder, Employee, Customer, Supplier, Community, Society, Government</p> <p><b>UNSDGs</b></p> 
<p><b>Risks</b></p> <ul style="list-style-type: none"> <li><b>Environmental Challenges:</b> Climate and environmental challenges can impact crop yield and quality.</li> <li><b>Labour Issues:</b> Unavailability of labour and industrial unrest can result in loss of work days, financial losses and reputational damage.</li> <li><b>Quality Issues:</b> Lapses in quality control can adversely impact the brand image in the market.</li> <li><b>Supply Chain Disruptions:</b> This can impact timely processing and delivery, with significant financial losses.</li> <li><b>Technological Advancements:</b> Resistance or sluggishness to adopt latest technology can result in operational inefficiencies and loss of market share.</li> </ul>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li><b>Sustainable Agriculture and Technology:</b> Adoption of sustainable practices along with technological advancements can enhance resource utilisation, innovation, efficiency and quality of teas.</li> <li><b>Supply Chain Optimisation:</b> This can improve supplies, lead times, traceability, and logistics.</li> <li><b>Energy Efficient Technology:</b> This can minimise energy cost and curtail the carbon footprint.</li> <li><b>Employee Motivation:</b> Ensuring community wellbeing and upholding fair labour practices can improve productivity, motivation and employee loyalty.</li> </ul>
<p><b>Short-term Strategy (01-03 years)</b></p> <ul style="list-style-type: none"> <li>Identify and address productivity issues, inefficiencies and wastage in field and factory operations.</li> <li>Carry out energy audits, minimise usage and implement cost-effective energy efficient measures.</li> <li>Extend focused training to enhance skills and productivity of the workforce.</li> <li>Strengthen the supply chain traceability and address bottlenecks.</li> </ul> <p><b>Medium-term Strategy (03-05 years)</b></p> <ul style="list-style-type: none"> <li>Invest further in field mechanisation technology and digitalisation for smart plantation management.</li> <li>Initiate and invest in state-of-the-art factory processes and systems.</li> <li>Develop a clear and consistent brand message to showcase the unique value proposition.</li> <li>Develop a compelling employer brand that articulates the company's values and culture.</li> <li>Invest in innovative technologies and solutions to address and manage social and environmental challenges.</li> </ul> <p><b>Long-term Strategy (05 years above)</b></p> <ul style="list-style-type: none"> <li>Invest in research to develop improved climate resilient and high yielding cultivar.</li> <li>Strategy in Action FY 2023/24</li> <li>Increased replanting of tea by</li> <li>Increased the investment on the field development programme</li> <li>Increased the investment on new machinery and equipment for factory operations</li> <li>Increased the investment on maintenance of factory machinery and equipment</li> <li>Upgraded estate infrastructure at an investment</li> </ul>	

### Key Performance Indicators

**16.65% ↑**  
Yield Per  
Hectare

**21.45% ↑**  
Average Daily  
Harvested  
Output

**97%**  
ESG Rating

**34.96**  
MJ/Kg of  
Made Tea  
Energy  
Intensity

**69%**  
Factory  
Capacity  
Utilisation

**2.70 Kg**  
Labour  
Productivity  
Ratio

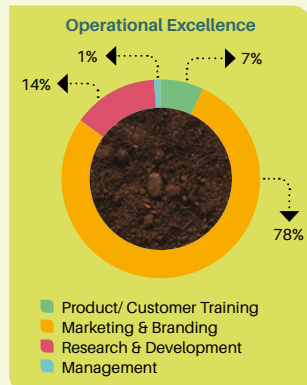
**Zero**  
Incidents of  
Corruption/  
Bribery/  
Fraud

### Resource Allocation FY 2023/24

#### Machinery & Equipment

- Field Operations
- Factory Processing

- Training
- Productivity
- Administration
- Business Ethics



### Trade-offs

#### ↑ Medium to Long-term

##### Financial Capital

- Cost savings and higher profits

##### Human Capital

- Skilled workforce
- Higher productivity and efficiency

##### Intellectual Capital

- Enhanced work processes and quality standards

##### Social and Relationship Capital

- Strong corporate image and reputation

##### Natural Capital

- Sustainable agriculture practices
- Efficient energy usage

#### ↓ Medium to Long-term

##### Financial Capital

- Upfront cost of investing in new field and factory technology, infrastructure, training and research and development

We strive to enhance our systems, processes and productivity levels following best and ethical business practices to achieve excellence in operations. We invest well in mechanisation of field operations, automation and digitalisation of factory processes, energy efficient technologies, sustainable agriculture practices and skills training. Although, the financial outflows are high in the short-term, these investments enhance product quality; employee productivity and capabilities; lower costs; and increase earnings in the medium to long-term with greater sustainability.

**Refer :** Human Capital, Page 150.; Social and Relationship Capital, Page 136; Manufactured Capital, Page 122; Intellectual Capital, Page 128; Natural Capital, Page 170

# Strategy, Resource Allocation and Trade-offs

	<div>Strategic Imperative: Nurturing Our People</div> <p>Upholding regenerative business values, we seek to extend a progressive workplace; focused on innovation, productivity and sustainability. We stand committed to build, develop and empower our employees as well as the resident communities living across our estates.</p>	<div>Stakeholders Impacted</div> <p>Employees Resident estate communities</p> <div>UNSDGs</div> <div></div>
<div>Risks</div> <ul style="list-style-type: none"><li><b>Labour Availability:</b> High labour out-migration and turnover can disrupt operations, lead to loss of tacit knowledge and increase recruitment and training costs.</li><li><b>Workplace Safety:</b> Accidents and injuries can lead to legal issues, higher compensation costs and disrupt operations.</li><li><b>Employee Health:</b> Poor employee health can result in increased absenteeism, lower productivity and higher healthcare insurance costs.</li><li><b>Compliance Issues:</b> Non-compliance with labour laws can result in legal action and damage the company’s reputation.</li><li><b>Skills Gap:</b> Lack of skills can impact performance and productivity, hindering value creation optimisation.</li><li><b>Employee Engagement:</b> Poor engagement, labour disputes and trade union activities can lead to absenteeism, lower productivity and financial losses.</li><li><b>Community Engagement:</b> Neglecting community concerns can lead to the loss of community trust and support and attract negative media publicity.</li></ul>	<div>Opportunities</div> <ul style="list-style-type: none"><li><b>Employer of Choice:</b> Elevating the corporate image as a leading employer can attract top talent.</li><li><b>Skills Development:</b> Investing in training can improve productivity and capabilities.</li><li><b>Inclusivity and Diversity:</b> Fostering a diverse and open workplace with employee engagement can boost their morale, team spirit, creativity and innovation.</li><li><b>Employee Wellbeing:</b> Investing in employee welfare and wellness can ensure health and safety of the workforce for higher productivity.</li><li><b>Recognition and Rewards:</b> Duly recognising and rewarding employees for their contribution can bolster performance and increase productivity.</li><li><b>Leadership Development:</b> Fostering leadership and succession planning can achieve seamless organisation growth.</li></ul>	
<div>Short-term Strategy (01-03 years)</div> <ul style="list-style-type: none"><li>Foster an inclusive workplace with focused skills training initiatives to enhance employee productivity, performance and empowerment.</li><li>Extend training opportunities for managerial staff on conflict resolution and negotiation skills.</li><li>Establish a joint labor-management committee to address grievances and concerns.</li><li>Closely engage communities, ensure their wellbeing and empowerment.</li></ul> <div>Medium-term Strategy (03-05 years)</div> <ul style="list-style-type: none"><li>Develop and implement a comprehensive employee engagement strategy.</li><li>Increase the focus on women empowerment.</li><li>Conduct due diligence on company’s operations, suppliers and business partners to identify and address potential human rights violations.</li></ul> <div>Long-term Strategy (05 years above)</div> <ul style="list-style-type: none"><li>Promote equitable value sharing amongst resident estate communities through a revenue share model.</li></ul> <div>Strategy in Action FY 2023/24</div> <ul style="list-style-type: none"><li>Recognised as a ‘Best Place to Work’ by Best Workplaces in Sri Lanka.</li><li>Extended industry competitive remuneration and further developed the non-wage model.</li><li>Extended a comprehensive programme on occupational health and safety for all employees across estates.</li><li>Identified skills gap and rolled out a well-rounded training programme for employees across grades.</li></ul>		



## Key Performance Indicators

**2.2 hrs**  
Training Hours  
Per Employee

**89%**  
Retention Ratio

**38,554**  
Training Hours  
on Safety

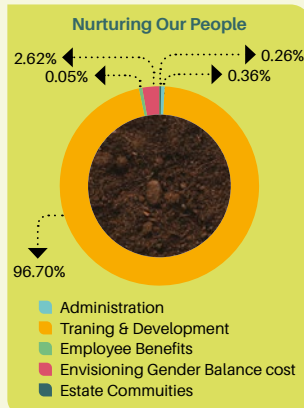
**Improved**  
Plucking  
Average Per Day

**Rs. 104 Mn**  
Community  
Development and  
Wellbeing

### Resource Allocation FY 2023/24

Training Hours  
Corporate  
Field  
Factory

3,825 Hectares  
Wage Model  
Revenue Share Model



### Trade-offs

#### ↑ Medium to Long-term

##### Financial Capital

- Higher productivity and efficiency
- Long-term growth

##### Human Capital

- Progressive workplace
- Skilled workforce

##### Intellectual Capital

- Enhanced organisational tacit knowledge

##### Social and Relationship Capital

- Strong corporate image and reputation
- Enhanced wellbeing of resident communities

#### ↓ Medium to Long-term

##### Financial Capital

- Funds allocated for training, remuneration and benefits for employees and initiatives to uplift estate communities

With a large and diverse workforce, our investment in labour management is considerable. We invest in skills training and development, offer industry competitive remuneration and comprehensive benefits to empower our employees and ensure their wellbeing. Our people-centric initiatives extend to communities living in our estates. The trade-off is short-term financial outflows. Yet, our HR and community-based investments enable us to muster the workforce, boost their morale and increase their productivity to achieve growth and sustainability in the medium to long term.

**Refer :** Human Capital, Page 150; Social and Relationship Capital, Page 136; Intellectual Capital, Page 128

## Strategy, Resource Allocation and Trade-offs

<div data-bbox="115 411 207 491"></div> <div data-bbox="318 327 992 352" data-label="Section-Header"> <h3>Strategic Imperative: Environment Stewardship and Climate Action</h3> </div> <p>Under the regenerative business model, we recognise our responsibility to preserve the ecosystems in which we operate; while focusing on climate action in our quest to achieve carbon neutrality. This holistic approach encompasses sustainable land management, waste management, water management, shifting towards renewable energy, and conserving biodiversity.</p>	<div data-bbox="1177 327 1412 352" data-label="Section-Header"> <h3>Stakeholders Impacted</h3> </div> <p>Shareholders Community Society</p> <div data-bbox="1252 474 1339 499" data-label="Section-Header"> <h3>UNSDGs</h3> </div> <div data-bbox="1138 533 1445 583"></div>
<div data-bbox="120 600 180 625" data-label="Section-Header"> <h3>Risks</h3> </div> <ul style="list-style-type: none"> <li><b>Climate Impact:</b> Extreme weather and shifts in climate patterns can damage plantations and infrastructure; impacting crop yields, leaf quality, pest and disease prevalence, water availability and supply chains.</li> <li><b>Environmental Degradation:</b> This can lead to supply chain disruptions, limiting the availability of quality tea leaves and hinder potential crop yields.</li> <li><b>Regulatory Demands:</b> Evolving and stringent environmental laws, rules and regulations can impact operational costs, marketability, profitability and long-term planning.</li> <li><b>Water Contamination:</b> Agricultural run-off and factory waste water can pollute water sources, harming ecosystems, employee and community health and the company's reputation.</li> <li><b>Compliance:</b> Not complying with environmental laws and regulations can result in fines, penalties, sanctions and legal action.</li> <li><b>Energy Issues:</b> Rising energy demand, supply disruptions and the cost of adopting renewable energy can lead to energy scarcity and impact profitability.</li> </ul>	<div data-bbox="821 600 971 625" data-label="Section-Header"> <h3>Opportunities</h3> </div> <ul style="list-style-type: none"> <li><b>Sustainable Agriculture:</b> Implementing practices to preserve soil health, protect water sources and biodiversity can minimise the company's environmental impacts.</li> <li><b>Sustainable Energy:</b> Establishing an energy management system and opting for renewable energy can reduce the dependency on fossil fuels and lower the carbon footprint.</li> <li><b>Biodiversity Conservation:</b> Conserving and enhancing biodiversity in estates can protect estate ecosystems and lower the carbon footprint.</li> <li><b>Climate Change:</b> Develop and adopt climate resistant agriculture practices including new tea varieties to minimise the vulnerability to climate change, improve crop production and gain a competitive advantage.</li> <li><b>Stakeholder Engagement:</b> Collaborating with employees, local communities, suppliers and non-government organisations to promote sustainable practices can advocate shared environmental stewardship and strengthen the corporate reputation.</li> </ul>
<div data-bbox="120 1331 479 1356" data-label="Section-Header"> <h3>Short-term Strategy (01-03 years)</h3> </div> <ul style="list-style-type: none"> <li>Set clear and measurable environmental performance goals with consistent monitoring and compliance.</li> <li>Expand and further invest in crop diversification.</li> <li>Improve permaculture business practices to enable productivity, efficiency and ecological balance.</li> <li>Set ambitious green-house-gas emission reduction targets and roll-out carbon offsetting initiatives.</li> </ul> <div data-bbox="120 1535 509 1560" data-label="Section-Header"> <h3>Medium-term Strategy (03-05 years)</h3> </div> <ul style="list-style-type: none"> <li>Invest and implement climate smart and adaptation technology, practices and measures.</li> <li>Collaborate with tea research institutions to implement climate resilient agriculture practices.</li> <li>Invest in market research to ascertain consumer preferences and develop innovative tea varieties resistant to climate change.</li> <li>Invest in renewable energy sources and energy efficient technology.</li> </ul> <div data-bbox="120 1738 513 1764" data-label="Section-Header"> <h3>Long-term Strategy (05 years above)</h3> </div> <ul style="list-style-type: none"> <li>Completely transition to regenerative agriculture practices.</li> </ul> <div data-bbox="120 1814 440 1839" data-label="Section-Header"> <h3>Strategy in Action FY 2023/24</h3> </div> <ul style="list-style-type: none"> <li>Followed through an effective natural resources management plan—focusing on renewable material, efficiency of agrochemical inputs, water conservation; and waste water purification.</li> <li>Prioritised controlling green-house-gas emissions through renewable energy generation and consumption; upheld science-based target commitment; and further invested in fuelwood planting.</li> </ul>	

## Key Performance Indicators

**Zero**  
Incidents of  
non-compliance  
Environmental  
Laws and  
Regulations

**0.05% ↓**  
Agrochemical  
Usage

**34.91 MJ**  
Energy Intensity

**11,045 ↑**  
GHG Emissions

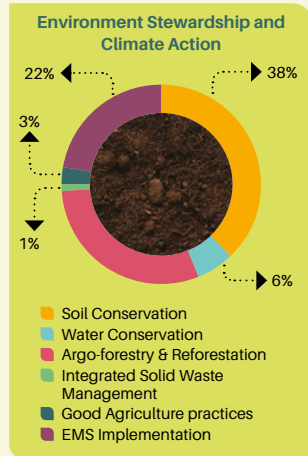
**8 Mn Kwh**  
Renewable  
Energy  
Generation

**86%**  
Renewable  
Material Usage

### Resource Allocation FY 2023/24

Material Usage  
Renewable  
Non-renewable

3,825 Hectares  
Tea Fields  
Forest Conservation  
Replanting



### Trade-offs

#### ↑ Medium to Long-term

##### Financial Capital

- Long-term savings
- Energy efficient technology
- Sustainable resource management

##### Social and Relationship Capital

- Strengthening brand and market positioning
- Regulatory compliance
- Driving innovation
- Competitiveness

#### ↓ Medium to Long-term

##### Financial Capital

- Upfront and ongoing costs for environmental initiatives

With an extensive environmental footprint, we have been investing in sustainable agriculture practices over the years; prioritising soil health, waste management, water conservation, wastewater treatment, renewable energy, and curtailing carbon emissions. Despite short-term trade-offs in funds and human resources, these investments underscore our environmental stewardship and our sustainability in the medium to long term—enhancing our brand and good reputation; positively contributing to financial capital.

Refer : Natural Capital, Page 170



## Strategy, Resource Allocation and Trade-offs

<div data-bbox="115 411 207 491"></div> <div data-bbox="427 325 885 352"> <b>Strategic Imperative: Business Diversification</b> </div> <p>Reducing the risk of dependency on our core value offering, we are increasingly looking at diversifying our business to fortify our market position in a dynamic operating environment. Aligned with regenerative business principles, we seek to leverage our expertise to take on emerging business opportunities, explore new product lines and expand into new markets.</p>	<div data-bbox="1170 325 1414 352"> <b>Stakeholders Impacted</b> </div> <p>Shareholders, Customers Employees, Suppliers</p> <div data-bbox="1247 474 1341 499"> <b>UNSDGs</b> </div> <div data-bbox="1159 531 1419 579"></div>
<b>Risks</b> <ul style="list-style-type: none"> <li><b>Resource Allocation:</b> Allocating scarce resources to new ventures can limit the growth and divert the focus from the core business.</li> <li><b>Resource Planning:</b> Complications can arise in labour planning and resource management when producing and harvesting other crops.</li> <li><b>Operational Changes:</b> New products/markets may require changes to the manufacturing processes, distribution channels, and logistics.</li> <li><b>Expertise and Experience:</b> Lack of planning, market research, testing on new products and understanding of operational challenges can hinder the expected return on investment.</li> <li><b>Supply Chain:</b> Diversifying and building relationships with new suppliers may lead to disruptions in the existing supply chain.</li> <li><b>Compliance:</b> Challenges may arise in complying with new regulations and standards.</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li><b>New Markets:</b> Venturing into untapped markets can broaden the customer base.</li> <li><b>Single Product:</b> Reduces the dependency on the core offering, mitigating risks and increasing other revenue streams.</li> <li><b>Customer Preferences:</b> Adds value to the corporate image, enabling the organisation to meet diverse and changing customer preferences, market trends and foster customer loyalty.</li> <li><b>Competitive Advantage:</b> Differentiates the organisation, giving an edge over the competition.</li> </ul>
<b>Short-term Strategy (01-03 years)</b> <ul style="list-style-type: none"> <li>Further invest in expanding the value-added specialty and organic tea product lines.</li> <li>Increase the investment in non-core crop operations including cinnamon, agarwood,</li> </ul> <b>Medium-term Strategy (03-05 years)</b> <ul style="list-style-type: none"> <li>Carry out feasibilities including on market opportunities to expand the crop diversification programme.</li> <li>Invest in promoting tea tourism in scenic estates.</li> </ul> <b>Long-term Strategy (05 years above)</b> <ul style="list-style-type: none"> <li>Pursue collaborations and partnerships within the group to develop and market branded range of specialty teas and other products.</li> </ul> <b>Strategy in Action FY 2023/24</b> <ul style="list-style-type: none"> <li>Invested to expand the extent of fuel wood, timber, agar wood and cinnamon.</li> <li>Invested to expand the production of green tea and specialty tea range.</li> <li>Harvested fuelwood and timber</li> <li>Promoted tea tourism in Somerset estate</li> <li>Participated and promoted specialty teas and other export crops</li> </ul>	

### Key Performance Indicators

Harvesting  
Fuel Wood

Crop  
Diversification

Tea Tourism

Specialty Tea  
Gardens

Specialty Tea  
Exports

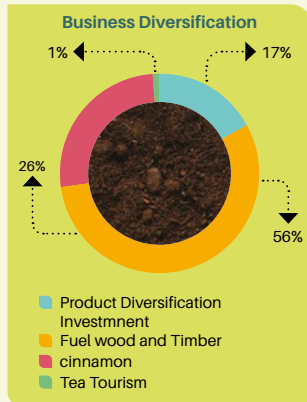
Green Tea  
Exports

Cinnamon  
Exports

#### Resource Allocation FY 2023/24

- 113 Hectares
- Crop Diversification
- 60% Cinnamon
- 1% Agar Wood
- 39% Other Crop

- 3,825 Hectares
- 74% Tea Fields
- 13% Forest Conservation
- 3% Replanting
- 10% Other



#### Trade-offs

##### ↑ Medium to Long-term

##### Financial Capital

- New revenue streams
- Financial stability

##### Social and Relationship Capital

- New market opportunities
- Enhanced brand image

##### ↓ Medium to Long-term

##### Financial Capital

- Investment funds for diversification initiatives

Business diversification—focusing on non-tea crops—seeks to mitigate the risks of dependency on tea whilst exploring new markets and boosting viability. In this endeavour, we have to balance the potential reduction in tea yields, soil modifications suitable for other crops, pest and disease management, infrastructure and equipment requirements; and the issues arising in scheduling the workforce and addressing skills requirements. This necessitates substantial investments in the short-term. However, this sets the pace for medium to long-term business growth with greater agility, resilience and adaptability.

**Refer :** Business Review, Page 100; Financial Capital, Page 114; Manufactured Capital, Page 122; Natural Capital, Page 170



## 2030 Regenerative Agenda through ESG Framework





# Our **ESG** Framework 2030 Regenerative Agenda

Our blue print to create value for profits, people and planet for today and tomorrow...



Sustainable Land Management

Community Empowerment

Board Diversity and Composition

Climate Action

Great Place to Work

Policy Compliance

Circular Resource Management

Fair labour Practices

Responsible Reporting and Transparency

Water Stewardship

Diversity and Inclusion

Stakeholder Engagement

Biodiversity Conservation and Ecosystem Restoration

Value Chain Management

Risk and Opportunity Management

**ESG IN ACTION**

ESG Steering Committee

ESG Dash Board

Climate transition Plan

ESG Report



The International Sustainability Summit Organized by Hayleys Plantations, comprising Talawakelle Tea Estates PLC (TTEL) under the theme "Towards Sustainable Plantations - Reimagined | Redesigned | Resilient," the summit aims to forge new pathways for sustainable growth and collaboration among stakeholders



The International Sustainability Summit is a **Carbon Neutral Certified event**, dedicated to promoting sustainable practices and reducing environmental impact.

# 2030 Regenerative Agenda through ESG Framework

Appendices

Financial Reports

Statement of ESG Performance

Risk and Governance

Management Discussion and Analysis

Overview



## Environment

### Fostering a Responsible Environmental Footprint

We are steadfast in our focus to adopt innovative, pragmatic and regenerative practices for the restoration and sustainability of ecosystems within our operational landscape. Our aim is to create a net-positive impact on the environment.




Sustainable Land Management

**1.9%** improvement in soil organic matter recorded in 2023/24

**Key Actions 2023/24**

- Use Organic Amendments
- Introduce Vermicomposting


**Target** - Increase soil organic matter content by 10.5% by 2030

**Leadership** commitment for Regenerative Agriculture practices

**Target** - Implement regenerative Agriculture practices by 100% of all estates by 2030

Implement a **Buyback Weed System** to Produce Organic Fertilizer and Reduce Field Waste

**Target** - Increase the adoption of permaculture practices by 100% of estates by 2030



Climate Action

Launch the first-ever **Climate Transition Plan** according to the frameworks of the Transition Plan Taskforce (TPT).

**Key Actions 2023/24**

- Set and submitted NetZero and FLAG targets for verification to the SBTi.

**Target** - Completion of Implementation a comprehensive climate adaptation plan by 2030

Integrate a **climate action and risk management component** into all management systems of the company according to recent developments by ISO and IAF.

**Target** - Completion of implementation a comprehensive climate risk management strategy by 2030

Achieved a **29.1% of a 51.9%** reduction in GHG emissions based on the 2018/19 baseline, with a 4.4% average annual linear reduction in line with Science-Based Targets.

**Target** - Achieving a 50% reduction in GHG emissions to meet the Science Based Targets near-term goal by 2030.



## Circular Resource Management

**100%** of current packaging material is recyclable and compostable.

### Key Actions 2023/24

- Working with packaging material supplier to reduce material footprint of the supply

**Target** - Achieve 80% recyclable and compostable product packaging by 2030

**97%** of current solid wastes are recyclable and compostable..

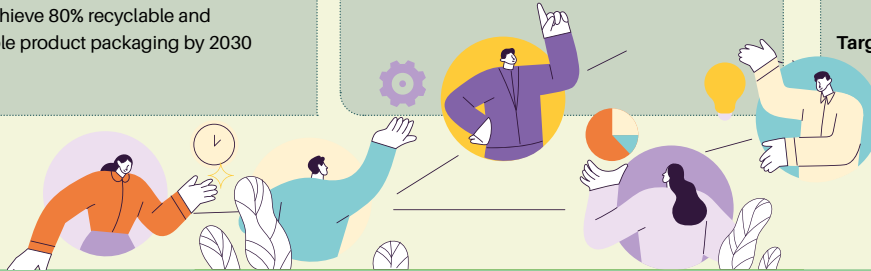
**Target** - Implement waste management system for reduce soild waste for 60% by 2030

**90%** of agro-fertilizer input is environmentally friendly and low-carbon solutions.

### Key Actions 2023/24

- Working with packaging material supplier to reduce material footprint of the supply

**Target** - Increase the percentage of sustainable input materials in operations by 80% by 2030



## Water Stewardship

Significant improvement of **rainwater harvesting capacity** water reduction recoded by 2023/24

### Key Actions 2023/24

- Collaborated with IWMI for conduct comprehensive assessment natural water sources

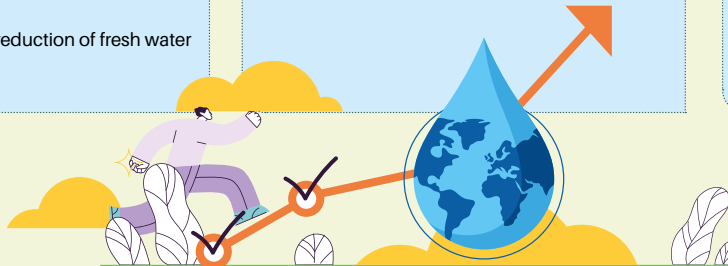
**Target** - Achieve a 30% reduction of fresh water withdrawal by 2030

**Collaboration** with WNPS improve watershed management and Reforestation of riparian areas.

**Target** - Improve water quality by reducing the discharge of pollutants into water bodies by 100% by 2030

**97%** compliance of water quality parameters of discharge water in 2023/24

**Target** - Improve water quality by reducing the discharge of pollutants into water bodies by 100% by 2030



## Biodiversity Conservation and Ecosystem Restoration

Completed initial gap analysis covering all estates and corporate strategy to identify gaps and align with the Kunming-Montreal Global Biodiversity Framework.

### Key Actions 2023/24

- Conducted a biodiversity assessment in Dessford Estate with participation from the biodiversity expert team of WNPS

**Target** - Completion of Implementation a comprehensive biodiversity action plan across all company operations by 2030

Conducted requirement analysis of digitally smart biodiversity monitoring platform

**Target** - Implement a digitally smart ecosystem monitoring programme by 2030

**Completed 8.74 hectare of forest restoration through Analog Forestry system**

**Target** - Achieve a net-positive impact on local ecosystems by restoring and protecting 100 hectares of land by 2030





## 2030 Regenerative Agenda through ESG Framework

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### Socio-economic

#### Empowering Our People for a Sustainable Tomorrow

We give highest priority to strengthen the wellbeing and empower our people including employees, customers, suppliers and the communities living within our estates. We strive to foster an inclusive workplace with equal opportunity, whilst investing on developing social infrastructure, education and healthcare to enhance the quality of life of our workforce and the resident communities.




#### Community Empowerment

**83%** increase in beneficiaries from the community living conditions improvement programmes.

##### Key Actions 2023/24

Rs. 103.6 Mn invested in "A Home for Every Planation Worker"

**Target** - Improve the living environment investment and beneficiaries by 50% by 2030

**34%** increase in beneficiaries from the community Health and Nutrition improvement programmes.

**Target** - Improve the Health and Nutrition investment and beneficiaries by 50% by 2030

**105%** increase in beneficiaries from the community capacity building programmes.

**Target** - Improve the capacity building investment and beneficiaries by 50% by 2030

**103%** increase in beneficiaries from the Youth Empowerment programmes.

**Target** - Improve the Youth Empowerment investment and beneficiaries by 50% by 2030



#### Great Place to Work

3 out of 5 marks for best organization culture audit rating

##### Key Actions 2023/24

Employee Engagement Interventions Conducted

**Target** - Achieve 5 out of 5 best organization culture audit rating by 2030

Achieved 99% Great Place to Work Trust index score

##### Key Actions 2023/24

Employee Appreciation Programmes

Rewards & Recognition Programmes

**Target** - Achieve 99% Great Place to Work Trust index score by 2030



### Fair Labor Practices

**5** training sessions conducted on fair labor practices for estate management.

#### Key Actions 2023/24

- Employee Awareness Sessions Conducted

**Target** - Achieve 90% compliance with fair labor standards across our supply chain by 2030

**15%** reduction in work-related accidents.

**Target** - Ensure Zero work-related accidents and injuries by 2030

**8%** training conducted on mother and child-friendly plantations framework

#### Key Actions 2023/24

- Obtained the "Mother & Child Friendly Seal for Responsible Business"

**Target** - Establish mother and child-friendly plantations practices by 100% of our estates by 2030



### Diversity and Inclusion

**24** female supervisors trained and assigned, and **30** female harvesters promoted to team leaders.

**Target** - Improve work place diversity index by 25% in 2030

**7%** increase in the workplace inclusion index in 2023/24.

#### Key Actions 2023/24

- 24 Female Field Staff Hired - 1st Time in the Industry

**Target** - Improve work place inclusion index by 20% in 2030

**3** training sessions conducted to ensure zero discrimination in operations and new recruitments.

**Target** - Increase the representation of underrepresented groups in leadership positions by 25% by 2030 in 2030



### Value Chain Management

Conducted an assessment of the current status of supplier adherence to the code of conduct.

**Target** - Improve work place diversity index by 25% in 2030

Recorded **86%** customer satisfaction in 2023/24.

**Target** - By 2030, achieve **97%** of customer satisfaction rate

Conducted initial assessment and gap analysis to develop ESG integration within the value chain.

**Target** - By 2030, **50%** of our products sourced from and delivered to ESG performance concise suppliers and buyers/ Customers



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### Governance

Reaching out for excellence in governance

Grounded in unwavering integrity, we stand committed to deliver our mission with a steadfast focus on accountability, transparency and responsibility. We are perceptive and ethical in our drive to navigate the complex operating landscape to create value conscientiously and uphold stakeholder confidence and trust.



Board Diversity and Composition

Completed initial assessment of quality of the board

**Key Actions 2023/24**

- Key matters discussed on board diversity according to the latest updates of the Code of Best Practices on Corporate Governance 2023 by CASL.


**Target** - Improve Board diversity index by **40%** in 2030

Initial integration of diversity reporting components into the company's current corporate reporting suite.

**Target** - Publish an annual company diversity report by 2030

Initial discussion completed, with no major focus given to this target in 2023/24.

**Target** - Establish and function board diversity and inclusion task force by 2030



Board Diversity and Composition

Zero tolerance recorded for non-compliance with laws and policy-related matters.

**Key Actions 2023/24**

- Conducted **08** training sessions and **02** assessments on zero tolerance for laws and policies..

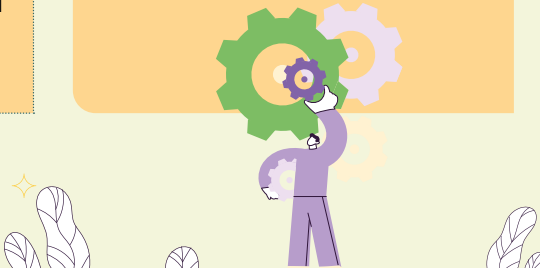
**Target** - Achieve a zero-tolerance on laws and policies within the company and its supply chain by 2030

Zero major non-compliance cases recorded in 2023/24.

**Target** - Zero major compliance violations by 2030 in overall value chain

Ranked as #25 in Transparency in Corporate Reporting 2023

**Target** - Increase transparency and accountability in financial non-financial reporting with the goal of achieving full transparency overall value chain by 2030





### Accurate Reporting and transparency

Significant improvement of transparency in corporate governance board level engagement

#### Key Actions 2023/24

- Launch an ESG data-book for public use.

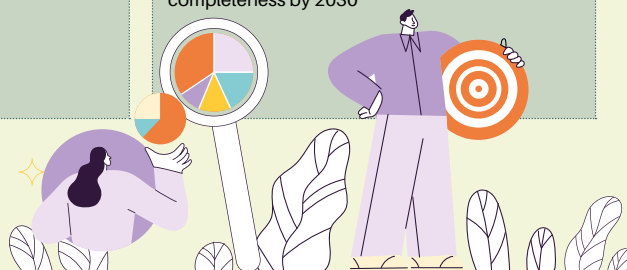
**Target** - Increase transparency in corporate governance with a goal of achieving a 90% positive rating by 2025

Launch an ESG dashboard for external stakeholders with a systematic approach to collect, analyze, and report ESG data and information.

**Target** - Implement a comprehensive ESEG management information system with a goal of achieving 100% data accuracy and completeness by 2030

Recorded significant improvement and received external recognition for transparency on ESG matters.

**Target** - Improve ESG transparency of overall value by 50% in 2030



### Risk & Opportunity Management

10% improvement in stakeholder engagement according to internal assessment by 2023/24.

#### Key Actions 2023/24

- Conducted a comprehensive assessment on stakeholder engagement.

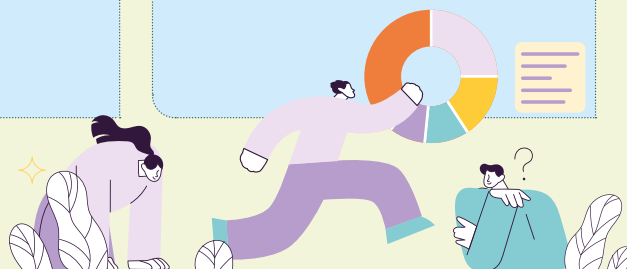
**Target** - Increase stakeholder engagement ratio by 40% by 2030

Achieved a stakeholder engagement index of 3.7 out of 5 in 2023/24.

**Target** - Achieve a score of 4 out of 5 or higher on stakeholder engagement indices by 2030

Developed a systematic approach to measure and feedback collection/analysis mechanism for stakeholder engagement.

**Target** - Improve effectiveness of regular stakeholder consultations and feedback sessions by 20% by 2030



### Stakeholder Engagement

Recorded **6.3%** risk reduction effectiveness through mitigation actions and **4.7%** opportunity harnessing effectiveness in 2023/24.

**Target** - Achieve a 20% risk reduction and 20% opportunity realizing of the company's overall risk and opportunity profile related to ESG factors by 2030

**97%** ESG rating from CSRHub and **AA** rating from IdealRatings on ESG assessment.

**Target** - Achieve **90%** of ESG rating in 2030

Introduced new business revenue from sustainable tea tourism opportunity

**Target** - Increase the identification of new business opportunities related to sustainable products and services by 50% in 2030

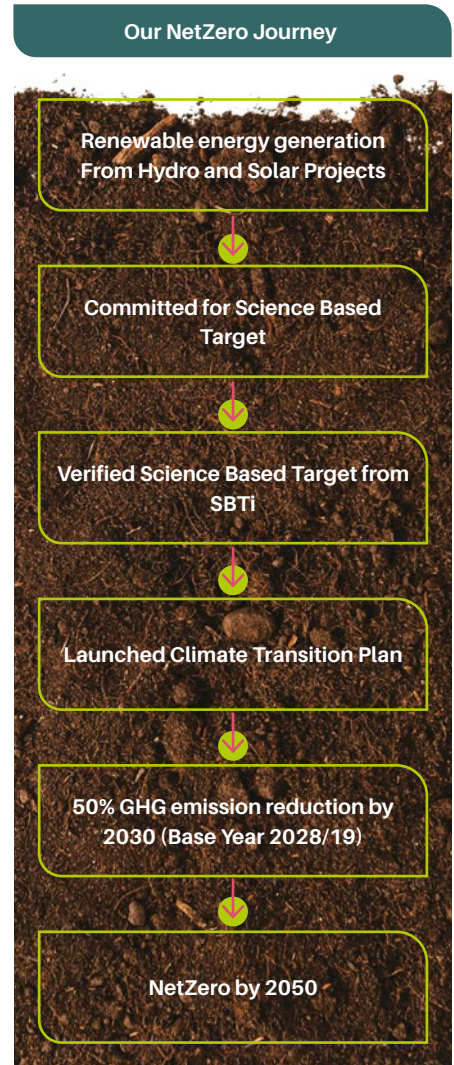
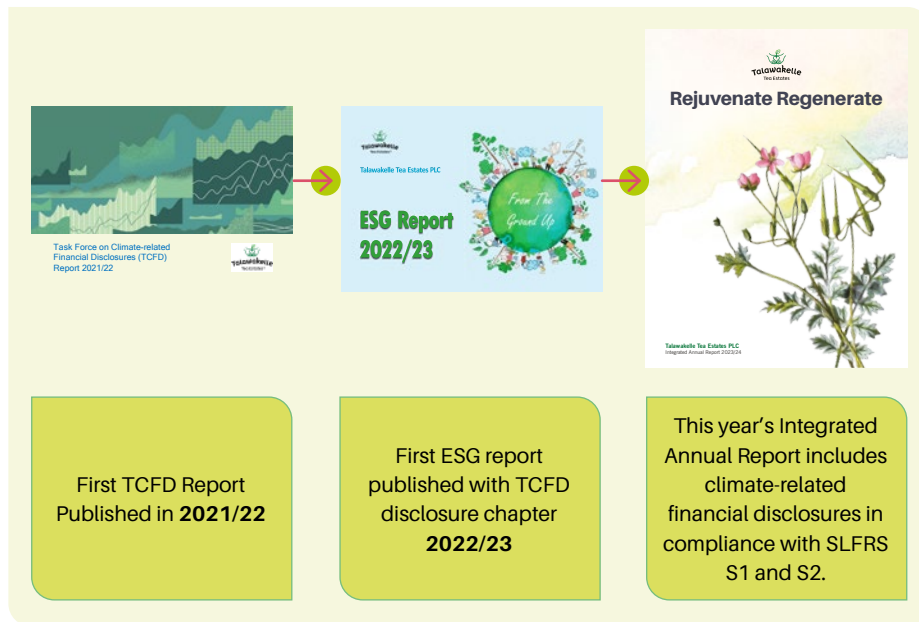


# Climate Related Finance Disclosures

Talawakelle Tea Estates PLC enhances business resilience by identifying and addressing climate-related risks and opportunities (CRRO). With the early adoption of the SLFRS S1 and S2 Standards (with the climate-first reporting approach) we have sought to embed the identification, reporting and mitigation of CRROs into governance structures, risk management systems and the overall organisational culture. We also initiated climate scenario analysis, albeit at a basic level in preparation for the mandatory application of the standards over the next few years.

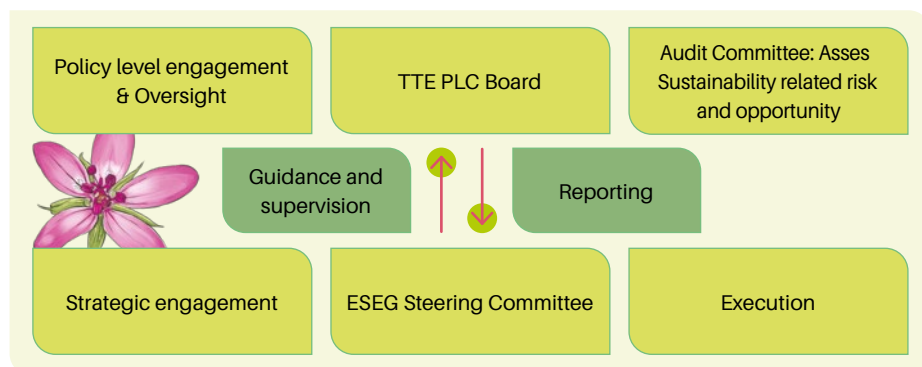
These disclosures ensure a clear narrative of how climate-related risks and opportunities affect our financial performance and stability, reinforcing our commitment to climate action and sustainable development while ensuring strong business resilience.

## Our Journey on Science based Climate Action and Transparency



Talawakelle Tea Estates PLC is dedicated to achieving NetZero through strategic initiatives. Starting with mini-hydro plants in 2003, transitioning to firewood boilers in 2011, and solar rooftops in 2017, we continuously advance our sustainability efforts. Our Climate Transition Plan, supported by the Science Based Targets initiative, aims for a 50% GHG reduction by 2030 and NetZero by 2050, ensuring a sustainable future through renewable energy and innovative projects.

## Governance



### Board Oversight of Sustainability-Related including Climate-Related Risks and Opportunities

**Responsibilities and Composition:** The Board at Talawakelle Tea Estates PLC holds the responsibility for oversight of both sustainability-related and climate-related risks and opportunities. The Board is supported in the discharge of these duties by an ESG Steering Committee, headed by the Chief Executive Officer and represented by heads of multiple functions who are responsible for the following:

#### Key points of the ESEG steering committee



Meanwhile, with the integration of ESG risk assessments to the Company's overall business risk landscape, the Audit committees also holds responsibility in ensuring that sustainability and climate related risks are effectively identified and mitigated.

**Skills and Competencies:** The Board ensures that its composition includes members with expertise in sustainability and climate-related areas, essential for guiding the company's strategy on these fronts. Required training sessions are conducted to keep the Board updated on the latest sustainability and climate action related trends and practices.

**Information and Frequency:** The Board receives quarterly updates on sustainability and climate related risks and opportunities through quarterly reports and during the annual strategic review meetings, ensuring timely and informed decision-making.

All our management systems (7 out of 7) now include climate change as a key topic, ensuring committed action according to the latest changes of ISO management systems with IAF.

### Management's Role in Governance

**Delegation and Oversight:** At TTE PLC, the role of managing day-to-day sustainability and climate action related activities is delegated to a ReGen Committee, which operates under the

direct oversight of the Chief Executive Officer. This committee is tasked with implementing the Board's sustainability and climate strategies and ensuring that the company's operations align with established sustainability and climate action related targets.

### Integration of Controls and Procedures:

Given the inherent risk of the Sector to physical climate related risks, mechanisms have long-since been in place to assess the operational implications of weather and climate-related changes on the Company' The management employs robust controls and procedures to support the oversight of sustainability and climate related risks and opportunities. These procedures are integrated with other internal functions such as operations, finance, and human resources, enhancing the overall governance framework.

### Monitoring, Targets, and Remuneration

**Setting and Monitoring Targets:** Sets clear sustainability and climate-related targets with annually review process, which are integrated into the overall business objectives. Progress towards these targets is monitored quarterly by the ESEG Steering Committee and reported through Chief Executive Officer to Board. The Company's emission targets have also been verified by the Science-based-targets-initiatives and expected linear reductions are monitored quarterly to ensure the achievement of the 2030 target.

### Performance Metrics in Remuneration:

The remuneration policies at Talawakelle Tea Estates PLC are presently under review to incorporate a mechanism for integrating specific performance metrics concerning sustainability and climate-related achievements. This integration aims to ensure that these metrics significantly influence the performance evaluations and compensation structures for both management and relevant employees, thereby aligning personal and corporate goals towards enhancing sustainability performance.

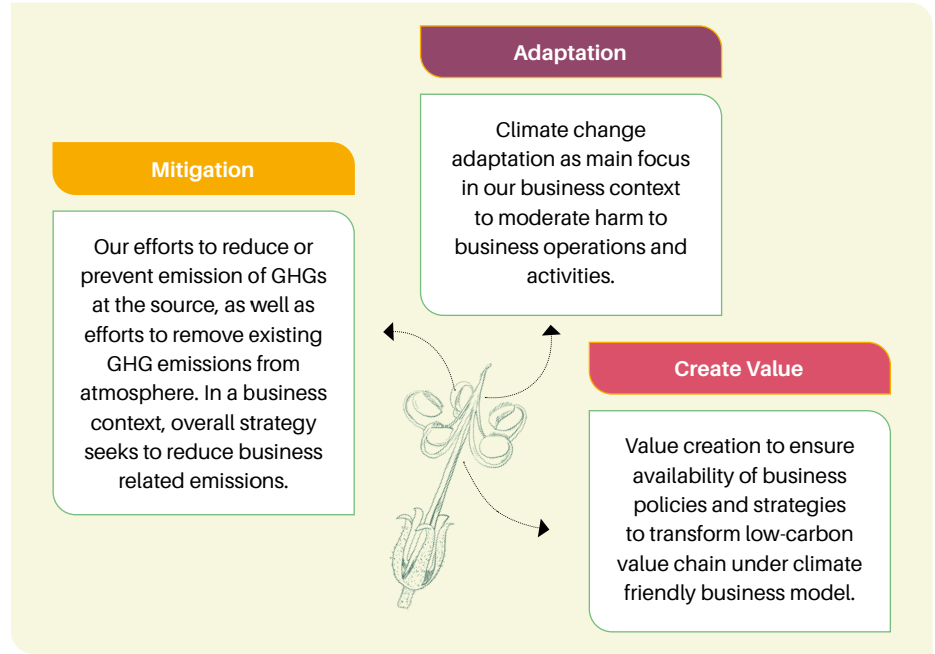


## Climate Related Finance Disclosures

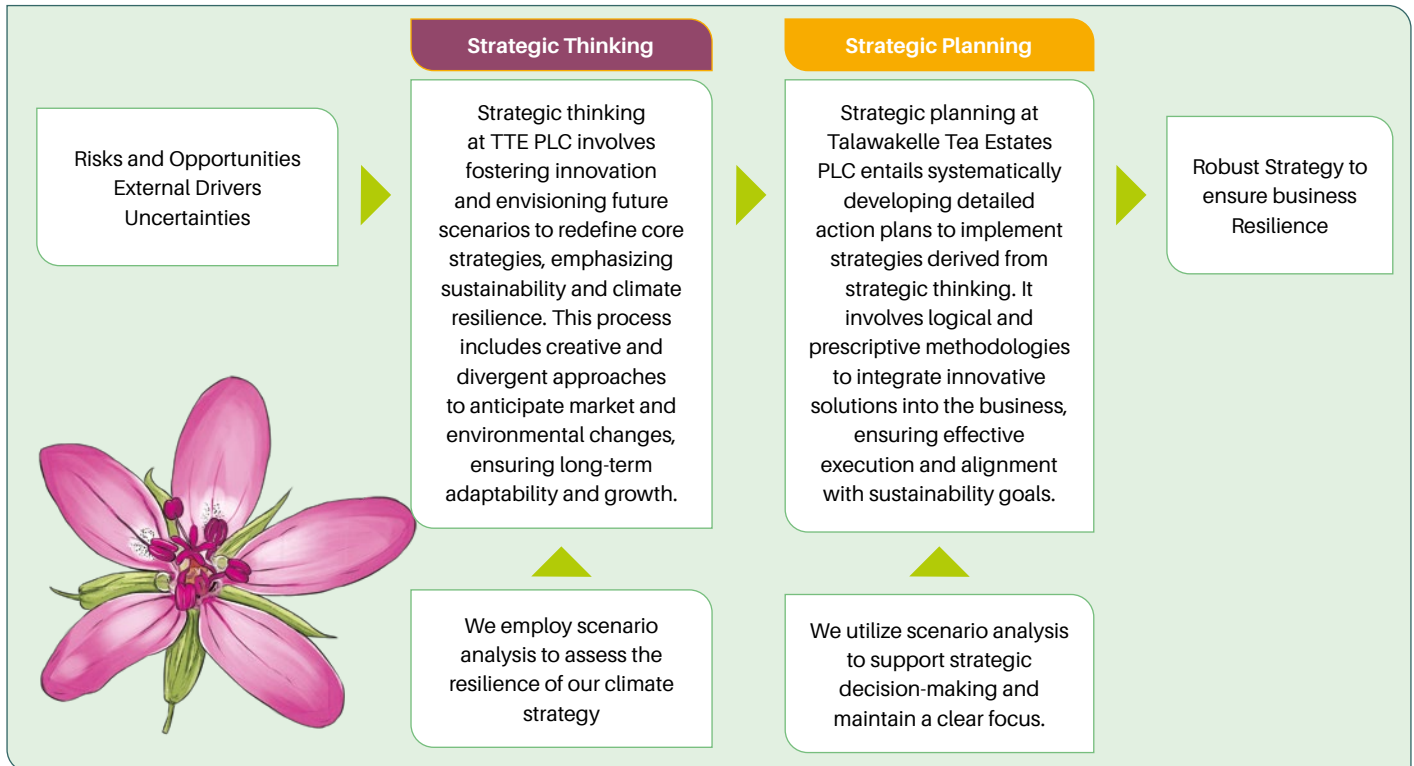
### Climate Strategy

#### Our Strategic approach to climate action

Given the Company's vulnerability climate-related risks and opportunities, Talawakelle Tea Estates adopts a strategic approach in embedding and addressing these issues. By detailing our approach, we aim to enhance the understanding of our stakeholders including investors, customers, employees, and the wider community about how these critical elements are seamlessly integrate into our overall corporate strategy. This ensures that all stakeholders are aware of our commitments, the steps we are taking, and the long-term benefits of our sustainability initiatives, thereby reinforcing their confidence in our ability to manage these challenges effectively and sustainably.



### Strategic Management process

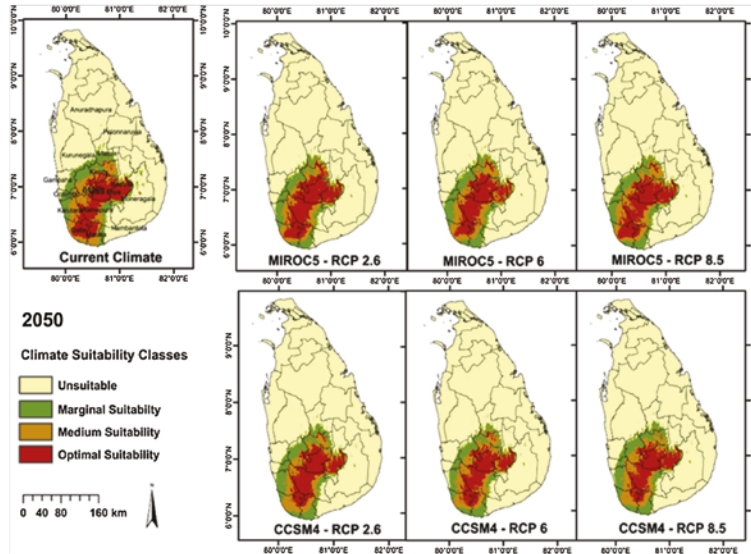


## Climate Change Impact In Context

### Climate Suitability of Tea in Sri Lanka Under Future Climate Scenarios

S.L. Jayasinghe and L. Kumar

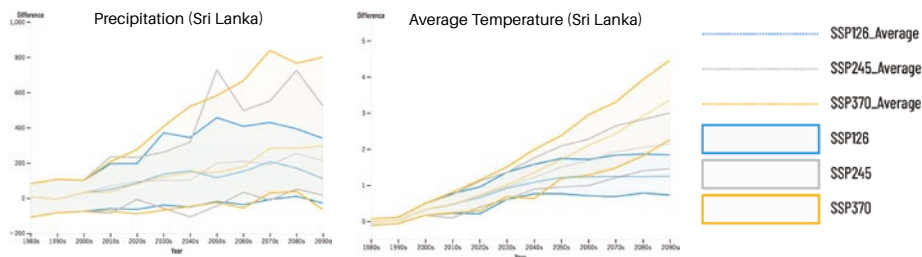
Agricultural and Forest Meteorology 272-273 (2019) 102-117



Source: Jayasinghe, S. L., & Kumar, L. (2019). Modeling the climate suitability of tea [*Camellia sinensis*(L.) O. Kuntze] in Sri Lanka in response to current and future climate change scenarios. *Agricultural and Forest Meteorology*

The above figure illustrates projected climate suitability for tea cultivation in Sri Lanka for the years 2050 under different Representative Concentration Pathways (RCPs) using the MIROC5 and CCSM4 models. Results indicate that most of the optimal and medium suitability areas in low elevation regions will significantly decline compared to high elevation areas across all tested RCPs. By 2050, there will be an approximate reduction of 10.5% in total 'optimal' suitability areas, 17% in 'medium' suitability areas, and 8% in 'marginal' suitability areas. These projections suggest a negative impact of climate change on tea habitat suitability in Sri Lanka, necessitating strategic adaptations in tea cultivation practices.

### Projected Climate Changes in Sri Lanka: Precipitation and Temperature Trends



Source: ClimoCast. <https://a-plat.nies.go.jp/ap-plat/cmip6/global.html>

The graphs display projected changes in precipitation and average temperature for Sri Lanka from the 1980s to the 2090s under different Shared Socioeconomic Pathways (SSPs).

❁ Precipitation: The left graph shows variations in precipitation levels, with significant increases expected under SSP370 and SSP245 scenarios, while SSP126 predicts more stable precipitation patterns.

❁ Average Temperature: The right graph indicates a consistent rise in average temperatures across all scenarios, with SSP370 showing the most significant increase, followed by SSP245 and SSP126.

These projections highlight the need for adaptive strategies in agriculture and other sectors to mitigate the impacts of climate change.

### Risk and Opportunity Time Horizons

The identified climate-related risks and opportunities have been categorized based on their time horizons to align with company corporate strategy planning cycles and long-term sustainability goals:

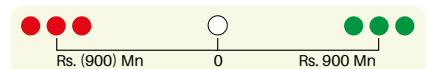
Short-term (0-1 year)	Immediate operational adjustments to address pressing climate-related risks and capitalize on immediate opportunities.
Medium-term (1-5 years)	Necessary adaptations in our business model to ensure continued growth and climate resilience.
Long-term (5+ years)	Comprehensive strategic shifts to transform our business and secure long-term success in the face of climate change.

# Climate Related Finance Disclosures

## Risk and Opportunity Identification

Talawakelle Tea Estates PLC has undertaken a comprehensive assessment to identify key climate-related risks and opportunities. These have been classified into transition risks and physical risks (both chronic and acute), in line with SLFRS S1 & S2 and Task Force on Climate-related Financial Disclosures (TCFD) framework.

Climate-related risks and opportunities (CRROs)		Description	Current Effect			Significant risk of a material adjustment	Anticipated effects		
			Cash flows	Financial performance	Financial position		Access to finance	Cost of capital	Financial Impact
Transition Risks:	Regulatory Risks	Increasingly stringent environmental regulations and policies aimed at reducing greenhouse gas emissions could lead to higher compliance costs and necessitate changes in agriculture and manufacturing practices.	● ●	● ●	● ●	Yes	Increased borrowing costs	Higher	Negative
	Market Risks	Shifts in consumer preferences towards sustainably produced, certified organic, and carbon-neutral products could impact the market demand for tea that incorporates nature-based solutions in its production.	● ●	● ●	● ●	Yes	Increased borrowing costs	Higher	Negative
	Technology Risks	The need for investment in new, climate-friendly agricultural technologies and renewable energy sources to remain competitive and compliant with evolving standards.	● ●	●	●	No	Increased borrowing costs	Higher	Negative
	Reputation Risks	Negative perceptions from stakeholders regarding the environmental impact of tea cultivation practices could affect brand value and customer loyalty.	●	●	●	No	Neutral	Neutral	Negative
Physical Risks	Chronic Risks	Temperature Increases	● ● ● ●	● ● ● ●	● ● ● ●	Yes	Increased borrowing costs	Higher	Negative
	Chronic Risks	Water Scarcity	● ●	● ●	● ●	Yes	Increased borrowing costs	Higher	Negative
	Acute Risks	Extreme Weather Events	● ●	●	●	Yes	Increased borrowing costs	Higher	Negative
	Acute Risks	Pest and Disease Outbreaks	●	●	●	Yes	Neutral	Neutral	Negative
Opportunity	Climate-Resilient Crop Varieties	Developing and cultivating tea varieties that are more resistant to climatic stresses can enhance crop resilience and productivity.	● ●	● ●	● ●	No	Improved financing terms	Lower	Positive
	Organic Tea Production	Transitioning to organic farming practices can open new markets, meet growing consumer demand for organic products, and improve soil health.	● ●	● ●	● ●	No	Improved financing terms	Lower	Positive
	Renewable Energy Adoption	Investing in renewable energy sources, such as Hydro, solar and wind power, can reduce greenhouse gas emissions and lower operational costs.	● ●	● ●	● ●	Yes	Improved financing terms	Lower	Positive
	Sustainable Agriculture Practices	Implementing sustainable agriculture techniques, such as agro-forestry, permaculture and organic farming, can improve soil health, sequester carbon, and enhance biodiversity.	●	●	●	No	Neutral	Neutral	Positive
	Eco-Tourism Development	Leveraging the scenic beauty and biodiversity of our tea estates, we can develop eco-tourism initiatives that attract visitors, generate additional revenue, and promote environmental conservation.	●	●	●	No	Improved financing terms	Neutral	Positive





### Assumptions and Methodology

Talawakelle Tea Estates PLC has based its climate-related impact estimations on a combination of industry-relevant data, historical financial data, and climate impact studies specific to the Sri Lankan tea plantation sector. The following key assumptions and methodologies have been applied:

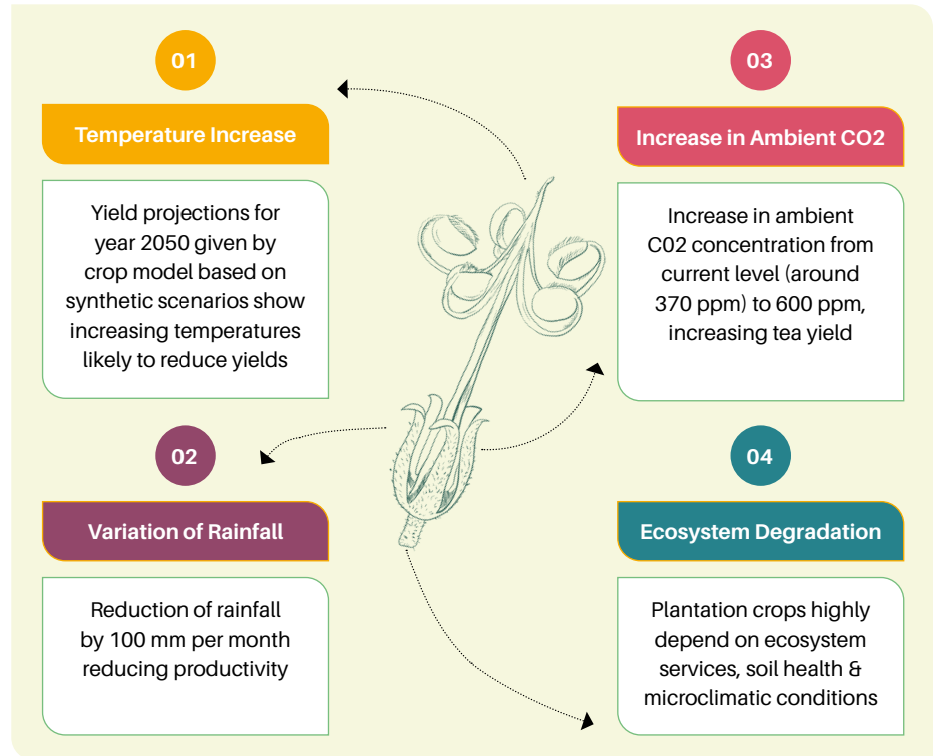
- Industry Data:** Utilization of sector-specific benchmarks and historical climate and weather data.
- Historical Financial Data:** Analysis of the company's past financial performance to identify future impacts of climate-related risks and opportunities.
- Climate Impact Studies:** Application of findings from regional, local climate studies to understand potential physical impacts on tea production.

### Estimation Process

- Regulatory Compliance:** Assumed cost increases due to stricter environmental regulations.
- Market Dynamics:** Anticipated shifts in consumer preferences towards sustainable products.

- Technological Investments:** Projected costs for adopting new, climate smart agricultural technologies and renewable energy sources.
- Sustainability Initiatives:** Estimated benefits from initiatives such as organic tea production and eco-tourism.

### Current and Anticipated Effects on Business Model and Value Chain



By 2050, rising temperatures and reduced rainfall (by 100 mm per month) threaten tea yields. Increased ambient CO<sub>2</sub> levels (from 370 ppm to 600 ppm) could enhance growth, but ecosystem degradation remains a significant risk. These climatic changes necessitate strategic crop management and adoption of resilient tea varieties to sustain productivity and ensure long-term sustainability of tea plantations.

	Impacts on Business Model	Impacts on Value chain	Response Plans	Mitigation Plans
Current	<p><b>Leaf Quality:</b> Unpredictable weather patterns may lead to decreased Tea leaf quality, affecting the overall product standard.</p> <p>Yield: Immediate impacts include reduced yields due to adverse weather conditions.</p>	<p><b>Small Farmers:</b> Climatic fluctuations affect small farmers' productivity and income, disrupting the supply chain.</p> <p><b>Suppliers and Distributors:</b> Adverse weather conditions can lead to supply chain disruptions, affecting product availability and consistency.</p>	<p><b>Resource Allocation:</b> Investing in precision agriculture and soil conservation to maintain yield and leaf quality.</p> <p><b>Supply Chain Adjustments:</b> Enhancing sustainability and reducing GHG emissions to protect value chain integrity.</p> <p><b>Data-Driven Decision Making:</b> Using real-time data to monitor weather impacts on crop quality and yield.</p>	<p><b>Mitigation:</b> Implementing water and soil conservation techniques to sustain leaf quality and yield.</p> <p><b>Adaptation:</b> Adjusting agriculture planning and selecting climate-resilient tea varieties to cope with immediate climatic impacts.</p>

## Climate Related Finance Disclosures

	Impacts on Business Model	Impacts on Value chain	Response Plans	Mitigation Plans
Anticipated	<p><b>Crop Levels:</b> Long-term climatic changes could significantly reduce crop levels, impacting volumes and revenue.</p> <p><b>Revenue:</b> Potential revenue losses from sustained climatic changes.</p>	<p><b>Strategic Partnerships:</b> Long-term climate impacts necessitate strategic adjustments in partnerships and collaboration with small farmers and other key players.</p> <p><b>Resource Allocation:</b> Strategic decisions on resource allocation to ensure support for small farmers and maintain supply chain stability.</p>	<p><b>Decommissioning Carbon-Intensive Operations:</b> Gradually reduce synthetic fertilizer use and increasing renewable energy.</p> <p><b>Capital Expenditure:</b> Investing in climate-resilient crops and sustainable farming R&amp;D to safeguard future yields and revenue.</p> <p><b>Resource Allocation for Business Development:</b> Developing eco-tourism and diversifying product lines to mitigate revenue losses.</p>	<p><b>Production Process Changes:</b> Adopting regenerative agriculture to improve long-term crop resilience.</p> <p><b>Facility Upgrades:</b> Supporting renewable energy installations to reduce operational carbon footprint.</p> <p><b>Workforce Adjustments:</b> Training employees in new sustainable practices to enhance adaptation capabilities.</p>

### Climate-Related Transition Plan



#### Transition Plan:

- Key Assumptions:** The transition plan is based on the assumption that regulatory requirements for reducing greenhouse gas emissions will become increasingly stringent, and consumer demand for sustainable products will continue to grow.
- Dependencies:** The successful implementation of the transition plan relies on continuous innovation in agricultural technologies, availability of renewable energy sources, and strong collaboration with stakeholders.

Achieving climate-related targets is a priority for Talawakelle Tea Estates PLC, with ambitious goals and comprehensive plans in place. By 2030, the company aims to cut greenhouse gas emissions by 50% (verified near term target from SBTi) and achieve net-zero emissions by 2050. Achievement of these targets will be supported by significant financial investments in renewable energy, climate-resilient technologies, and sustainable and regenerative agriculture practices. Additionally, employee training and collaborations with research institutions and government and nongovernment organization enhance resource utilization for climate adaptation and mitigation projects. Progress is meticulously tracked through regular monitoring of greenhouse gas emissions, agriculture input usage, and energy consumption, with results published in integrated annual reports ESG Report and Digitalised ESG dashboard. Stakeholder feedback is actively sought to refine strategies, ensuring continuous improvement and adaptation to new research and technologies.

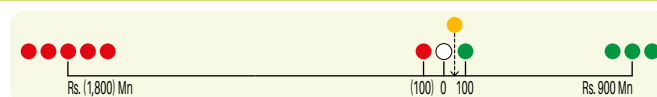
### TTE PLC as Climate Resilient Company

	Risk and Opportunity prioritizing	Through comprehensive context analysis and stakeholder consultations, we have identified and prioritized eight key risks and five significant opportunities to enhance our strategic planning and align with stakeholder expectations.
	Scenario Development	Three scenarios were developed following the guidance of the Hayleys Group, considering physical and transitional contexts along with global, national, industry and Hayleys Group-level factors. Scenario A - Net Zero Global scenarios C3/SSP 1-2.6, CPP Scenario B - Current pathway Global scenarios C6/SSP 2-4.5, NDC Scenario C - Divergence Global scenarios C7/SSP 3-7.0, STEPS
	Relevant data and information collection	We collected comprehensive company and industry data, and relevant research findings. This included internal operations data, industry-wide statistics, and academic studies to understand the landscape and benchmark performance.
	Quantitative model Developing and Qualitative analysis	While as a first-time adopter, we have focused on qualitative scenario analysis, where possible, we modelled risks quantitatively to assess financial impact, highlighted potential outcomes over various timeframes, and developed normalized scores to compare the relative magnitude of impacts.
	Reporting	The integrated annual report will include separate sections for SLFRS S1 and S2 disclosures, detailing the financial impact of climate and sustainability-related risks and opportunities.

### Scenario Analysis

The analysis is categorized into transition risks, physical risks, and opportunities, each evaluated across short-term, medium-term, and long-term timeframes. Factors such as regulatory risks, market risks, technology risks, and reputation risks are assessed for their financial impacts in terms of cost and revenue. Additionally, opportunities related to renewable energy, sustainable agriculture transition, and business diversification are analysed. This analysis aids in understanding the potential financial outcomes and strategic planning required to mitigate risks and leverage opportunities over different time horizons.

Category	Factors	Metric (unit)	Scenario Analysis								
			Short-term			Medium-term			Long-term		
			Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Transition Risks	Regulatory Risks	Cost	●●●●	●●	●	●●	●	○	●	●	○
	Market Risks	Revenue	●●●●	●●	○	●●	●	●	●●●	●●	●
	Technology Risks	Cost	●●●●	●●	●	●●	●	○	○	●	●
	Reputation Risks	Revenue	●●●●	●●	●	●●	●	○	○	●	○
Physical Risks	Chronic Risks	Revenue	●	●●	●	●●	●●●	●●●	●●●●	●●●●	●●●●●
	Acute	Cost	●●	●●	●	○	○	●●●	○	○	●●●
Opportunity	Renewable Energy	Cost/Benefit	●●●●	●●	●	●	●	○	●●●	●●	●
	Sustainability Agriculture transition	Cost/Benefit	●●●●	●	●	●●●	●	●	●●●	●●	●
	Business Diversification	Revenue	●●●●	●●	●	●●●	●	●	●●●	●●	●





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## Assumptions, Methodologies, and Limitations of Climate-Related Scenario Analysis

Talawakelle Tea Estates PLC's climate-related scenario analysis integrates the Net Zero, Current Pathway, and Divergence scenarios. We assume gradual tightening of emissions regulations, moderate economic growth, local weather variations, increased renewable energy use, and advancements in climate-smart agriculture. Methodologies involve a mix of qualitative assessments and quantitative data, including industry-specific climate studies and historical financial data.

### Limitations:

- ❁ **Early Stage:** This is our starting point, so our analysis is basic and may not capture all complexities.
- ❁ **Resource Constraints:** Limited resources mean our analysis isn't as technically sophisticated as it could be.
- ❁ **Operational Focus:** The analysis is specific to tea production which cover 95% of our revenue and may not cover all business aspects.

We aim to refine and enhance our scenario analysis over time, improving our understanding and response to climate-related risks and opportunities.

## Assessment of Climate Resilience

### Implications for Strategy and Business Model

**Current Assessment:** As of the reporting date, Talawakelle Tea Estates PLC has conducted a comprehensive assessment of its climate resilience, focusing on the potential impacts of climate-related risks and opportunities on our strategy and business model. This assessment helps us understand the necessary responses and strategic adjustments required to mitigate risks and leverage opportunities identified in our scenario analysis.

## Strategic Implications:

- ❁ **Adoption of Sustainable Agricultural Practices:** To mitigate the risks of soil degradation and pest outbreaks, we are adopting climate smart agriculture techniques. This includes organic farming practices that reduce dependency on chemical fertilizers and improve soil health.
- ❁ **Water Conservation:** In response to anticipated water scarcity, we are implementing advanced water conservation systems to ensure efficient use of water resources, crucial for maintaining the quality and yield of our tea plantations.
- ❁ **Market Positioning:** Leveraging our commitment to sustainability, we are exploring new market opportunities through crop and product diversification, organic certification and eco-tourism initiatives. This positions us favourably in markets that value environmentally responsible products.
- ❁ **Supply Chain Adaptation:** To address supply chain vulnerabilities, we are diversifying our supply sources and investing in resilient infrastructure. This ensures continuity in operations despite climatic fluctuations.

## Business Model Adjustments:

- ❁ **Short-term (0-1 years):** Immediate operational adjustments include good agriculture practices and reducing chemical fertilizer use.
- ❁ **Medium-term (1-5 years):** Investing in regenerative agriculture methods and infrastructure to support eco-friendly practices.
- ❁ **Long-term (5+ years):** Diversifying the business model to include eco-tourism and developing new product lines that cater to the new product trends and sustainable market.

## Significant Areas of Uncertainty

The assessment identifies several areas of uncertainty that could impact our climate resilience:

- ❁ **Weather Variability:** Unpredictable weather patterns affecting tea yield and quality.

- ❁ **Regulatory Changes:** Evolving environmental regulations that may require significant adjustments in our farming practices.
- ❁ **Market Demand:** Fluctuations in consumer demand for sustainable and organic products, influenced by global market trends.

**Talawakelle Tea Estates PLC has demonstrated capacity to adapt and adjust its strategy and business model in response to climate-related risks and opportunities through the following measures:**

### 1. Financial Resources:

- ❁ **Availability and Flexibility:** We have allocated sufficient financial resources to invest in sustainable practices and technologies. Our financial planning includes flexibility to reallocate funds to address emerging climate-related challenges and opportunities.
- ❁ **Redeployment of Assets:** We can upgrade or repurpose existing agricultural assets to enhance resilience, and strategically decommission assets that are no longer viable under changing climatic conditions.

### 2. Investments in Mitigation and Adaptation:

- ❁ **Current and Planned Investments:** Our ongoing and planned investments focus on climate-resilient infrastructure, renewable energy projects, and sustainable agriculture. These investments are designed to mitigate risks and take advantage of climate-related opportunities, ensuring long-term sustainability and profitability.

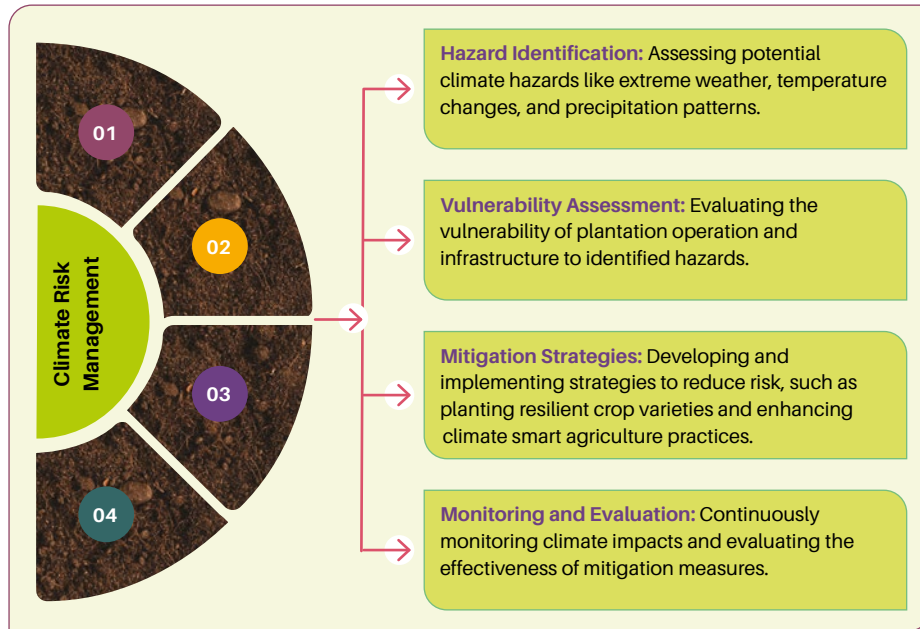
### 3. Human Capabilities

- ❁ **Enhancing climate action skills** at all organizational levels is crucial. Continuous training ensures employees effectively address climate-related risks and opportunities, driving sustainability and resilience.

## Risk Management

During the year the Company sought to strengthen its climate-related risks. These interventions align with SLFRS S1 & S2 standard requirement, detailing our processes to identify, assess, prioritize, and monitor these risks and opportunities.

### Risk Management Framework



### Processes and Policies

TTE PLC has established comprehensive processes and policies to manage climate-related risks. These include:

- 🌿 **Data Inputs and Parameters:** Utilizing climate models, weather forecasts, and historical data on environmental impacts. Our scope covers all operational areas, including tea plantations, processing facilities, and supply chains.
- 🌿 **Scenario Analysis:** Employing climate-related scenario analysis to identify potential risks and opportunities. This includes best-case, moderate-case, and worst-case scenarios derived from IPCC sixth Assessment Report (AR6).

### Assessment of Risks

- 🌿 **Nature, Likelihood, and Magnitude:** We assess risks based on qualitative and quantitative factors. This involves evaluating the potential impact on crop yields, quality, operational costs, and market demand.
- 🌿 **Prioritization of Risks:** Climate-related risks are prioritized relative to other risks through a risk matrix that considers severity, likelihood, and potential financial impact.

### Monitoring and Changes in Processes

- 🌿 **Monitoring:** Continuous monitoring through environmental impact assessments, use of IoTs, and field inspections.
- 🌿 **Process Improvements:** Regular updates to our risk management framework based on new insights, technological advancements, and regulatory changes.

## Processes for Identifying Opportunities

TTE PLC actively identifies and evaluates climate-related opportunities using scenario analysis to inform strategic decisions. This includes:

- 🌿 **Sustainable Agriculture:** Exploring opportunities in organic tea production and sustainable and regenerative agriculture practices.
- 🌿 **Eco-Tourism:** Leveraging our plantations' natural beauty to develop eco-tourism initiatives.

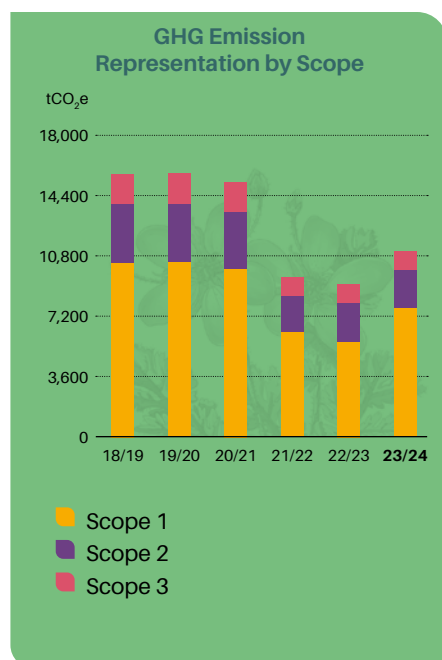
## Integration into Overall Risk Management

Climate-related risks and opportunities are integrated into TTE's overall risk management process through quarterly reporting to the Audit Committee. This integration ensures a holistic approach, considering the interplay between various risks and their cumulative impact on our operations and financial performance. For a detailed report on risk and opportunity management, please refer to page 190 & 199.



# Climate Related Finance Disclosures

## Metrics and targets



TTE PLC is committed to transparent reporting on our climate-related metrics and targets. This disclosure aligns with SLFRS S1 & S2 guidelines and outlines our approach to measuring and managing greenhouse gas (GHG) emissions, as well as our targets for mitigating climate-related risks and seizing opportunities.

### Greenhouse Gas Emissions

Absolute Gross GHG Emissions During the reporting period, TTE has measured its absolute gross GHG emissions, expressed in metric tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>e), across the following categories:

- ☘ Scope 1 Emissions: Direct emissions from owned and controlled sources of the company
- ☘ Scope 2 Emissions: Indirect emissions from the generation of purchased electricity
- ☘ Scope 3 Emissions: All other indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Target completion (% completed)	Current target status	Target timeframe (% elapsed)	Target type	Scope(s) Covered	Year target approved
51.0%	25.7 of a 50.4% reduction target	50%	Absolute	Scope 1	2021/22
73.9%	37.3 of a 50.4% reduction target		Absolute	Scope 2	
56.8%	28.6 of a 50.4% reduction target		Absolute	Scope 1+2	
110.3%	33.1 of a 30.0% reduction target		Absolute	Scope 3	N/A
56.2%	29.1 of a 51.9% reduction target		Absolute	Scope 1+2+3	N/A

Measurement Standards TTE PLC measures its GHG emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064:1:2018, ensuring accuracy and consistency in our reporting.

Third party verification: bring in that the entire process undergoes third party verification.

		Scope 01	Scope 02	Scope 03
A	Gases included in the calculation	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O
B	Base year for the calculation	2018/19	2018/19	2018/19
	Emissions in the base year - tCO <sub>2</sub> e	10,319	3,515	1,749
	The rationale for choosing it	Most representative year (followed GHG Protocol for base year selection)		
	The context for any significant changes in emissions that triggered recalculations of base year emissions	None	None	None
C	Source of the emission factors and the global warming potential (GWP) rates used.	The greenhouse gas protocol: A corporate accounting and reporting standard, WRI/ WBCSD Sri Lanka Energy Authority (SLSEEA), National Energy Balance 2021)		
D	Consolidation approach for emissions	Operational control	Operational Control	Operational Control
E	Standards, methodologies, assumptions, and/or calculation tools used.	ICAO tool for the business travel emission calculation		
F	Gross direct (Scope 1) GHG emissions in tCO <sub>2</sub> e	7,669		
G	Gross location-based energy indirect (Scope 2) GHG emissions in tCO <sub>2</sub> e	2,205		
H	If applicable, gross market-based energy indirect (Scope 2) GHG emissions in tCO <sub>2</sub> e	N/A		
I	Gross other indirect (Scope 3) GHG emissions in tCO <sub>2</sub> e	1,170		
J	Biogenic CO <sub>2</sub> emissions (Scope 03) in tCO <sub>2</sub> e	Not Calculated due to Data Limitation		



## Measurement Approach

We disaggregate Scope 1 and 2 emissions between emission sub categories and the consolidated accounting group, and provide detailed information on Scope 3 emissions, focusing on purchased goods and services and financed emissions. We regularly assess and report the percentage of assets vulnerable to climate-related transition risks, such as regulatory changes and market shifts, and evaluate the impact of chronic and acute physical risks on our tea plantations and facilities. TTE PLC

identifies and quantifies opportunities from climate-related changes, such as organic tea production and renewable energy projects, aligning with strategic goals and enhancing resilience. We track and report capital expenditure on climate-related risks and opportunities, including investments in sustainable farming, water conservation technologies, and renewable energy. Additionally, TTE PLC uses an internal carbon price in relevant decision-making processes, disclosing the cost attributed to GHG emissions.

## Sustainability Disclosure Topics Related Metrics and Performance Indicators

The table below includes disclosures according to Talawakelle Tea Estates PLC's relevant metrics, aligned with the industry-based guidance on implementing climate-related disclosures from Volume 20 - Agricultural Products. This provides a comprehensive overview of our climate-related targets and performance indicators.

## Sustainability Disclosure Topics & Metrics


Topic	Metric	Category	Unit of Measure	Code	Disclosure/Page Reference
<b>Greenhouse Gas Emissions</b>	Gross global Scope 1 emissions	Quantitative	Metric tons tCO2e	FB-AG-110a.1	7,669
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	FB-AG-110a.2	Page 80, 197
	Fleet fuel consumed	Quantitative	Gigajoules (GJ)	FB-AG-110a.3	12,176
	Percentage renewable	Quantitative	Percentage (%)		86%
<b>Energy Management</b>	(1) Operational energy consumed	Quantitative	Gigajoules (GJ)	FB-AG-130a.1	199,724
	(2) percentage grid electricity and	Quantitative	Percentage (%)		77%
	(3) percentage renewable	Quantitative	Percentage (%)		23%
<b>Water Management</b>	(1) Total water withdrawn	Quantitative	Thousand cubic metres (m³)	FB-AG-140a.1	8,834
	(2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%)		0%
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	N/A	FB-AG-140a.2	Page 180
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-AG-140a.3	0
<b>Ingredient Sourcing</b>	Identification of principal crops and description of risks and opportunities presented by climate change	Discussion and Analysis	N/A	FB-AG-440a.1	Page 190
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-AG-440a.2	0
<b>Activity Metric</b>					
	Production by Principal crop	Quantitative	Metric tons (t)	FB-AG-000.A	5,720 Tons Made Tea
	Number of processing facilities	Quantitative	Number	FB-AG-000.B	15
	Total land area under active production	Quantitative	Hectares	FB-AG-000.C	3,925
	Cost of agricultural products sourced externally	Quantitative	Currency	FB-AG-000.D	Rs. 362 Mn

## Climate-related Targets

Setting and Monitoring Targets: TTE PLC sets quantitative and qualitative climate-related targets in accordance with the Science Based Targets framework. This includes:

- GHG Emissions Reduction: Specific targets for reducing Scope 1, 2, and 3 emissions.
- Renewable Energy Adoption: Targets for increasing the percentage of energy sourced from renewable sources.
- Sustainable Agriculture Practices: Goals for expanding organic tea production and enhancing biodiversity on our estates.





**We are witnessing the  
fruits of our labours which  
have been an exercise  
in synergy, meticulous  
planning and a dedication  
to sustainability. A  
product that has been  
engineered to succeed.**







## Business Review



**“Continuing our commitment to operational excellence, we remain steadfast in upholding best business practices, pivotal in delivering our value proposition of producing the finest quality Ceylon teas.”**



### Overview

Despite showing resilience, the world economy struggled in returning to its pre-pandemic strength in 2023, with sluggish and uneven growth along with persistent inflation. Rising geopolitical tension remained a cause for concern. On the domestic front, the IMF-backed economic recovery from the crisis we faced in the preceding year, was promising with gradual rebound in economic activity and relative macroeconomic stability. However, uncertainties remained within the socio-political arena.

The tea industry continued to grapple with unfavorable weather patterns, affecting crop production. Average prices on the Colombo Tea Auctions were lower compared to strong prices enjoyed in the previous year. Notwithstanding the difficult operating backdrop, we delivered a well-crafted strategy aligned with our Regenerative Agenda 2030, enabling us to achieve strong results in both field and factory operations. Our overall tea production levels improved and we were able to maintain our quality and standards, thereby, sustaining our top rankings at the auctions. This culminated in sound financial results for the year under review.

### Field Development

Warranting top strategic priority, we continued to adopt, invest and follow through with best regenerative practices in our field operations and development.

Adopting and maintaining good agricultural practices is critical for nurturing high-quality leaf, apart from the benefits of driving land productivity and ensuring the conservation of environment. We are focused in our efforts in developing our agricultural and field operations across all estates. Our certification bodies including the Rain forest Alliance and ECO Label gives us clear guidelines in adopting and monitoring sustainable practices. We also work closely and collaborate with the Tea Research Institute, the international Plant Nutrition Institute and the faculties of agriculture at the national university level to further our efforts and develop teas that delight our buyers.



Our Field Development Programme

Aligned with Rainforest Certification Guidelines

Investment: Rs. 240 Mn

Nursery Management	Soil Management	Harvesting	Replanting Programme	Crop Diversification	Commercial Forestry
<ul style="list-style-type: none"><li>Cultivating high-yielding cultivars, resistant to pests, diseases, and climate change.</li></ul>	<ul style="list-style-type: none"><li>Regenerative agricultural practices for optimal soil health and fertility.</li></ul>	<ul style="list-style-type: none"><li>Enhancing productivity through an efficient plucking operation and man management</li></ul>	<ul style="list-style-type: none"><li>Structured replanting of tea to maintain sustainable production.</li></ul>	<ul style="list-style-type: none"><li>Increasing the exposure of cinnamon and coconut to reduce the reliance on a mono-crop model.</li></ul>	<ul style="list-style-type: none"><li>Optimizing land for economic gain through forest management and sustainable timber production.</li></ul>

Rs. 11 Mn

Nursery Management

Rs. 23 Mn

Soil Rehabilitation

Rs. 125 Mn

130 Hectares

Replanting Tea

(Planting and Maintenance)

Rs. 15 Mn

36 Hectares

Coconut

(Planting and Maintenance)

Rs. 25 Mn

172 Hectares

Fuelwood Planting

Commercial Forestry

Rs. 50 Mn

35 Hectares

Cinnamon (Planting and Maintenance)



## Business Review

### Operational Performance

#### Tea Operations

Accounting for almost 96 percent of our earnings, tea operations continued to dominate, marking a noteworthy performance despite the challenges in the year under review.

#### Tea Production

With climate change largely in action, our operations were susceptible to inclement weather conditions, dampening crop production. However, staying true to our 'Regen Agenda 2030', our concerted efforts in adopting climate smart agronomic practices combined with data analytics, enabled us to be resilient and fortify our operations.

The tea industry as a whole, hugely benefited from the relaxation of the fertilizer ban, which lasted for over 18 months up until 2021. However, with the withdrawal of the government subsidy and the inflationary impact, the cost of fertilizer increased 5 folds by the year under review. Therefore, it was crucial that we concentrated in reducing our reliance on chemical fertilizers which was also significant from an environmental perspective. Thus, our efforts to nurture soil with regenerative agronomic practices

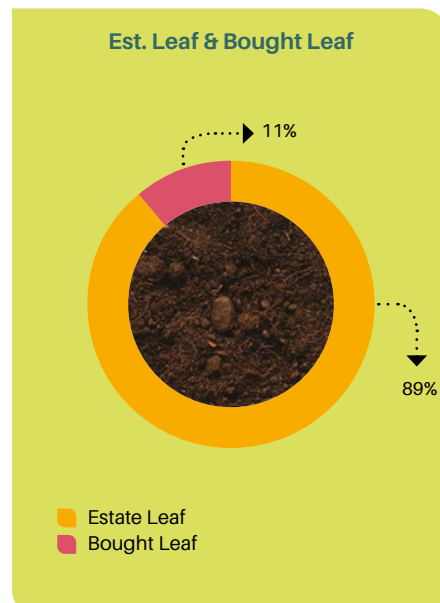
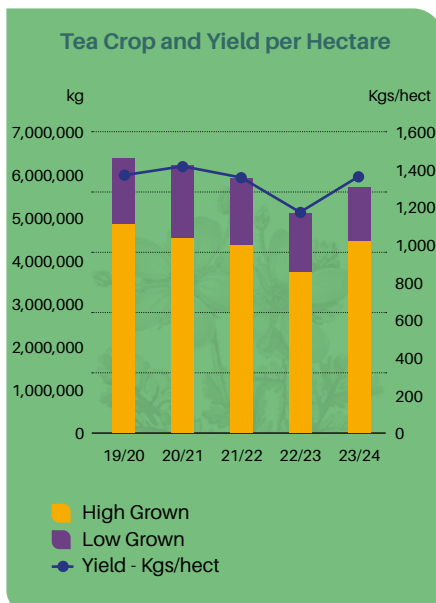
served us well and proved invaluable; underscoring our commitment to curtail chemical fertilizer effectively.

We also initiated data-driven decision making into our field practices. This enabled us to adopt scientifically backed mechanisms for fertilizer applications, with precise timing, ultimately improving tea yields significantly. This in effect supported us to bolster our crop production in the year, notwithstanding adverse impacts from unfavorable weather patterns.

Our overall tea production improved by 12 percent to 5.7 Mn kilograms compared to 5.1 Mn kilograms over the previous year. This surpassed the 3 percent increase in tea production at the National level.

Out of the overall production, our estate leaf production, took up 89 percent share, corresponding to a 16 percent increase over the previous year. The balance 11 percent was sourced from bought-leaf suppliers.

Both elevations performed well, with the high grown taking up the largest share of 88 percent of the estate leaf production. High grown production increased by 19 percent to 4.7 Mn kilograms.



### Specialty Teas



#### Promoting value-addition

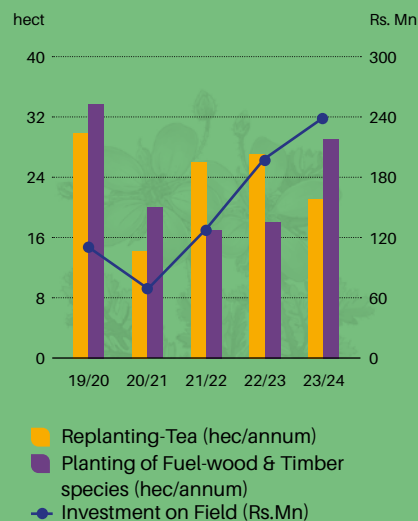
Consolidating our value-added portfolio, we continued to prioritize our operations in specialty blends. With focused investment in research and development, we made steady progress in producing finest quality specialty teas, mostly hand-made, from special cultivars.

Commanding premium prices, we have almost 45 varieties in offer for discerning consumers in our export markets including USA, UK, China, Taiwan and Japan. This strategic approach represents the way forward for Ceylon teas, positioning our offer competitively in the global arena alongside countries like India and Kenya, enjoying cost advantages and high volumes. There is much potential to leverage our specialty blends including our organic range, underscoring our unique market position and appeal.

In the year, we established an exclusive tea Centre in Colombo 'Tea Tel', which together with our newly refurbished tea centre at the Somerset estate in Nanu Oya, will be an impetus to promote our special brands targeting the domestic market including the tourism and the diaspora market.



### Replanting Hectare and Expenditure



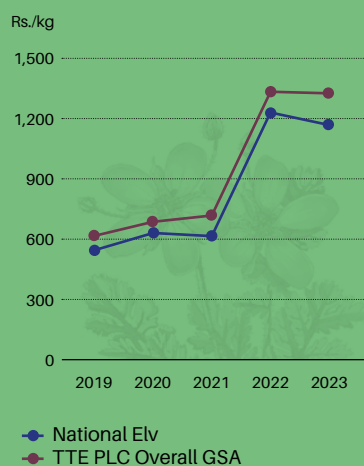
Shifting from the bullish trends witnessed in the previous year given the sharp depreciation of the exchange rate, the market was more subdued in the year under review. The rupee gained value against the US dollar, albeit fluctuating; which combined with economic hardships in our key markets, tainted auction sentiments. The ongoing US sanctions on Iran, a crucial market, impacted our exports substantially. However, with the barter-trade tea-for-oil agreement on board, since August 2023, marked a turn-around, which reflected well on price performance in the latter part of the financial year.

Despite the bearishness of market trends, we continued to consolidate our positioning for quality teas and perform well ahead of national averages, in both elevations. Our estate marks remained buoyant—albeit, at a lower level compared to the preceding year—with top price rankings amongst the RPCs; recording a total of 232 top prices and 02 all-time records during the year 2023.

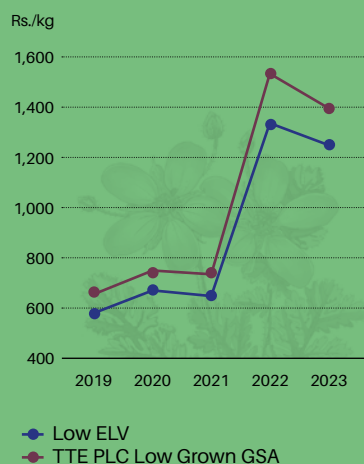
Reflecting market sentiments, during the calendar year 2023, our gross sales average (GSA) stood at Rs. 1,326.06 per kilogram compared to Rs. 1,337.02 per kilogram in the year 2022, representing a

drop of Rs. 10.96 per kilogram. Western high grown teas registered a decrease of Rs. 6.21 YOY, whilst low grown reduced by Rs. 87.71. However, with our quality value proposition, we were able to record the highest GSA amongst RPCs, reinforcing our ranking at the helm for the 6th consecutive year. Our GSA exceeded the national level by Rs. 154.77 per kilogram, corresponding to 13 percent.

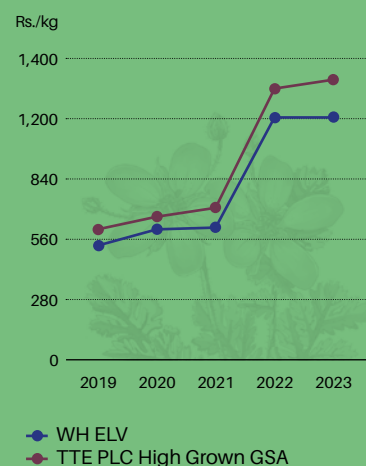
### Elevation & GSA



### Low Grown (LG) Elevation Against TTE PLC Low Grown GSA



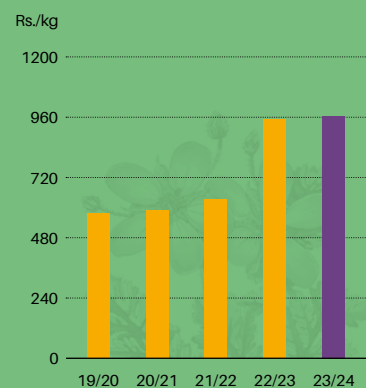
### Western High Grown (WHG) Elevation Against TTE PLC High Grown GSA



### Cost of Production

We continued to grapple with elevated cost of production. The estate leaf cost of production standing at Rs. 968.94 per kilogram, an increase of 1.5 percent over the previous year. Reckoning with the inflationary impact, the cost of our day-to-day operations remained significantly high. This was particularly so, for imported chemical fertilizers which continued to weigh down on our bottom-line, constituting almost 9 percent share of our costs.

### TTE Cost of Production



## Business Review

However, through our regenerative measures of producing organic fertilizer, we have been able to significantly keep our fertilizer costs in check. Furthermore, our investments in renewable energy solar and hydro-power have made us self-sufficient in energy, generating over 145 percent of our requirement, thereby, enabling significant cost savings. Apart from these, productivity-based wage increments, along with the revenue-share model, kicked-off further cost optimization in the year under review.

### Crop Diversification

Shifting our focus from a mono-crop business model, we followed through our key investments in crop diversification in the reporting year. Strategically phasing out rubber, covering 198.54 hectares, we sought to expand our exposure in cinnamon and coconut in four of our estates in the low country Moragalla, Deniyaya, Kiruwanaganga and Indola.


### Disclosure of Compliance status with Laws and Regulations

GRI 2-27

During the reporting period, Talawakelle Tea Estates PLC had no significant instances of non-compliance with laws and regulations. There were no non-monetary sanctions or fines incurred. The company remains committed to full compliance and proactive management of legal and regulatory obligations.



### Commercial Forestry

 Natural capital, page 170


Optimizing our land utilization and diversifying our revenue streams, we followed through and further consolidated our commercial forestry programme in the reporting year. Our forestry biological assets, primarily comprising Eucalyptus grandis, were valued at Rs. 664 Mn as at 31st March 2024 compared to the value of Rs. 483 Mn as at end March 2023. Earnings from the sale of trees reached Rs. 6.7 Mn, compared to Rs. 32 Mn in the previous year, a decrease of 79 percent due to unfavorable market conditions.

#### Zero-Sand Accumulation

#### Re-purposing sand for additional revenue stream with environmental sustainability

Sand accumulation from rivers used to disrupt the smooth operation of our mini hydro power plant at the Palmerston estate. Instead of scattering the collected sand into the vicinity, as was the case previously, we have started to re-purpose the sand as a marketable product. This year, we packeted the sand for sale in the local hardware market. Necessary licenses have been obtained for this initiative.

### Renewable Energy

 Natural capital, page 170

Supporting the national initiative spearheaded by the Ministry of Power and Renewable Energy and Business Development, we have installed rooftop solar in 05 of our factories and 12 bungalows across our estates. Our solar projects operate under the net plus system except in estates. This reporting year, we generated 622 Mwh of electricity and earned Rs. 13.6 Mn from our solar initiatives.

As for hydro power, this year, we acquired the remaining 49 % stake to take full ownership and assume management of the three mini hydro power plants located in Radella, Palmerston, and Somerset. With a total capacity of 2.1 Mwh, the plants operated at 40 - 45% capacity, generating 6,860 Mwh of electricity. Our income from selling hydro power generated electricity touched Rs. 69 Mn.





### Venturing in to Tourism

Recognizing opportunities within the burgeoning tourism sector, we strategically sought to enter the market with a line of unique value offerings. This included initiatives such as tea tourism, cinnamon familiarization tours, venturing into glamorous camping (glamping) and tea sales centres with specialty tea product line on offer.

### Glamping Site

#### Great Western Estate

For hikers along the 300-km Pekoe Trail that traverses our estates in the central hills.



### Tea Tel

Tea Boutique - November 2023 in Colombo



### Up-close with Cinnamon

Farm-tour for tourists in Moragalla estate to gain first hand experience in cinnamon production



### Somerset

Tea Boutique - April 2024 in Nanu Oya





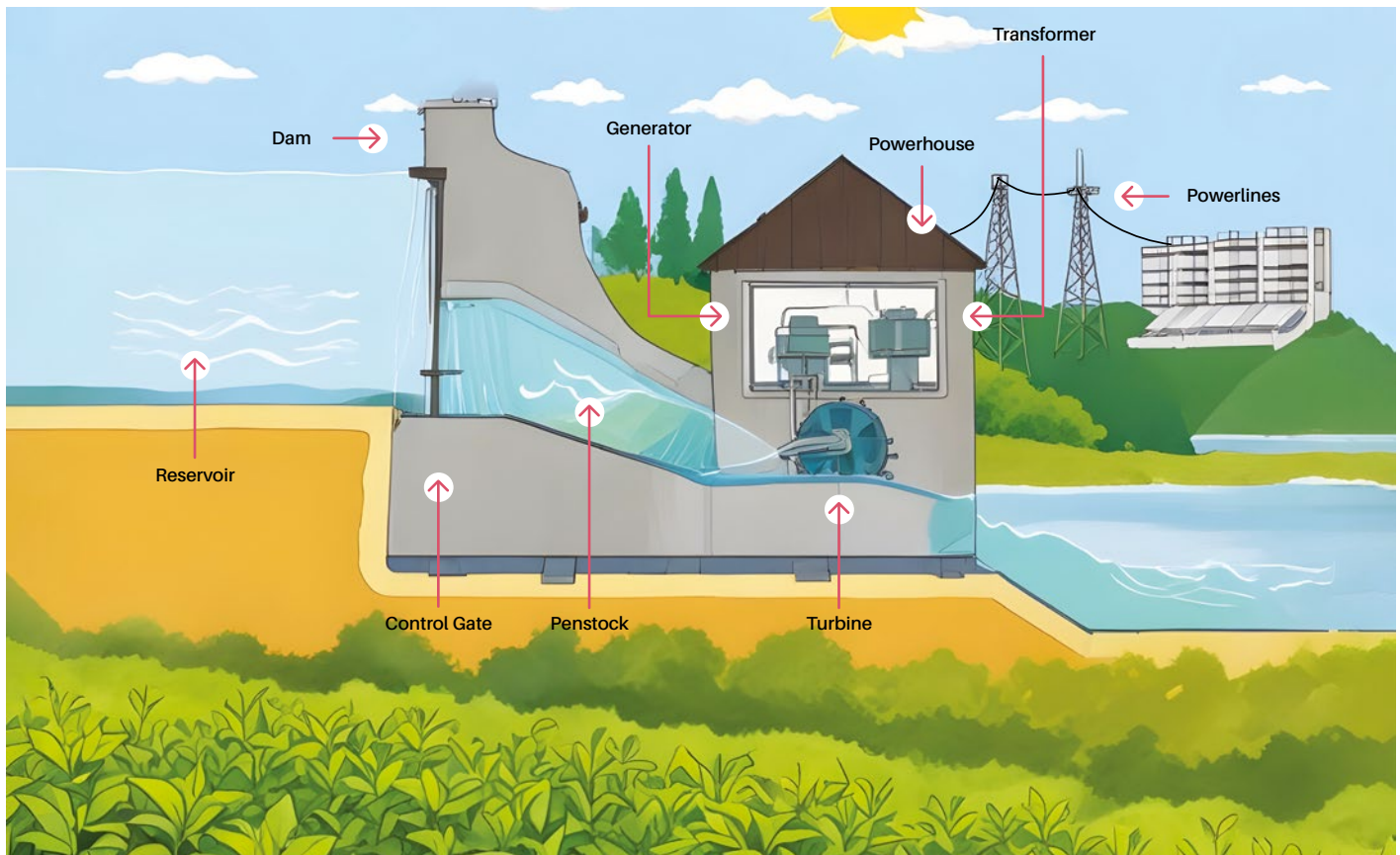
## Our Story of Subsidiaries

### In Our Quest for Renewable and Clean Energy

Contributing to the national agenda of net zero emissions 2050

Located in the picturesque regions of Nanu Oya and Talawakelle, our three hydropower plants—Radella, Palmerston and Somerset—are operated and managed by our fully owned subsidiaries, TTEL Hydro Power Company and TTEL Somerset Hydro Power Company.

In line with our Regenerative Business Agenda 2030 and reinforcing our commitment to move towards renewable energy, we sought to increase our exposure in these two subsidiaries during the year under review. We successfully acquired the remaining 49 percent stake from Hayleys Power Limited for a total purchase consideration of Rs. 90.86 million, taking our stake from 51 percent to 100 percent, effective from 4th August 2023.



Details of the Share Purchase

#### TTEL Somerset Hydro Power (Pvt) Ltd

**2,940,000**  
Ordinary Shares

**1,540,560**  
Redeemable Cumulative Preference Shares

#### TTEL Hydro Power Company (Pvt) Ltd

**3,381,300**  
Ordinary Shares

**3,577,000**  
Redeemable Cumulative Preference Shares

### TTEL Hydro Power Company

Date of Incorporation : 11th August 2005

#### Radella



#### Palmerston



### TTEL Somerset Hydro Power Company

Date of Incorporation : 25th August 2006

#### Somerset



100%	100%	Share Ownership	100%
Nanu oya	Talawakelle	Location	Nanu oya
0.2MW	0.8MW	Capacity	1.1MW
6	5	Work Force	5

**DIRECTOR BOARD**

▶ Mr. A M Pandithage - Chairman

▶ Mr. Malik J Fernando

▶ Mr. W G R Rajaduari

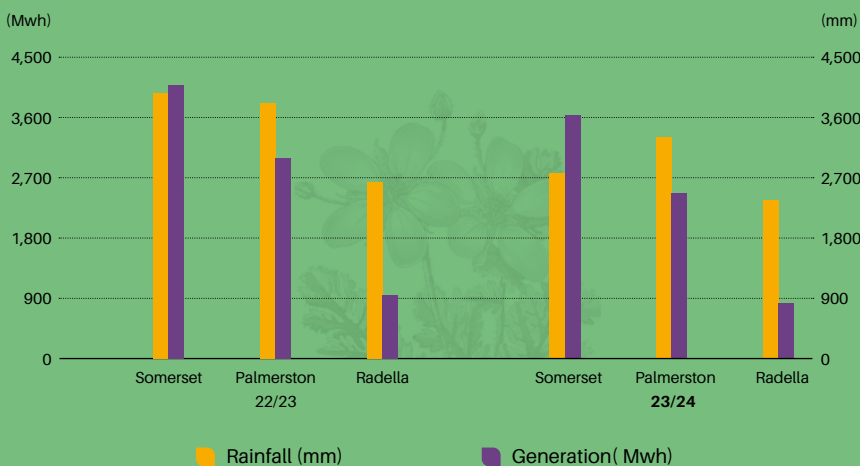
▶ Mr. S B Alawattagama - appointed on 1st September 2023

▶ Ms. V A Wijeweera - appointed on 1st September 2023

▶ Mr. A R De Zilva - resigned on 1st September 2023

▶ Mr. J A W Jayasekara - resigned on 1st September 2023

Generation and Rainfall



“Adopting renewable energy sources remains a key growth area for our organisation and one of the most meaningful ways in which we can contribute to Sri Lanka’s decarbonisation goals”

## Our Story of Subsidiaries

### Non-Financial Highlights

Renewable Energy Credits 2023/24

# 1,878 IREC

GHG Saving

# 4,679 tCo<sub>2</sub>e

Generation

# 6,860 Mwh

	Policy Matters Government Rules and Regulations	Market Conditions- Rates and Cost	Environmental Issues Climate Change, Rainfall, Droughts and Natural Disasters	Social License Local Communities, NGOs and Environmental Activists
<b>Risks</b>	<ul style="list-style-type: none"> <li>Regulatory changes and redefinitions of water resources as stipulated in policies and Acts can negatively impact the viability of hydropower projects</li> </ul>	<ul style="list-style-type: none"> <li>Significant capital investment required to maintain hydropower infrastructure</li> <li>Fluctuating energy prices can impact sustainability of earnings from hydropower generation</li> <li>Malfunction or breakdown of hydropower plants can disrupt power generation</li> <li>Delays or inadequate maintenance can impact performance</li> </ul>	<ul style="list-style-type: none"> <li>Changing weather patterns with prolonged drought periods may affect water availability, impacting power generation capacity</li> <li>Extreme weather can damage hydropower plant infrastructure and disrupt operations</li> </ul>	<ul style="list-style-type: none"> <li>Conflicts with local communities over land and water rights</li> <li>Environmental concerns and protests regarding hydropower operations from environmental activists and local communities</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>Engage with policymakers to advocate proactive regulations to develop and promote renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Using hydropower as an alternative energy source can reduce the dependency on grid electricity and help curtail energy costs in production</li> </ul>	<ul style="list-style-type: none"> <li>Producing and using hydropower can minimise the depletion of fossil fuels, promote renewable energy to attract eco-conscious consumers and strengthen brand reputation</li> </ul>	<ul style="list-style-type: none"> <li>Extending employment opportunities for local communities fosters positive engagement, resulting in better outcomes and stronger support for hydropower projects</li> </ul>
<b>Salient Strategy</b>				
<ul style="list-style-type: none"> <li><b>Stakeholder Engagement:</b> Consistent and continuous engagement with all stakeholders, including local communities, non-governmental organisations, environmental activists and government entities.</li> <li><b>Diversifying Energy Sources:</b> Focused investments in hydropower and other renewable energy to diversify and reduce the dependence on non-renewable energy sources.</li> <li><b>Efficient Operations and Maintenance:</b> Regular upkeep, inspections, repairs, and replacements to prevent breakdowns, minimising downtime and optimising performance.</li> <li><b>Capacity Enhancements:</b> Explore expansions to increase capacity in hydropower generation to enjoy economies of scale.</li> <li><b>Revenue Enhancements:</b> Optimise the pricing strategy to increase earnings from hydropower generation.</li> <li><b>Renewable Energy Credits and Incentives:</b> Take advantage of government tax incentives and grants for renewable energy along with energy and carbon credits for offsetting greenhouse gas emissions and for clean energy production.</li> </ul>				

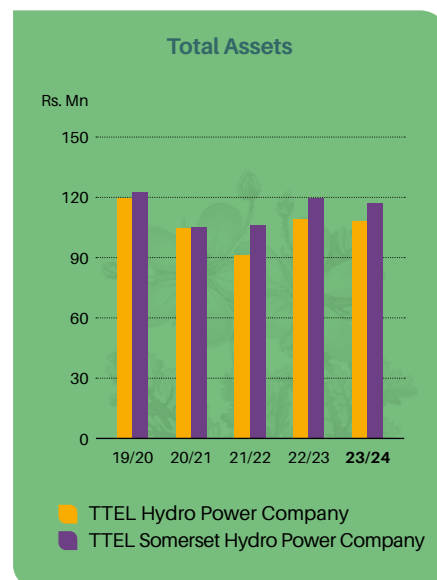
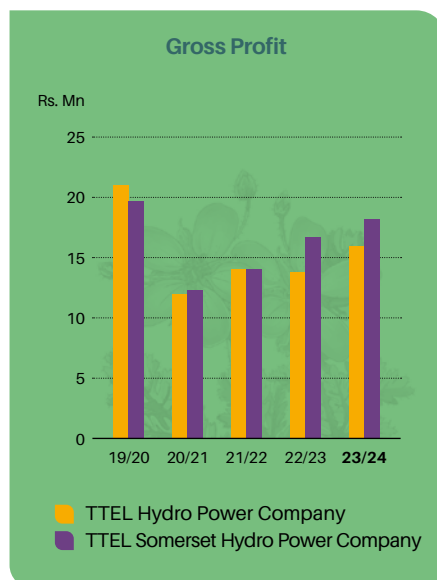


## Financial Performance

Following a focused strategy, we were able to manage and curtail our cost of sales in our hydropower operations, which reflected favourably on the bottom-line results of our subsidiaries.

Despite lower hydropower generation due to lower rainfall, from 7.9 million Kilo-watt hours to 6.9 million Kilo-watt hours in 2023/24, the subsidiaries reported a revenue growth of Rs. 1.1 million—corresponding to 1.6 percent from Rs. 67.8 million to Rs. 69 million in 2023/24.

TTEL Somerset Hydro Power Company distributed a dividend of Rs.4.4 million after two years using cash generated from operations.



**22/23 - 45%**

**23/24 - 50%**

**GP Ratio**

**22/23 - Rs. 14.38**

**23/24 - Rs. 16.10**

**Net Asset Per Share**

## Financial Highlights - Total Subsidiaries

Short term Investment

**Rs. 72.3 Mn**

Net Finance Income

**Rs. 1.82 Mn**

EPS

**Rs. 1.08**

Revenue

**Rs. 68.9 Mn**

Rs. Mn	2023/24		2022/23	
	TTEL Hydro Power Company (Pvt) Ltd	TTEL Somerset Hydro Power (Pvt) Ltd	TTEL Hydro Power Company (Pvt) Ltd	TTEL Somerset Hydro Power (Pvt) Ltd
Revenue	35.98	32.91	35.30	32.50
Cost of Sale	(20.07)	(14.75)	(21.60)	(15.70)
<b>Gross Profit</b>	<b>15.91</b>	<b>18.16</b>	<b>13.70</b>	<b>16.80</b>
Other Income	0.96	-	-	-
Admin Expenses	(6.84)	(8.03)	(8.40)	(10.70)
<b>Profit from Operating Activities</b>	<b>10.03</b>	<b>10.13</b>	<b>5.30</b>	<b>6.10</b>
Net Finance Income	0.69	1.12	0.22	0.47
<b>Profit/(Loss) Before Taxation</b>	<b>10.72</b>	<b>11.25</b>	<b>5.52</b>	<b>6.57</b>
Tax Expense	(4.42)	(3.65)	(1.58)	(2.87)
<b>Net Profit</b>	<b>6.30</b>	<b>7.60</b>	<b>3.94</b>	<b>3.70</b>

## Economic Value Added

GRI 201-1

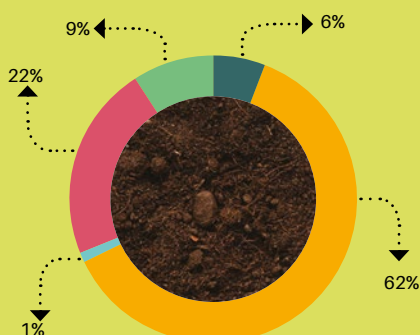
**“With a strong brand renowned for finest quality teas, coupled with parent support and group collaborations, we have the ability to create sustainable value which aligns with stakeholder expectations.”**

Positioned as a leading plantation company, we have the strategic advantage to make a significant contribution to the economy. Intrinsic to our business model, we have adopted a holistic strategy where we aim not only to meet our profit goals, but also to optimise our positive social and environmental impacts. This approach reflects our commitment to holistic success, encompassing financial prosperity to give sound returns to our shareholders alongside meaningful contributions to our employees, estate communities, business partners and the wider society.

### Statements of Value Added

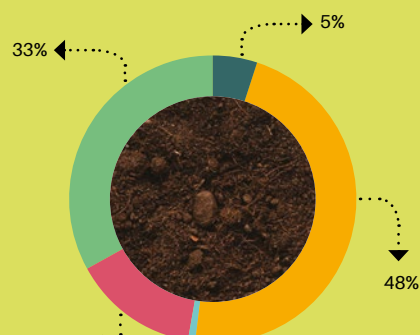
	Group (Rs. '000)				Company (Rs. '000)			
	2023/24		2022/23		2023/24		2022/23	
Total Revenue	7,763,611		8,199,353		7,694,650		8,131,507	
Purchase of goods and services	(2,500,146)		(2,340,285)		(2,483,056)		(2,317,876)	
	5,263,465		5,859,068		5,211,594		5,813,631	
Other Income	667,025		698,287		667,986		697,579	
<b>Total Value Added</b>	<b>5,930,490</b>		<b>6,557,355</b>		<b>5,879,580</b>		<b>6,511,210</b>	
<b>Value created shared with</b>		%		%		%		%
To Government (Income Tax and Other Taxes)	409,556	6	374,221	5	401,882	6	372,508	5
To Employees (Salaries and other staff costs)	3,683,896	62	3,115,123	48	3,667,474	62	3,097,341	48
To lenders of Capital (Interest on Loan Outstanding and Minority Interest)	(662)	1	4,854	1	627	1	1,218	1
To Shareholders (Dividend)	1,275,375	22	902,500	14	1,275,375	22	902,500	14
Retained for re-investment and future growth	562,325	9	2,160,657	33	907,097	9	2,137,643	33
	<b>5,930,490</b>	<b>100</b>	<b>6,557,355</b>	<b>100</b>	<b>6,252,455</b>	<b>100</b>	<b>5,930,490</b>	<b>100</b>

#### Value created shared with 2023/24



- To Government
- To Employee
- To lenders of capital
- Shareholders
- Retained for re-investment and future growth

#### Value created shared with 2022/23



- To Government
- To Employee
- To lenders of capital
- Shareholders
- Retained for re-investment and future growth

**Rs. 5,368.2 Mn**  
**22.1%**

Value Distributed  
FY 2022/23: Rs. 4,396.7 Mn

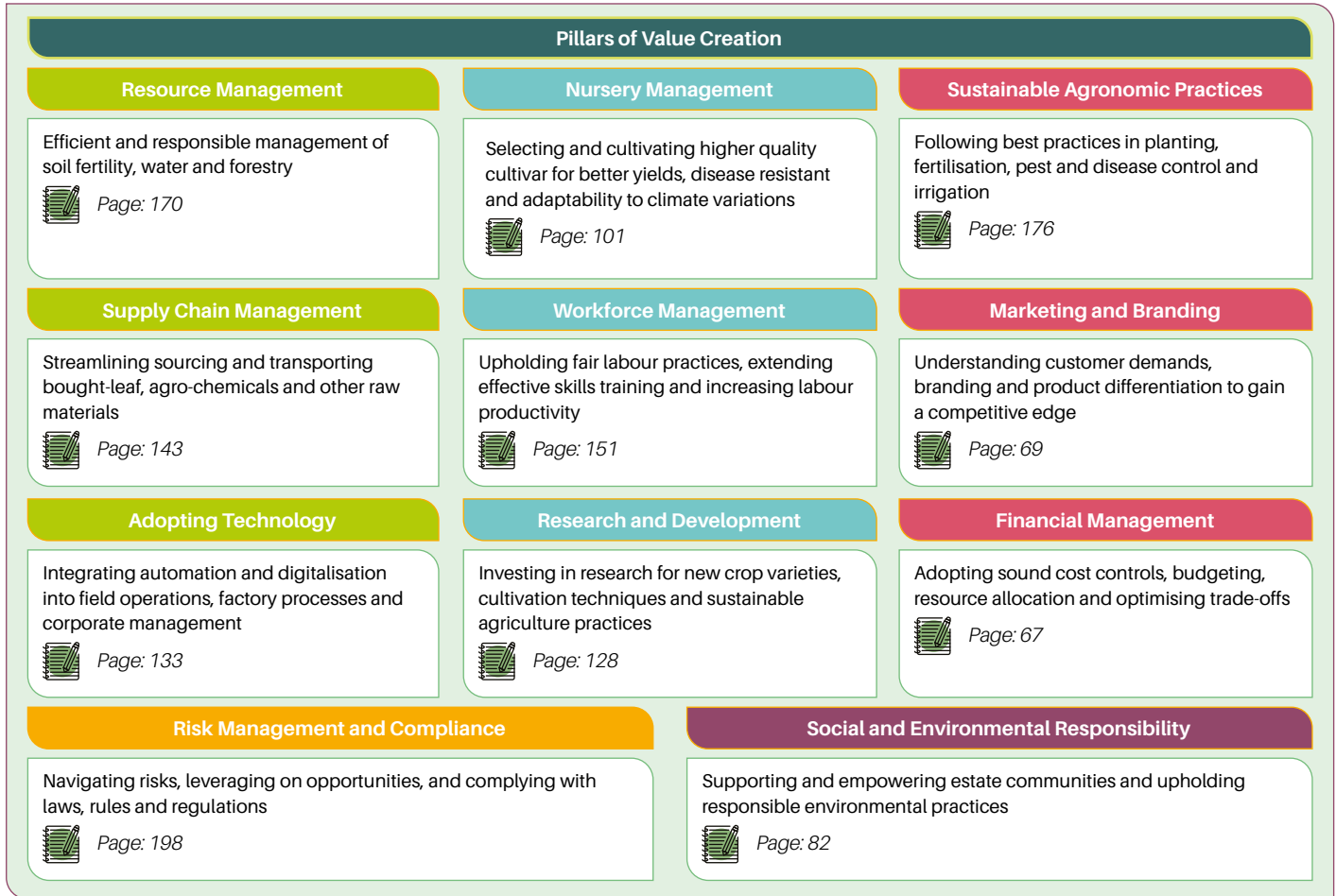
**Rs. 562.3 Mn**  
**73%**

Value Retained  
FY 2022/23: Rs. 2,160.6 Mn

**Rs. 5,930.5 Mn**  
**Value Created**  
FY 2022/23: Rs. 6,557.3 Mn

This statement describes the positive performance of the company in terms of value distribution Rs. 5,368.2 Mn in the year under review (Rs. 4,396.7 Mn -2022/2023). This corresponded to an increase of 22.1 percent year-on-year.

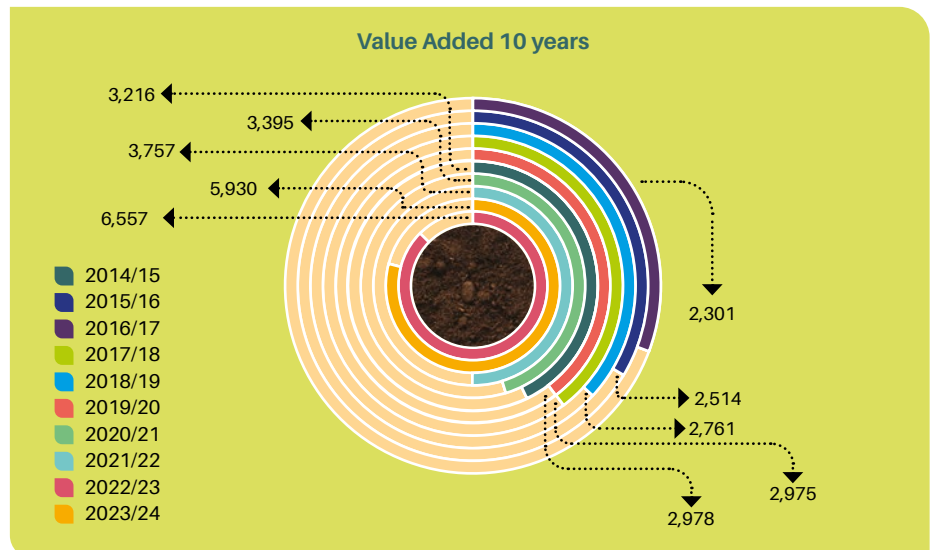
The value retained by the Group during the year for its future commitment to long-term sustainability and growth was Rs. 562.3 Mn as against Rs. 2,160.6 Mn in the preceding year, which was a decline of almost 73 percent. The highest amount of value was distributed amongst employee as related payments and as dividends for shareholders. The value creation of Rs. 5,930.5 Mn this reporting year was lower than the value created in the previous year of Rs. 6,557.3 Mn. This decrease was mainly due to the drastically reduction in selling prices of the tea coupled with exchange appreciation of the rupee and the increase in costs.



**Production**  
**5.7 Kg**  
**Black and Green Made Tea**  
 Contributed 2.2% to the National Tea Production

**Turnover**  
**Rs. 7.7 Bn**  
 Included US\$. 13,506.73 as foreign exchange from exports of tea

**Employment Generation**  
**565**  
**New Recurrements**





# Economic Value Added

## How We Share Value FY2023/24

### Government



#### Shared 6 % of Value Created

Tax Payments: **Rs. 352 Mn**

Lease Payments: **Rs. 57 Mn**

### Employees



#### Shared 62 % of Value Created

Remuneration & Performance

Incentives: Rs. 3,290 Mn

Statutory Benefits: Rs. 394 Mn

Training Investment: Rs. 14.4 Mn

### Lenders Of Capital



#### Shared 1 % of Value Created

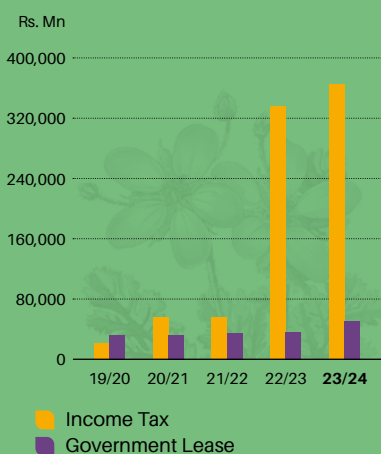
Finance Interest Payments:

**Rs. 0.6 Mn**

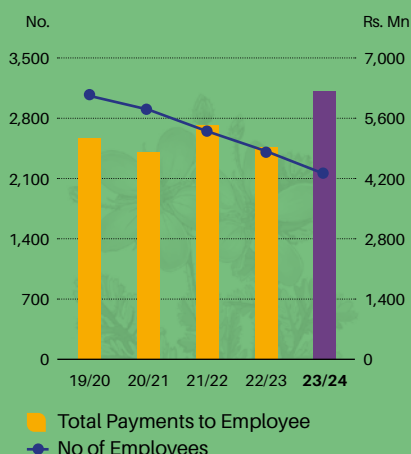
Loss on Non-Controlling Interest:

**Rs. 1.3 Mn**

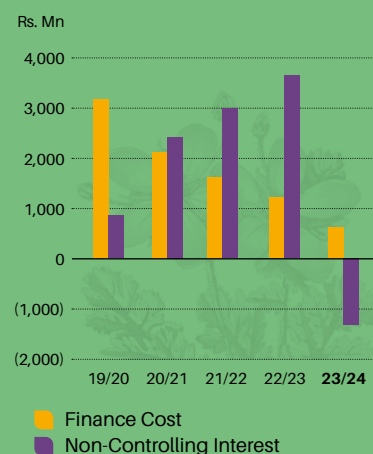
### Government / Income Tax



### Employee Payments



### Lenders Of Capital



### Shareholders



#### Shared 22 % of Value Created

Dividend : Rs. 1,275 Mn

Dividend Yield: 23.60%

Dividend Payout Ratio: 78.13%

Return on Equity: 25.80%

Share Price: Rs. 113.75

Earnings Per Share: Rs. 34.63

### Retained for re-investment & progress



#### Shared 9 % of Value Created

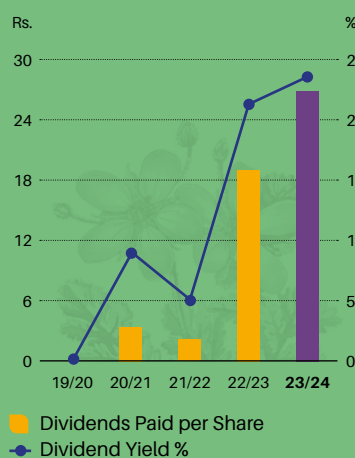
Short Term Investments: Rs. 3,925Mn

Investment of Subsidiary companies: Rs. 90.8 Mn

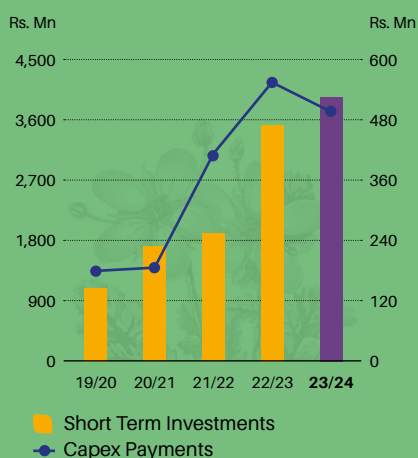
Investment of R & D-Rs. 46.6 Mn

Investment Capex-Rs. 496.7 Mn







### Shareholders



### Retained for re-investment and future growth



## Summary of Capital Performance

Aspect	Objective	Unit	Target	Goal	Achievement				
			2024/25	2023/24	2023/24	2022/23	2021/22	2020/21	2019/20
 <b>Financial Capital</b>	1. Revenue	Rs.Mn	7,844	7,319	7,764	8,199	4,727	4,516	3,886
	2. Gross Profit	Rs.Mn	1,643	1,438	1,775	2,857	920	851	293
	3. Return on equity (ROE)	%	17	19	26	43	19	20	7
	4. Debt to equity	%	6.39	4.28	7.04	5.16	6.96	8.96	10.02
 <b>Manufactured Capital</b>	1. New Machinery Acquisitions	Rs.Mn	15.9	7.5	4.2	29.1	29.4	33.7	16.7
	2. Production - Made Tea	kgs.Mn	5.9	5.3	5.7	5.1	5.9	6.7	5.9
	3. Production - Hydro generation	MWh	7,835	7,644	6,860	7,933	7,421	6,482	6,444
	4. Made Tea Outturn	%	23	21.5	22.65	23.1	23.9	23.4	22.5
 <b>Intellectual Capital</b>	Recognitions & Awards	Number of main awards	75	30	69	54	37	15	27
	<b>Certification Coverage</b>								
	ISO 22000:2018 - FSMS	Number of Factories	15	15	15	15	15	15	15
	Rainforest Alliance	Number of Estates	14	14	14	14	14	14	14
	Great Place to Work	%	100	100	100	100	100	-	-
	ISO 14064-1:2018 GHG	%	100	100	100	100	100	100	100
	ISO 14001:2015-EMS	Number of Factories	6	6	5	5	5	5	3
	ISO 9001:2015-QMS	Number of Factories	1	1	1	1	1	1	1
	ISO 50001:2018 EnMS	Number of Factories	2	2	1	1	1	1	1
	ECO Lable	Number of Factories	16	16	16	16	-	-	-
 <b>Social &amp; Relationship Capital</b>	1. Customer Complaints	Nos	-	-	5	6	14	5	7
	2. Customer Satisfaction Index	%	100	100	86	86	86	85	84
	3. Total Local Supplier Percentage	%	100	100	100	100	100	100	100
	4. Made-tea from Tea Smallholder Supplies	kgs	700,000	700,000	624,274	700,779	814,317	960,277	754,697
	5. Price Earnings Ratio	Times	7.00	7.00	3.28	1.63	2.47	2.5	4.84
 <b>Human Capital</b>	1. Investment on Employee Training	Rs. Mn	3.00	3.00	14.4	13.8	1.4	0.64	8.3
	2. Worker Turnover	%	9	8	11	8.6	8.6	5.8	7.9
	3. New Housing	Units	5	10	-	-	30	70	95
	4. New sanitary Facilities	Units	25	15	13	20	31	-	23
	5. Investment on Social Infrastructure Development	Rs. Mn	8.0	6.0	8.2	5.7	65.5	56.8	85.3
	6. Investment on Social Activities and Community Development	Rs.Mn	100	100	95.4	159.7	41.9	40.2	21.3
 <b>Natural Capital</b>	1. Yield Per Hectare	kg/Hec	1,400	1,241	1,366	1,171	1,360	1,422	1,373
	2. Renewable Energy Generation	kWh-Mn	10	10	7.5	8.5	8.1	6.8	6.6
	3. Energy Consumption	TJ	175	175	214	188.02	208	196.1	188.7
	4. Energy Intensity	MJ/ kg of Made tea	27	27	34.91	34.96	33.3	29.5	29.5
	5. GHG emissions-carbon Footprint	tCO2e	8,000	8,000	11,045	9,085	9,504	15,111	15,584
	6. GHG emissions Intensity	tCO2e/Tonne of Made Tea	1.2	1.2	1.93	1.5	0.86	1.29	1.39
	7. Investment on environmental Initiatives and Field Development	Rs.Mn	45	45	62	48.9	48.6	43.9	46.7



# FINANCIAL CAPITAL

**“Navigating challenges in our operating backdrop, we delivered a pragmatic strategy to achieve a noteworthy financial performance with sound returns, health liquidity levels, robust gearing and solvency.”**

In a complex operating landscape, sound financial capital management warrants our strategic focus to achieve business sustainability and deliver strong returns to our shareholders. Upholding best practices, our aim is to optimise our financial resources, leveraging them to drive short-term growth whilst consolidating gains and investing in expansions, new products and markets for long-term success. This section will outline our approach to strengthen our financial capital base and provide a detailed overview of the results achieved for the financial year (FY) ended 31st March, 2024.



Input



## Our Financial Assets

### Shareholder funds

### Retained earnings

### Debt

### Strategic Investments

- Human resources management
- Tangible and intangible assets
- Corporate social responsibilities

## Our Materiality Focus

Profitability

Safeguard of Assets

Sound Internal Controls

Liquidity & Fund Management

Error free Financial Reporting

## Stakeholders Impacted



**Rs. 7,764 Mn**

Revenue

FY 2022/23: 8,199mn

**21.17%**

Net Profit Ratio

FY 2022/23: 31.45%

**25.80%**

Return on Equity

FY 2022/23: 41.81%

**Rs. 26.85**

Dividend Per Share

FY 2022/23: Rs 19.00

**Rs. 2,655 Mn**

Cash Inflow From Operations

FY 2022/23: Rs. 3,553 Mn

**Rs. 491 Mn**

Taxes

FY 2022/23: 719 Mn

**0.79 times**

Asset Turnover Ratio

FY 2022/23: 0.90 times

**7%**

Debt: Equity Ratio

FY 2022/23: 5%





## Process



## Output



## Impact



### Financial Capital Strategy in Action

#### Earnings, Profitability and Returns

- Efficient financial resource management to achieve top-line growth and secure bottom-line profitability and strong margins.

#### Sound Financial Position

- Maintain optimal financial health by managing assets, liabilities, capital structure and gearing.

#### Cash Flow Management

- Streamline treasury and cash flow operations to maintain liquidity to meet present and future payment obligations.

#### Regulatory Compliance

- Adhere to prescribed accounting, auditing, management and reporting standards.

### Financial Results

#### Earnings and Profits

#### Returns on Equity

#### Financial Stability

#### Liquidity

### Value Creation

Plan, budget, and carefully manage financial capital to ensure sufficient resources are allocated efficiently and effectively to create sustainable value.

#### Key Risk & Opportunity

- Risks: Economic instability, currency fluctuations.
- Opportunities: Growth in specialty tea markets.

#### Strategic Response

- Optimize cash flow and diversify investments.
- Invest in high-yield cultivars and climate smart technology.

#### Trade-offs

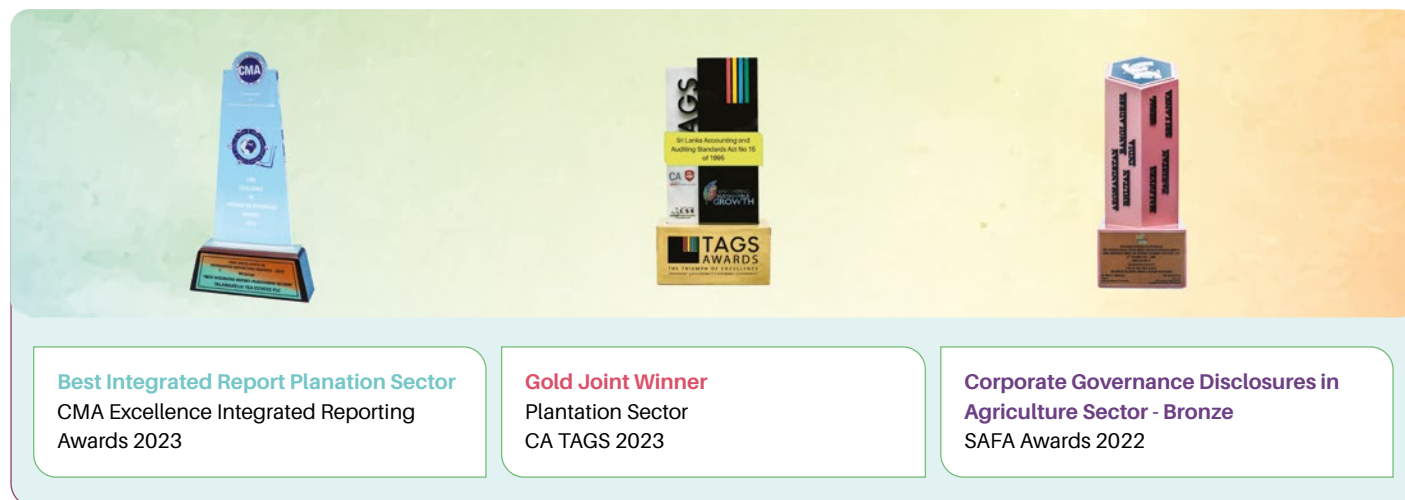
##### + With Human Capital

- Wage and benefit payments improve employee loyalty but increase short-term costs.

##### + With Social & Relationship Capital

- Timely payments to suppliers enhance relationships but require maintaining liquidity.

## Financial Capital



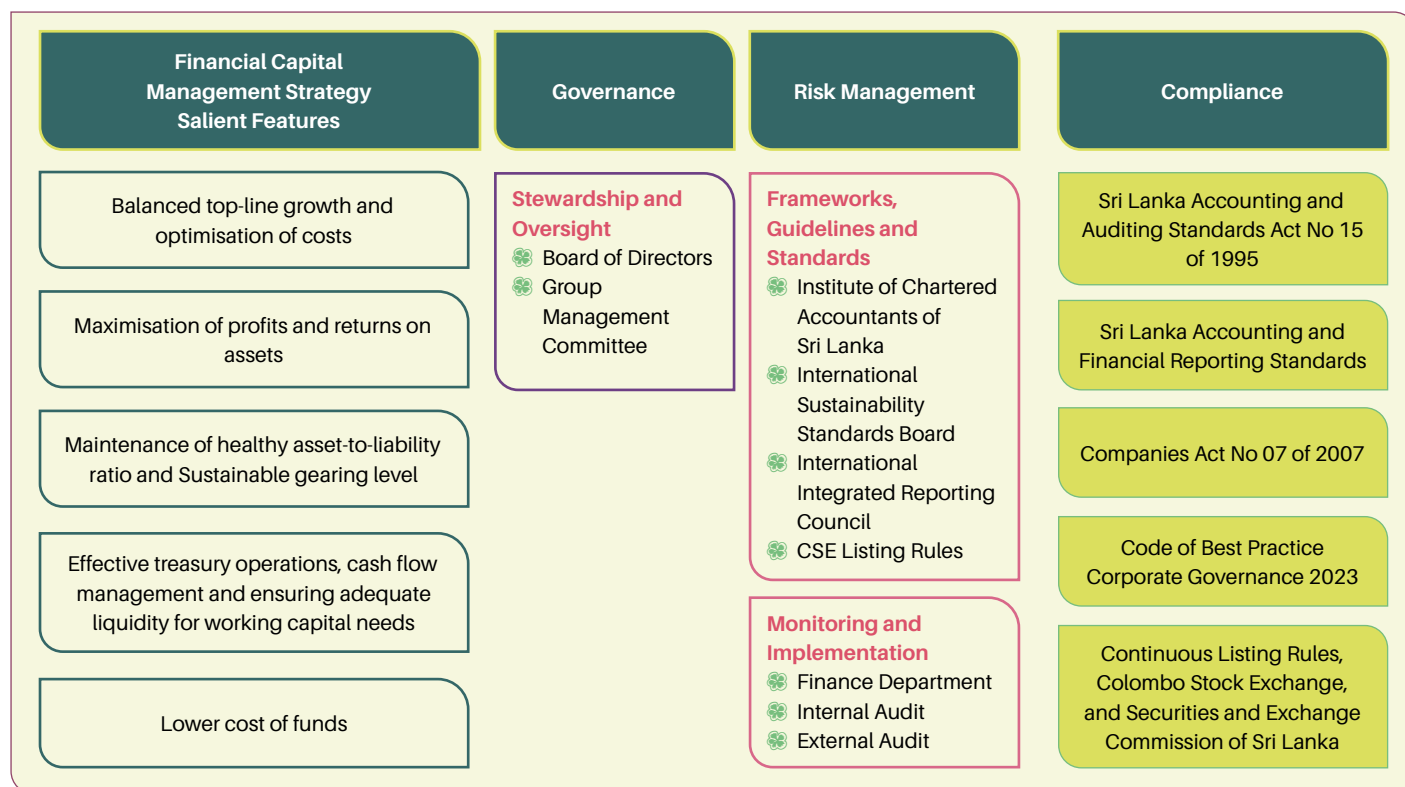
**Best Integrated Report Planation Sector**  
CMA Excellence Integrated Reporting  
Awards 2023

**Gold Joint Winner**  
Plantation Sector  
CA TAGS 2023

**Corporate Governance Disclosures in  
Agriculture Sector - Bronze**  
SAFA Awards 2022

### Management Approach

GRI 3-3, 207-1&2



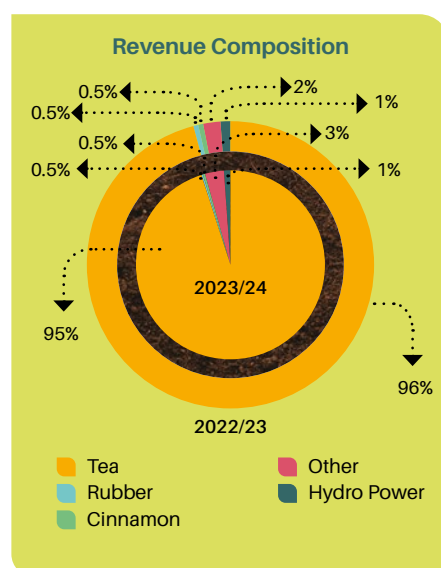
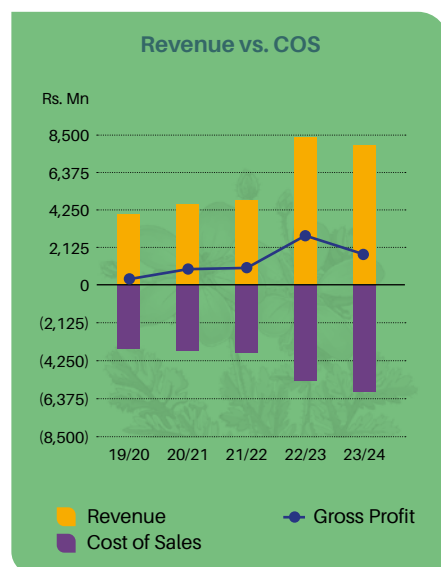
We follow through a focused approach in financial capital management, seeking to fortify our financial resources and create optimum value overtime—thereby, securing solid returns for our shareholders and significant value for our other key stakeholders.

Pragmatic and prudent in our approach, we stand committed to follow through best and current practices in accounting, auditing, management and financial reporting. With sound financial controls, buttressed by a strong internal audit function and along with rigorous reporting standards; we are able to maintain transparency and accountability in our financial decision making and management process. Our risk management framework is an essential part, complementing our management approach. This framework enables us to proactively identify and mitigate financial risks, thereby, strengthening our financial capital base amidst uncertainties inherent in our operating environment. We also seek third-party independent assurance to validate the accuracy and reliability of our financial statements and reporting processes.

## Analysis of Profit and Loss

### Revenue

Despite a 12 percent increase in tea sales volume in the FY 2023/24, the appreciation of the Sri Lankan rupee as the economy gradually recovered from the worst economic crisis in the previous year, led to a 6.0 percent decline in total tea revenue from Rs. 7,901 million in the FY 2022/23 to Rs. 7,415 million in the year under review. The volume gains were more than offset by the currency appreciation which lowered export prices in rupee terms.



### Gross Profit (GP)

The benefit of the exchange rate appreciation was not fully reflective on the cost side in the reporting year. Higher sales volume combined with increased labour payments—compensating for higher cost of living—resulted in a 12.6 percent increase in Tea cost of sales from Rs. 5,237 million in the FY 2022/23 to Rs. 5,897 million in the FY 2023/24.

Maintaining a consistent ranking at the top, on the Colombo Tea Auction for high quality Ceylon teas, alongside efficient cost management, integrated thinking and strong governance structure equipped us to navigate the impacts of the economic crisis. This enabled us to record a strong GP of Rs. 1,775 million in the FY 2023/24—the second highest in the company's history. However, underlined by higher cost of sales, GP recorded a decline of 38% percent, compared to Rs. 2,857 million in the FY 2022/23.

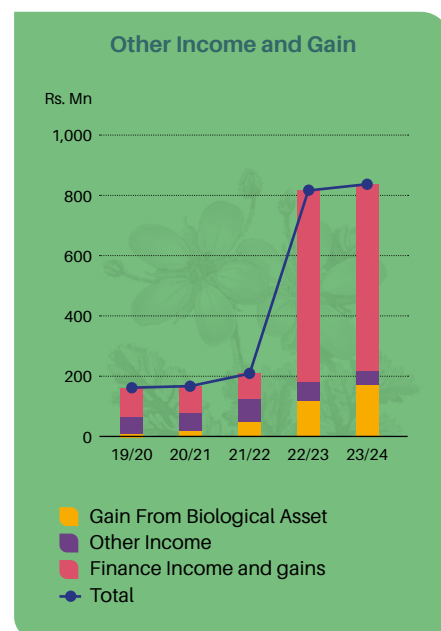
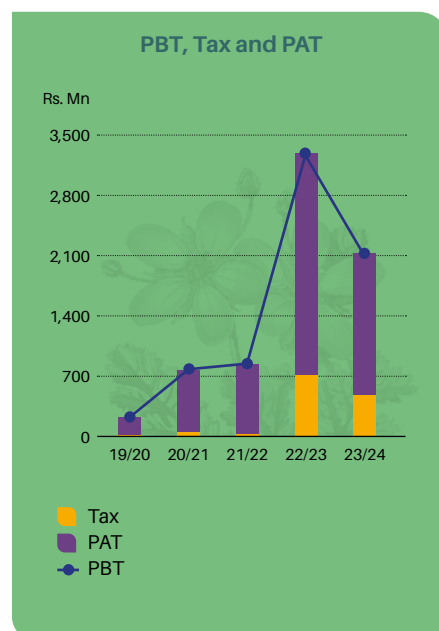
### Profit Before Tax (PBT)

GRI 207- 4

Following a 25 percent increase in administrative expenses and lower GP, PBT stood at Rs. 2,135 million in 2023/2024, corresponding to a 35 percent drop as compared to Rs. 3,298 million in the FY 2022/23. However, steady finance income underscored by prudent investments in financial instruments complemented and cushioned PBT from a steeper decline. PBT ratio stood at 27 percent in the reporting year and 40 percent in the previous year.

### Profit After Tax (PAT)

Under a historically high tax regime, our effective tax rate stood at 30 percent. With lower PBT, our tax expenses in the FY 2023/24 reached Rs. 491 million as compared to Rs. 719 million in the FY 2022/23. PAT, therefore, reached Rs. 1,643 million, corresponding to a 36 percent drop as against PAT of Rs. 2,578 million recorded in the preceding year.

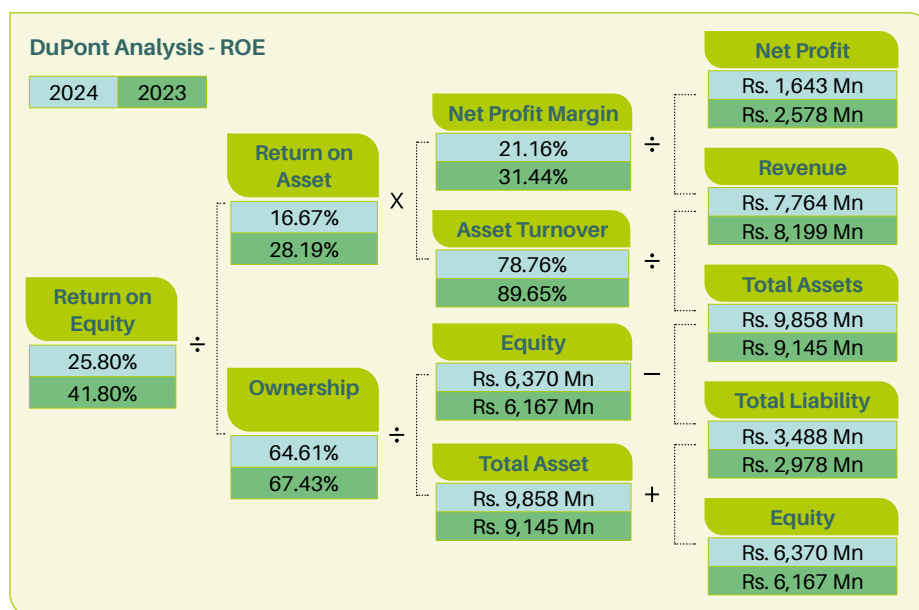
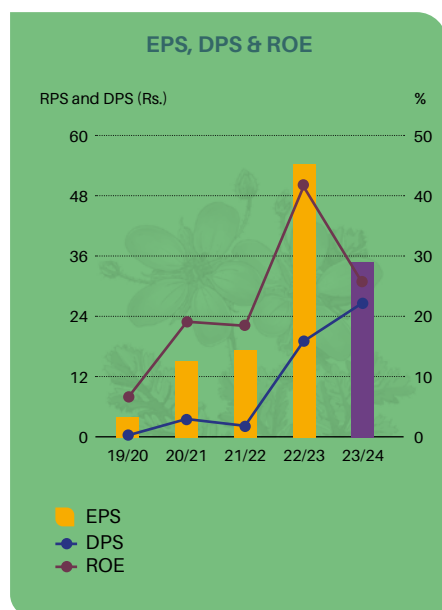




## Financial Capital

### Profitability and Returns

Continuous process improvements and strong commitment to ethical and responsible business practices enabled us to remain strong, despite challenges; and still deliver an impressive return on equity (ROE) of 25.80 percent, albeit, down from 41.81 percent in the previous year. Accordingly, we were able to report, yet again, a solid earnings per share (EPS) of Rs 34.36—second highest ever vis-à-vis the all-time record of Rs. 54.21 in the previous year. This year, dividend per share (DPS) was Rs. 26.85, out of which Rs. 17.35 have been paid from the previous year's profit.



### Vertical Analysis - Income Statement

	2023/24		2022/23		2021/22		2020/21		2019/20	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Revenue	7,764	100%	8,199	100%	4,727	100%	4,516	100%	3,886	100%
Cost of Sales	(5,988)	-77%	(5,342)	-65%	(3,808)	-81%	(3,677)	-81%	(3,593)	-92%
Gross profit	1,776	23%	2,857	35%	920	19%	839	19%	293	8%
Change in Fair Value of Consumable Biological Assets	172	2%	114	1%	59	1%	5	0%	17	0%
Change in Fair Value of Produce on Bearer Biological Assets	(0.33)	0%	5	0%	(5)	0%	18	0%	(4)	0%
Other Income and Gains	46	1%	67	1%	71	1%	69	2%	54	1%
Administrative Expenses	(422)	-5%	(336)	-4%	(253)	-5%	(208)	-5%	(197)	-5%
Results From Operating Activities	1,572	20%	2,707	33%	791	17%	724	16%	164	4%
Finance Income	621	8%	632	8%	85	2%	87	2%	95	2%
Finance Expenses	0.63	0%	(1)	0%	(1)	0%	(2)	0%	(2)	0%
Interest Paid to Government and Other Leases	(57)	-1%	(39)	0%	(38)	-1%	(38)	-1%	(37)	-1%
Net Finance Income	564	7%	591	7%	46	1%	48	1%	55	1%
Profit Before tax	2,136	28%	3,298	40%	837	18%	772	17%	219	6%
Income Tax Expenses	(491)	-6%	(719)	-9%	(20)	0%	(60)	-1%	(22)	-1%
<b>Profit after tax</b>	<b>1,645</b>	<b>21%</b>	<b>2,579</b>	<b>31%</b>	<b>817</b>	<b>17%</b>	<b>712</b>	<b>16%</b>	<b>197</b>	<b>5%</b>

Over the past five years, the cost of sales percentage has decreased from 92 percent to 77 percent whilst, the net profit margin has steadily improved from 5.0 percent to 21 percent. Administrative expenses have remained stable.

## Horizontal Analysis - Income Statement

	2023/24		2022/23		2021/22		2020/21		2019/20	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Revenue	7,764	-5%	8,199	73%	4,727	5%	4,516	16%	3,886	-3%
Cost of Sales	(5,988)	12%	(5,342)	40%	(3,808)	4%	(3,677)	2%	(3,593)	5%
Gross profit	1,776	-38%	2,857	211%	920	10%	839	186%	293	-51%
Change in Fair Value of Consumable Biological Assets	172	51%	114	92%	59	1099%	5	-72%	17	57%
Change in Fair Value of Produce on Bearer Biological Assets	(0.33)	-106%	5	-206%	(5)	-128%	18	-548%	(4)	11%
Other Income and Gains	46	-31%	67	-5%	71	2%	69	28%	54	35%
Administrative Expenses	(422)	25%	(336)	33%	(253)	22%	(208)	5%	(197)	-2%
Results From Operating Activities	1,572	-42%	2,707	242%	791	9%	724	343%	164	-63%
Finance Income	621	-2%	632	639%	85	-2%	87	-8%	95	4%
Finance Expenses	0.63	-151%	(1)	22%	(1)	-53%	(2)	-12%	(2)	-85%
Interest Paid to Government and Other Leases	(57)	46%	(39)	3%	(38)	1%	(38)	1%	(37)	18%
Net Finance Income	564	-5%	591	1176%	46	-3%	48	-13%	55	27%
Profit Before tax	2,136	-35%	3,298	294%	837	8%	772	253%	219	-55%
Income Tax Expenses	(491)	-32%	(719)	3512%	(20)	-67%	(60)	170%	(22)	-69%
<b>Profit after tax</b>	<b>1,645</b>	<b>-36%</b>	<b>2,579</b>	<b>215%</b>	<b>817</b>	<b>15%</b>	<b>712</b>	<b>262%</b>	<b>197</b>	<b>-52%</b>

The topline decline was only 5.0 percent in the reporting year whilst the bottom-line decline increased to 36 percent, following higher cost of sales, administrative expenses and interest paid on government and other leases.

## Analysis of Financial Position

### Equity and Reserves

Despite a reported net profit of Rs. 1,645 million, shareholders' equity as a percentage of our funding composition, reduced from 67.43 percent to 64.61 percent as at end March 2024. This was on account of the dividend payment of Rs. 1,275 million and annual revaluation of lease liabilities linked to GDP deflation. However, value of equity has increased marginally by 3.0 percent from Rs. 6,167 million as at the reporting year-end. This strong equity led capital structure along with minimal leases and interest-bearing debts and effective management of other liabilities, paved the way for the business to thrive regardless of a volatile interest rate regime.



## Financial Capital

### Total Assets

Total asset base increased by 7.8 percent to Rs. 9,858 million as at 31st March 2024 as against the position of Rs. 9,145 million as at the previous year-end. This is primarily due to investment in property, plant and equipment, the acquisition of balance shares in two subsidiaries, increase of right to use assets and short term investments. With over 75 percent of the current assets, short-term investments yielded an income of Rs 620 million in the FY 2023/24.

### Liquidity Position

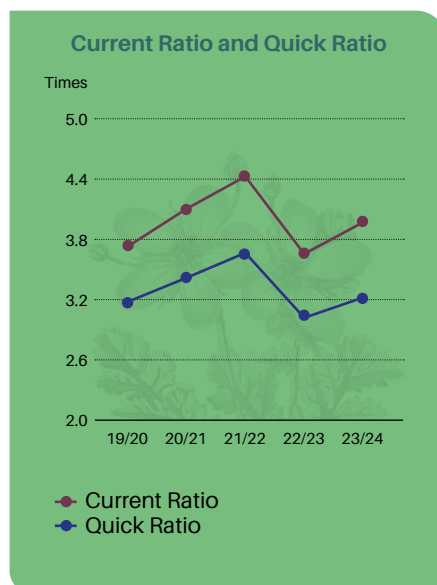
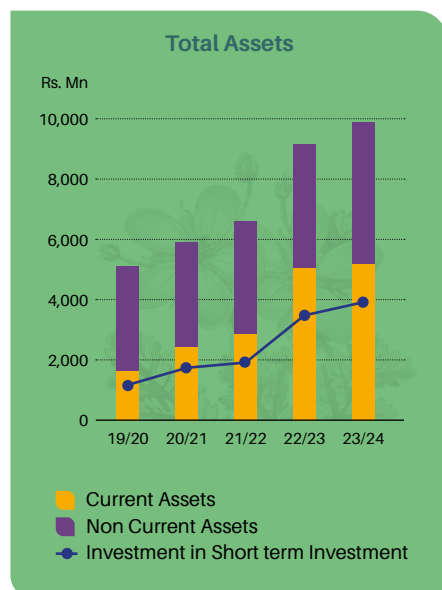
With a positive cashflow, the liquidity position was stable and strong in the year under review. The current and quick ratios exceeded 3.0 times, demonstrating our ability to meet short-term obligations smoothly.

Cash is the lifeblood of a business—and a business needs to generate enough cash from its operations to cover its expenses, to repay investors and grow the business. Cash generated from operations stood at Rs. 2,655 million during the reporting year. This is roughly equal to profit before tax—indicating that the company's profitability is effectively converting into cash flow.

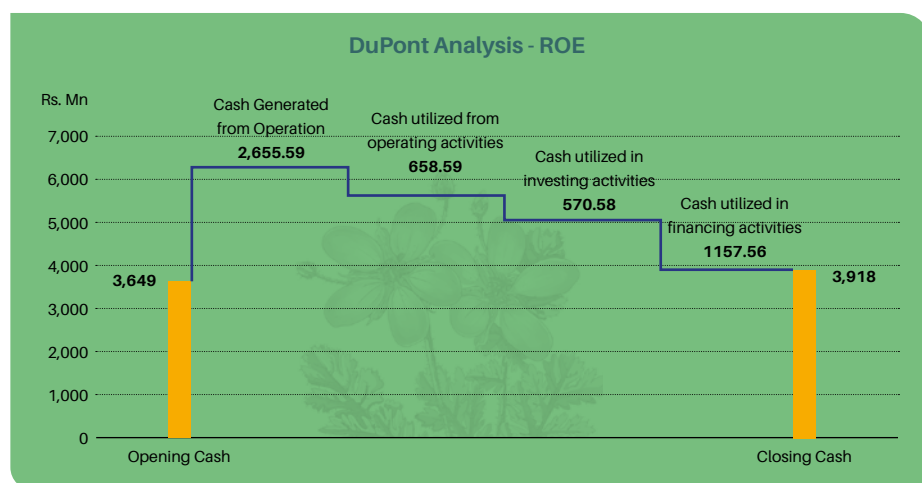
The group's investments during the year, amounted to Rs.570.58 million, which included investment in field development, property plant and equipment, construction of new state-of-the-art factory at Kiruwanaganga estate and the acquisition of balance shares in two hydro generation subsidiaries. It is noteworthy that the Group was able to pay a dividend of Rs 1,085 million to shareholders whilst maintaining a satisfactory level of reinvestment. Thus, the net cash inflow of Rs. 268 million in the year under review, demonstrates that the cash generated from the operation was fully sufficient for the Group's investment and financing activities.

### Vertical Analysis - Financial Position

Non-current assets have decreased from 68 percent to 47 percent of total assets in the last five years. Current assets have increased from 32 percent to 53 percent, mainly due to the growth in short-term investments. Long-term liabilities have been reduced from 32 percent to 21 percent whilst trade and other payables have increased from 7.0 percent to 10 percent and shareholders' equity from 60 percent to 65 percent within the capital structure over the last five years.



### Cash Movement





	2023/24		2022/23		2021/22		2020/21		2019/20	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
<b>Assets</b>										
<b>Non Current Assets</b>										
Right-of-use Assets	404	4%	288	3%	311	5%	326	6%	330	6%
Tangible assets other than Immature/Mature Plantations	1,540	16%	1,395	15%	1,156	18%	1,002	17%	1,039	20%
Bearer Biological Assets	2,048	21%	1,909	21%	1,816	28%	1,786	30%	1,769	35%
Consumable Biological Assets	665	7%	484	5%	386	6%	326	6%	306	6%
Intangible Assets	12	0%	13	0%	15	0%	7	0%	3	0%
Deferred Tax Asset	1	0%	1	0%	3	0%	7	0%	8	0%
	4,669	47%	4,091	45%	3,688	56%	3,455	58%	3,456	68%
<b>Current Assets</b>										
Produce on Bearer Biological Assets	23	0%	23	0%	17	0%	23	0%	4	0%
Inventories	750	8%	831	9%	483	7%	425	7%	304	6%
Trade and Other Receivables	454	5%	490	5%	294	4%	255	4%	154	3%
Amounts due from Related Companies	6	0%	25	0%	138	2%	7	0%	4	0%
Short Term Investments	3,925	40%	3,514	38%	1,902	29%	1,716	29%	1,113	22%
Cash and Bank Balances	32	0%	173	2%	30	0%	32	1%	53	1%
	5,189	53%	5,055	55%	2,864	44%	2,458	42%	1,632	32%
<b>Total Assets</b>	<b>9,858</b>	<b>100%</b>	<b>9,145</b>	<b>100%</b>	<b>6,552</b>	<b>100%</b>	<b>5,913</b>	<b>100%</b>	<b>5,088</b>	<b>100%</b>
<b>Equity And Liabilities</b>										
<b>Equity</b>										
Stated Capital	350	4%	350	4%	350	5%	350	6%	350	7%
Revenue Reserves	6,020	61%	5,669	62%	3,956	60%	3,202	54%	2,511	49%
Equity attributable to equity holders of the parent	6,370	65%	6,019	66%	4,306	66%	3,552	60%	2,861	56%
Non-Controlling Interests	-	0%	148	2%	144	2%	161	3%	171	3%
<b>Total Equity</b>	<b>6,370</b>	<b>65%</b>	<b>6,167</b>	<b>67%</b>	<b>4,450</b>	<b>68%</b>	<b>3,712</b>	<b>63%</b>	<b>3,032</b>	<b>60%</b>
<b>Non Current Liabilities &amp; Deferred Income</b>										
Interest Bearing Loans & Borrowings	-	0%	3	0%	6	0%	14	0%	13	0%
Retiring Benefit Obligations	933	9%	801	9%	871	13%	891	15%	1,024	20%
Deferred Tax Liability	645	7%	544	6%	160	2%	212	4%	200	4%
Deferred Income	132	1%	137	1%	137	2%	139	2%	140	3%
Lease Liability	393	4%	259	3%	272	4%	278	5%	270	5%
	2,103	21%	1,744	19%	1,446	22%	1,534	26%	1,648	32%
<b>Current Liabilities</b>										
Trade and Other Payables	993	10%	919	10%	599	9%	578	10%	370	7%
Interest Bearing Loans & Borrowings	3	0%	3	0%	8	0%	20	0%	5	0%
Lease Liability	14	0%	15	0%	14	0%	12	0%	12	0%
Amounts due to Related Companies	219	2%	84	1%	25	0%	48	1%	18	0%
Income Tax Payable	118	1%	176	2%	-	0%	-	0%	-	0%
Bank Overdraft	39	0%	37	0%	10	0%	8	0%	3	0%
	1,385	14%	1,234	13%	656	10%	667	11%	409	8%
<b>Total Liabilities</b>	<b>3,488</b>	<b>35%</b>	<b>2,978</b>	<b>33%</b>	<b>2,102</b>	<b>32%</b>	<b>2,200</b>	<b>37%</b>	<b>2,057</b>	<b>40%</b>
<b>Total Equity and Liabilities</b>	<b>9,858</b>	<b>100%</b>	<b>9,145</b>	<b>100%</b>	<b>6,552</b>	<b>100%</b>	<b>5,913</b>	<b>100%</b>	<b>5,088</b>	<b>100%</b>



# MANUFACTURED CAPITAL



**“We are pragmatic and forward-thinking in our capex initiatives—ensuring that we optimize cost-benefits; and fortify our operational capabilities—for long-term viability and resilience in a dynamic market environment.”**

Amidst today’s challenging business backdrop, be it from markets, productivity constraints and growing impacts from climate change, the imperative to develop, optimize and efficiently manage our manufactured capital is given top priority in our strategic agenda. Comprising tangible assets, this capital is critical to create sustainable value—underscoring our production process and efficiency; adding value; ensuring the quality of our teas; and curtailing our cost of production. In the following section, we will discuss on the best practices we follow in our decision-making process on our capital expenditure (capex) to maintain streamlined operations, consolidate and take forward our expansionary plans.

## Our Materiality Focus

Estate  
Infrastructure

Field  
Development

Factory  
Maintenance

Plant, Machinery  
& Equipment

Renewable  
Energy

## Stakeholders Impacted



**5.7 Mn Kg**

Tea Production  
FY 2022/23: 5.1 Mn Kg

**69%**

Capacity Utilization  
FY 2022/23: 63%

**2.1MW**

Hydro power Capacity  
FY 2022/23: 2.1MW

**599.43kWp**

Solar Power Capacity  
FY 2022/23: 599.43kWp

Input



## Our Manufactured Asset Base

- Buildings
- Field
- Equipment: Machinery, Tools & Vehicles
- Infrastructure
- Technology



## Process



## Output



## Impact



### Capex Planning and Strategy in Action

#### Expansionary Capex

- Invest in estate infrastructure, machinery, equipment and technology to expand operations and boost operational efficiency.
- Adapting to energy efficient technology

#### Maintenance Capex

- Ensure preventive and timely maintenance of physical assets for seamless operations, safety and optimum costs.
- Follow manufacturing specifications

### Processing Premium Quality Teas

#### Black Orthodox Teas

#### Speciality Teas

#### Certifications

#### Renewable Energy Generation

### Value Creation

Strategically planned capex paving the way for organic growth, fortifying the brand for premium quality teas thereby, securing sustainable value creation

#### Key Risk & Opportunity

- Risks: Production inefficiencies, outdated inefficient technology.
- Opportunities: Modernization and enhanced production capabilities.

#### Strategic Response

- Invest in modern manufacturing technology.
- Maintain and upgrade estate infrastructure.

#### Trade-offs

##### With Financial Capital

- High capital expenditure for machinery and factory upgrades impacting short-term finances.

##### With Natural Capital

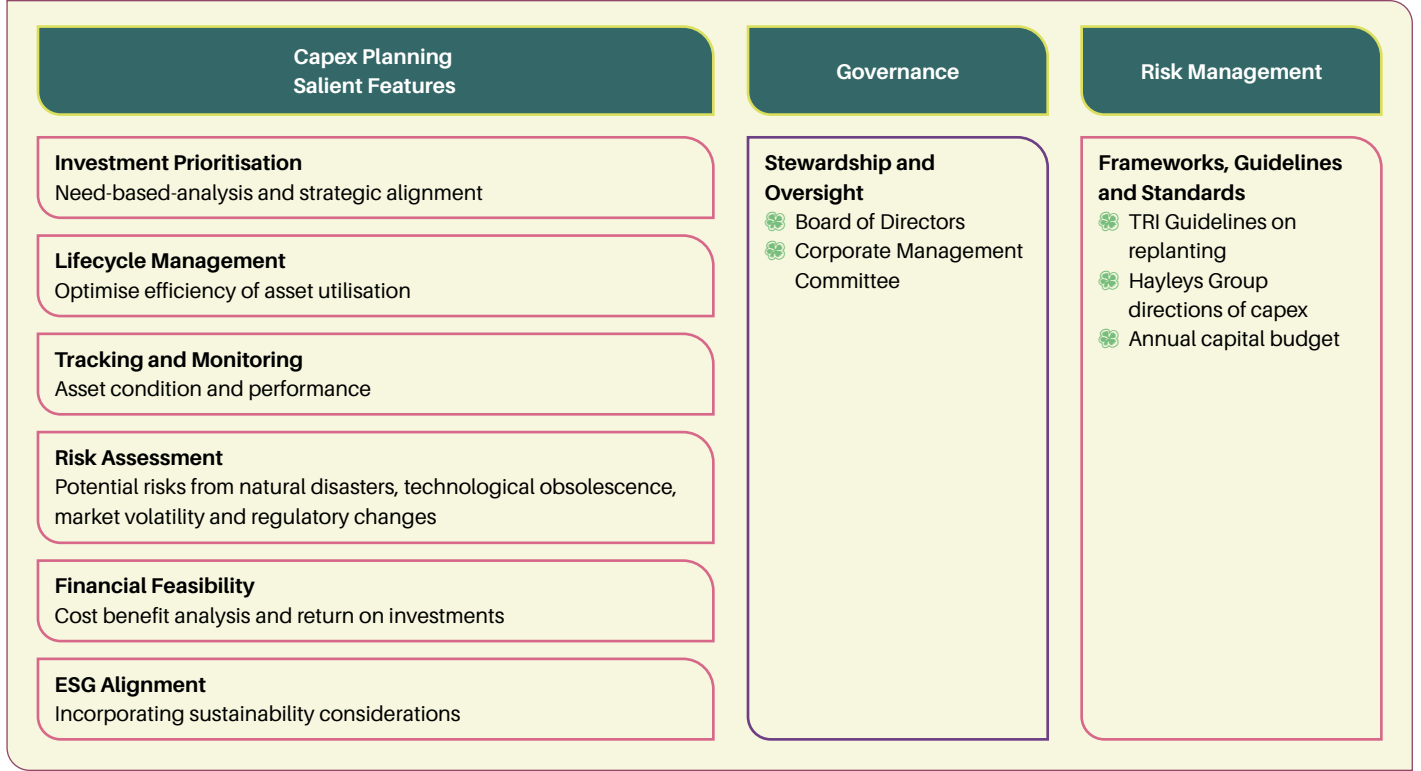
- Sustainable practices in manufacturing reduce environmental impact, ensuring long-term operational sustainability.



# Manufactured Capital

## Management Approach

GRI 3-3



Operating across 16 estates, 12 factories and 3 re-processing centres. Our business model relies heavily on a wide range of manufactured capital covering machinery and equipment, IT hardware to estate infrastructure including factory buildings and community-based assets. Taking a long-term standpoint, our management approach is systematic with a carefully assessed, structured and comprehensive capex plan including realistic budgets, timelines and key performance indicators. Developed annually, during the corporate planning sessions—under the guidance of the Board of Directors—our capex plan is two pronged: on one hand, aligning with our strategic growth plans and goals overtime, and on the other, addressing operational needs at the estate level.

New investments in property, plant and equipment are undertaken with due diligence including a need-based analysis to ensure alignment with our overarching strategic objectives. We closely follow up

on such investments with feasibility assessments including cost-benefit analysis to secure sound returns on investments. We also strive to integrate sustainability considerations in keeping with our ESG goals and as guided by our certification programmes.



Region	Estate	No. of Factories	Capability	Crop Distribution	%
<b>High Grown</b>					
Talawakelle	7	6	Orthodox - Rotorvane	2,814,995	49
Nanu Oya	5	3	Orthodox - Rotorvane, Orthodox - Leafy Green Tea	1,649,748	29
<b>Low Grown</b>					
Galle	1	1	Orthodox - Rotorvane	241,657	4
Deniyaya	3	2	Orthodox - Rotorvane	1,013,138	18

### Procurement Machinery and Equipment

We have in place standard procedures and guidelines to procure new machinery and equipment. Following best practices, we are pragmatic and systematic in procurement with due consideration to both quality standards and costs. All suppliers are scrutinized for their credentials, quality of the product, certifications from recognized bodies, delivery and after sales services. This includes their social and environmental footprint.

Out of our expansionary capex in the reporting year, we incurred a sum of Rs. 24 Mn on new machinery and equipment.

### Fixed Assets 2023/24 Vs 2022/23

Asset Type	2023/24	2022/23
	Carrying Value	Carrying Value
	(Rs.'000)	(Rs.'000)
Biological Assets	3,216,999	2,992,357
Buildings	509,738	509,738
Motor Vehicles	408,556	395,953
Plant & Machinery	1,255,035	1,252,492
Furniture & Fittings	21,567	14,666
Equipment & Tools	215,046	212,305
<b>Total</b>	<b>5,626,941</b>	<b>5,377,511</b>

### Maintenance of Factory Infrastructure

As outlined under the natural capital section, we successfully completed the construction work of our new cutting-edge Kiruwanaganga factory in the low grown region in the year under review. Spanning across 37,290 Sq.ft., with an annual capacity of estate green leaf 2Mn/Kg and bought leaf capacity of 1.4 Mn/kg. The cumulative investment of the project is Rs. 597 Mn.

The factory, which is equipped with state-of-the-art equipment, commenced trial operations in January 2024.

This development signifies a significant milestone for our company and opens up new opportunities for growth and success. We have invested time, resources, and expertise into ensuring that the factory meets the highest standards of quality and efficiency.

## Estate Infrastructure Development

GRI 203-1

 Natural capital, page 170

### Eco-friendly Female Hygiene Stations

#### Ensuring the wellbeing and dignity of our female field workers

Fostering a supportive and inclusive work environment, this year, we constructed 83 female hygiene stations units covering 14 estates in the high & low grown regions. We also organized a competition amongst field workers to maintain the cleanliness of these on-site facilities. This initiative proved beneficial and was highly appreciated by our female field workforce.

We invested a sum of Rs 1.27 Mn on this construction project.



## Manufactured Capital

Our infrastructure development includes the construction and renovation of factory buildings and processing floors. In addition, we are also focusing on improving the surrounding community by building estate roads, housing, water and sanitation facilities. During this year, we have made a total investment of Rs. 8.3 Mn.


To ensure the highest quality of workmanship, we have reputed architects, contractors, and engineers working on our infrastructure development initiatives. We follow a formal tender process to select these professionals who have proven expertise and experience in their respective fields.

Furthermore, we understand the importance of collaboration with government and non-government organizations in the plantation sector. Therefore, we actively engage with these organizations to carry out community-based infrastructure activities. By partnering with them, we can leverage their knowledge and resources to ensure that our projects are aligned with local needs and regulations.

Through our infrastructure development efforts, we aim to create a sustainable environment for both our employees and the surrounding community.



### Renewable Energy Infrastructure

 Natural capital, page 170

In alignment with our commitment to sustainability, we continued to prioritize planned investments in developing our renewable asset base, including hydropower and roof-top solar.

This year, we invested a sum of Rs. 90.8 Mn to take up full ownership of the Hydro Power mini plants from a stake of 51%.

We have successfully installed roof-top solar power systems in five of our factories. These projects are operating under the net plus system which have supplied 622,277 Kwh to the National grid.

Additionally, we have also installed rooftop solar power systems in 12 bungalows. However, these projects have not been added to our operational grid yet.

By investing in renewable energy sources, we are able to reduce energy consumption while also enjoying long-term cost savings. These measures not only benefit the environment but also contribute to financial sustainability.

#### Hydro Power

Plant	Capacity MW	Generation kWh	% Bud.Generation
Radella	0.2	810,457	98
Somerset	1.1	3,592,816	94
Palmerston	0.8	2,457,101	84
<b>Total</b>	<b>2.1</b>	<b>6,860,374</b>	<b>91</b>

#### Solar Power

Plant	Capacity Kwp	Generation kWh	% Bud.Generation
Bearwell	108.24	103,942	78
Moragalla	149.80	142,851	78
Deniyaya	117.76	131,712	91
Dessford	109.68	129,338	96
Calsay	113.95	114,384	82
<b>Total</b>	<b>599.43</b>	<b>622,227</b>	<b>85</b>

#### Field Development Programme

GRI 201-4

Our estates are RA™ certified and such as are managed in line with the best practices set out therein for nursery management, harvesting, soil management and replanting.

In the current financial year, we significantly expanded replanting Tea and Timber/ Fuelwood in high grown estates. In our low grown estates, we focused on increasing the cultivation of Cinnamon, Coconut in addition to Tea. Field Development expenditure stood at Rs. 240Mn representing an increase of 22% over 2022/23. During the year our replanting program was supported by government grants of Rs 975,000. Refer Business Review page 101.



## Tracking UN Sustainable Development Goals

**Goal 07: Affordable and Clean Energy****Target:** Investing in renewable energy infrastructure

- Strengthening our hydropower generation and roof-top solar capacities

**Goal 09: Industry, Innovation, and Infrastructure****Target:** Build resilient infrastructure, promote sustainable factories, and foster innovation

- Investments in quality machinery and equipment
- Investments in green building technology

**Goal 11: Sustainable Cities and Communities****Target:** Addressing the need for safe and sustainable settlements for estate communities

- Investments in community-based estate infrastructure

**Goal 12: Responsible Consumption and Production****Target:** Advocating sustainable field and factory processes

- Investments in energy-efficient and quality machinery and equipment to optimise capacity
- Investments in timely maintenance of buildings, machinery and equipment
- Follow best procurement practices for greater accountability and responsibility

Key Performance Indicators	Related UNSDG	FY 2023/24	FY 2022/23
Investment in renewable energy infrastructure (Rs Mn)	<b>Goal 07:</b> Affordable and clean energy	Rs. 90.8 Mn	-
Investment in infrastructure development (Rs Mn)	<b>Goal 09:</b> Industry, innovation, and infrastructure	Rs. 235.2 Mn	Rs. 300.55 Mn
Investment in quality new machinery and equipment (Rs Mn)			
Investment in annual maintenance of property, plant and equipment (Rs Mn)	<b>Goal 12:</b> Responsible consumption and production		
Tea processing facilities – capacity utilisation (%)	<b>Goal 09:</b> Industry, innovation, and infrastructure	69%	63%
Investment in community-based infrastructure (Rs Mn)	<b>Goal 11:</b> Sustainable cities and communities	Rs. 8.2 Mn	Rs. 5.7 Mn



# INTELLECTUAL CAPITAL



**“Our intangible assets stand as critical drivers, underlining our unique value proposition—providing us with a solid foundation to deliver premium quality teas, thus, sustaining our competitive advantage within an evolving marketplace.”**

Positioned as a leading regional plantation company (RPC), we are well-poised to navigate the intricacies in today's fast-paced business environment. Our wealth of intellectual capital—encompassing intangible assets—complements our organisation, paving the way to excel in operations and setting us apart from the competition in the industry. This section will focus on our strategies to build and nurture these assets, fortifying our value proposition with a distinct identity as a discerning producer of quality teas, essentially underscoring our competitive edge.

## Our Materiality Focus

Brand

Reputation

Digitalisation

Knowledge & Skills

Team work

## Stakeholders Impacted



### RANK 01

RPC Overall Ranking  
Previous Year: RANK 01

### 232

Top Price Ranking  
Previous Year: 211

### Rs. 14.4 Mn

Management Training  
Investment  
FY 2022/23: Rs. 13.7 Mn

### 69

Awards & Recognitions  
FY 2022/23: 37 Awards

Input



## Our Intangible Asset Base

### Brand

Expertise and market  
intelligence

Management systems

Digital solutions

Research findings

### Strategic Investments

- Brand Building
- Certifications
- Training
- Digitalisation
- Research and Development



## Process



## Output



## Impact



### Managing Intangible Assets Strategy in Action

#### Corporate Standing, Group Synergies and Brand

- ☼ Reinforce good reputation, fortify group synergies and leverage brand on quality to gain existing and new market confidence.

#### Standards and Certifications

- ☼ Align management systems to comply with guidelines and standards set by certification bodies.

#### Knowledge Management

- ☼ Extend training, develop and share know-how and learning to retain tacit corporate knowledge for long-term growth.

#### Research and Development

- ☼ Invest in research to improve processes and develop products to meet climate change and market dynamics.

#### Automation and Digitalisation

- ☼ Automate and adopt smart digital solutions to improve systems and processes and reduce costs.

### Competitive Market Positioning

#### Quality Teas

#### Performance Excellence

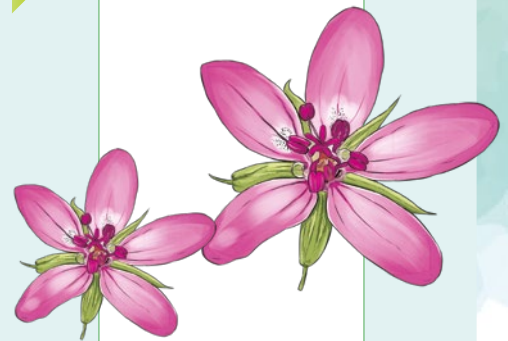
#### Certifications

#### Brand Equity

#### Buyer Confidence

### Value Creation

Reinforcing and leveraging our intangible asset base, accentuating our capabilities, brand equity and our competitiveness for sustainable value creation.



#### Key Risk & Opportunity

- ☼ Risks: Slow pace of innovation, maintaining competitive edge.
- ☼ Opportunities: Innovation and strong brand value.

#### Strategic Response

- ☼ Foster innovation and enhance digital infrastructure.
- ☼ Continuous training and development.

#### Trade-offs

##### — With Financial Capital

- ☼ Investment in R&D and digital infrastructure increases short-term financial outflow but boosts long-term brand value.

##### + With Natural Capital

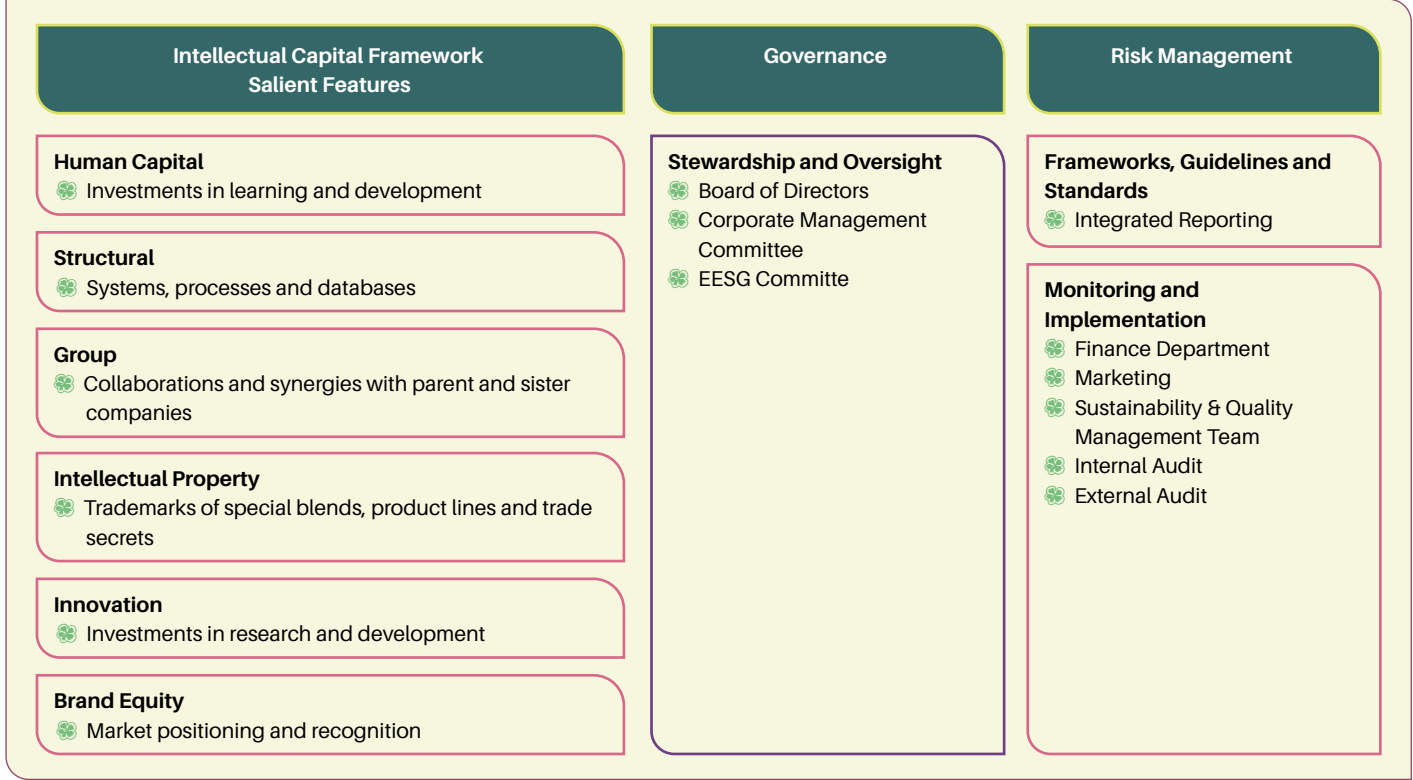
- ☼ Enhanced skills and knowledge improve workforce efficiency.



# Intellectual Capital

## Management Approach

GRI 3-3




The strength of our intellectual capital base sets a firm foundation to our success as a well-respected plantation company. Recognising the significance to our value creation process from a long-term standpoint, we give much thought to build, consolidate, leverage, and manage these assets, enabling a sound platform to successfully deliver our strategy.

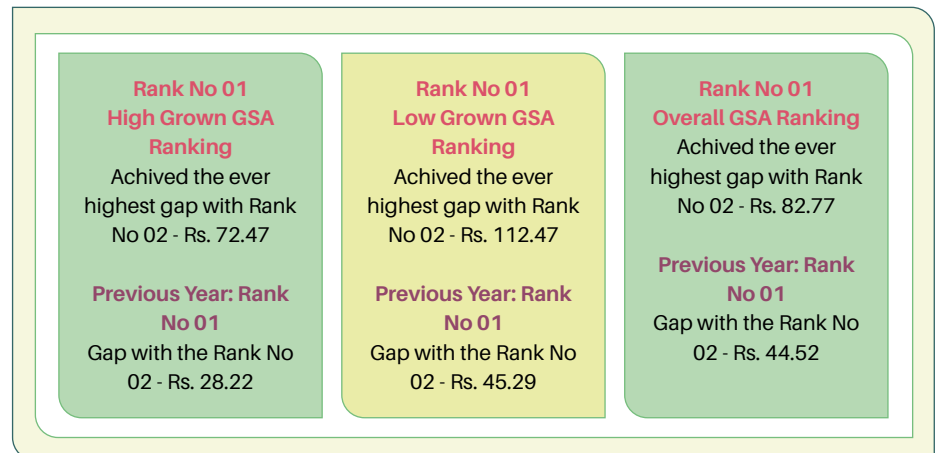
Our approach has been carefully developed and strategically designed around five key priorities that align perfectly with our purpose, vision and mission. These priorities reflect our core strengths and competencies. Working closely with our Board of Directors and corporate management, we create annual plans that outline specific actions and budgets to enhance the standards, scale and significance of each priority in the short, medium and long term. These plans also consider the risks and opportunities presented by the rapidly changing

marketplace, evolving technologies and industry standards. To ensure continuous improvement, we closely monitor and report on key performance indicators on a quarterly basis, allowing for informed management deliberations and recommendations.

## Capital Performance

### Corporate Standing, Group Synergies and Brand

 Social and relationship capital, buyer, broker and customer, page 136.



With a legacy spanning over three decades, we have made our mark as one the most respected RPCs within the plantation industry. We stand committed to uphold best practices—with a keen focus on ESG goals—which have indeed fortified our corporate standing, underscoring buyer confidence. The group synergies—particularly, the support from our esteemed parent, Hayleys PLC in terms of environmental and social responsibility, governance and ethics; along with collaborations with our sister companies, primarily, the plantation sector companies—further reinforces our positioning at the helm of the industry.

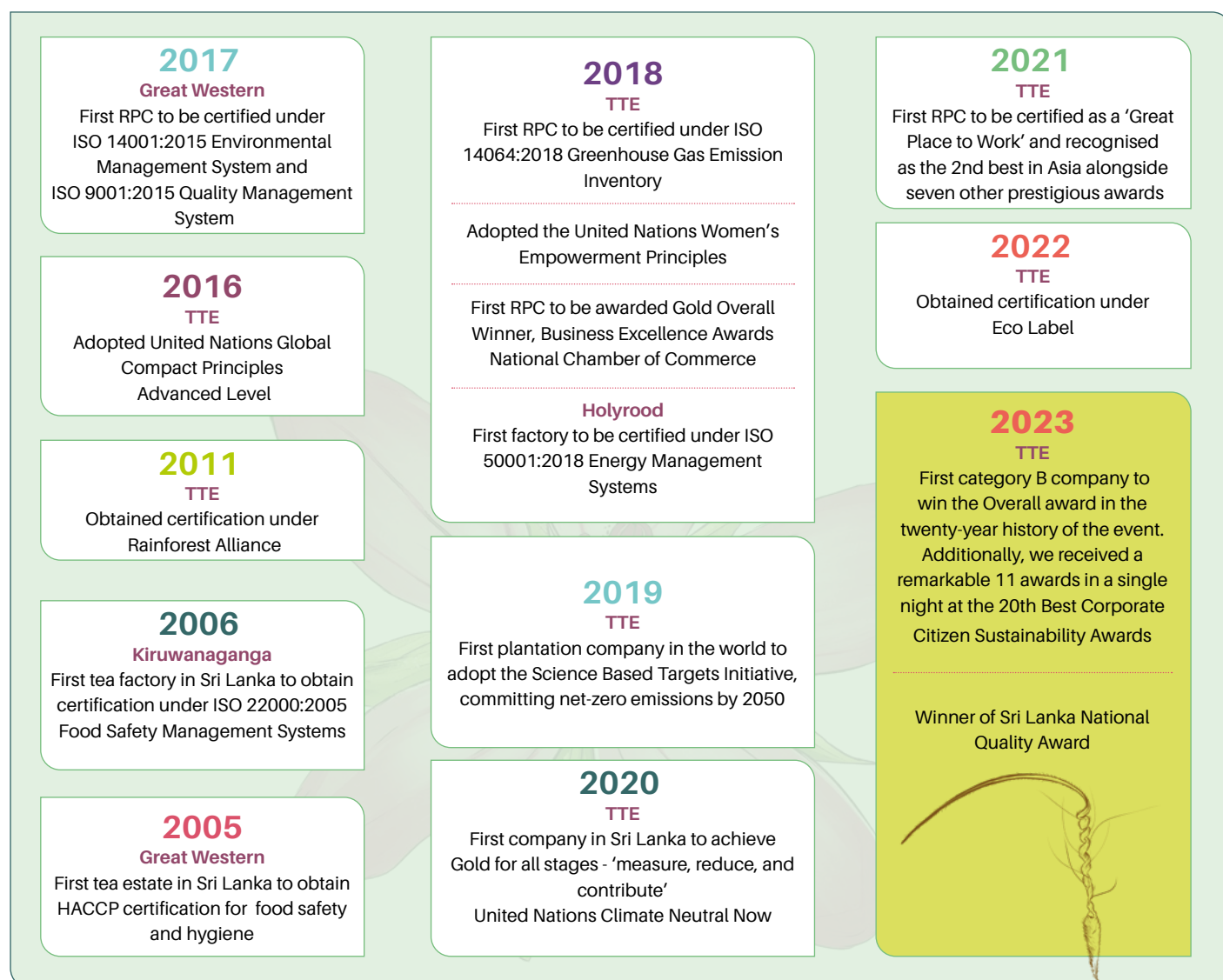
Steadfast in delivering operational excellence, we have established a robust footprint for finest quality Ceylon teas across several export markets. This has bolstered our market confidence. Our brand is much sought-after at the Colombo Tea Auctions—where our teas consistently fetch premium prices, often surpassing national averages. The accolades we have received at both national and international levels, coupled with our extensive certifications, demonstrate our standing as a good corporate citizen. This year, we are honoured and proud, inter alia, of winning the coveted 'Best Corporate Citizen Sustainability Award 2023' making history as the first category B company to win the

Overall award in the twenty-year history of the event. Additionally, we received a remarkable 11 awards in a single night at the 20th Best Corporate Citizen Sustainability Awards, further solidifying our position as the first plantation company to achieve such recognition by the Ceylon Chamber of Commerce.

### Our Memberships Fostering Collaborative Networks

GRI 2-28

- ☘ Planters Association
- ☘ Ceylon Chamber of Commerce
- ☘ Colombo Tea Traders Association



# Intellectual Capital

## Standards and Certifications

Creating long-term value, our management systems, processes and procedures are carefully designed and structured to align with globally recognised best practices. We have pledged our allegiance to follow some of the best certification, standards and accreditation programmes. Reinforcing our organisational objectives, this approach provides a comprehensive framework for our strategic and day-to-day operations, encompassing—innovation and continuous improvement to drive efficiency; rigorous quality control; adept financial management; risk management; ESG commitments; regulatory compliance; and communication and knowledge sharing.

We follow a set of key performance indicators to evaluate and assess the efficacy of these systems and processes which in effect, set the tone for strategic decision making. We also carry out regular audits, both internal as well as certification audits, thereby, ensuring that we remain current and robust in our operational practices to meet dynamic needs of our stakeholders and to navigate the ever-changing business landscape.

## Standards, Certifications and Accreditations

Certifications	Estate/Factory Certified (Out of: 16 Estates and 14 Factories)	Certification Audits (Number and Level of Compliance)
<b>ISO 9001:2015 Quality Management System</b> (Framework for quality management—consistently providing products that meet customer and regulatory requirements.)	01 factory	Internal: 1 External: 1 Compliance: 1
<b>ISO 22000:2018 Food Safety Management Systems</b> (Comprehensive framework for safety of food products throughout the entire supply chain, from production to consumption.)	14 factories	Internal: 14 External: 14 Compliance: 14
<b>Hazard Analysis and Critical Control Points (HACCP)</b> (A systematic method for ensuring food safety by identifying, evaluating, and controlling potential hazards throughout the production process.)	All estates and factories	Cover with ISO 22000 Internal and external audit.
<b>Good Manufacturing Practice (GMP)</b> (Standards to ensure production facility cleanliness, equipment maintenance, personnel training, documentation and quality control procedures.)	All estates and factories	Cover with ISO 22000 Internal and external audit and RA audit.
<b>Rainforest Alliance</b> (Standards for environmental, social, and economic sustainability—protecting ecosystems, supporting communities and promoting ethical business practices)	14 estates and factories	Internal: 14 External: 1
<b>ISO 14064-1:2018 Green House Gas Emission (GHG) Inventory/ Carbon Footprint Standard</b>  (Guidelines and principles for quantifying and reporting greenhouse gas emissions and offsets)	All estates, factories and head office	Internal: 03 External: 03
<b>ISO 14001:2015 Environmental Management Systems</b> (Framework to establish, implement, maintain, and continually improve environmental performance.)	05 factories	Internal: 05 External: 05
<b>ISO 50001: 2018 Energy Management Systems</b> (Framework to establish, implement and maintain an energy management system, to continuously improve energy performance, efficiency and sustainability.)	01 factory	Internal: 1 External: 1
<b>Eco Label Certification</b> (Comprehensive assessment of energy efficiency, resource conservation, waste reduction, use of environmentally friendly materials and compliance with relevant environmental regulations.)	All factories, estates and products	Internal: 1 External: 3
<b>Great Place to Work</b> (An accreditation awarded as per set criteria related to workplace culture, employee satisfaction and organisational best practices.)	TTE	-



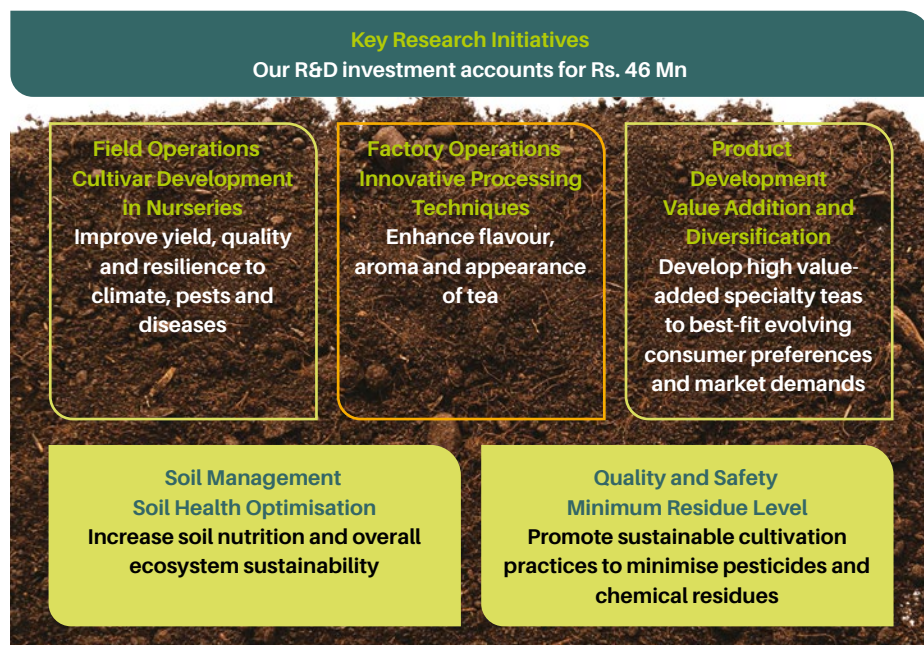
## Knowledge Management



Human capital, page 150.

As a renowned plantation company, we have the innate knowledge and expertise to produce finest quality teas including orthodox black, green teas and specialty teas—in both high and low grown elevations. Fortified by our robust management systems, we prioritise innovation and continuous improvement to further our know-how to add higher value to our teas. Our key initiatives in climate-smart agri-culture, regenerative agronomic practices and the promotion of specialty line of teas, including chemical-free organic options, amply demonstrate our capabilities in this regard.

Integral to our success is our effective institutional knowledge management process, facilitating seamless knowledge sharing and learning—to nurture and retain expertise within our organization. Our experienced senior staff is actively engaged to teach, coach and mentor our younger employees, ensuring the transfer of tacit knowledge across all aspects of our operations—be it in the field, factory, or markets. We make substantial investments in training our management-level staff, both, at the corporate and estate levels, through structured internal training programmes and progressive mentoring and succession planning initiatives. Our Board of Directors, with their pragmatism and keen acumen, gives leadership to our efforts. This commitment to knowledge transfer and skills development ensures the continuity of our operations whilst underscoring excellence in tea production and management.



## Research and Development

Our dedicated research and development (R&D) arm plays a pivotal role in driving innovation and sustainability across the organisation—be it in terms of optimising our operational processes, both, in the fields and factories; strengthening our quality control measures; and developing our product line through value addition and diversification. We engage and work closely with the Tea Research Institute, national universities and non-government organisations to leverage expertise, share knowledge, access funding opportunities to strengthen our research initiatives.

## Automation and Digitalisation

In line with Industrie 4.0, the fourth industrial revolution, we have made key investments in automation and digitalisation of our operations, despite our labor-intensive nature. These initiatives have paved the way to streamline our processes and significantly improve our operational efficiency; underlining our agility and responsiveness in meeting today's challenges, in a dynamic business environment.

### Business Disruptions and Continuity

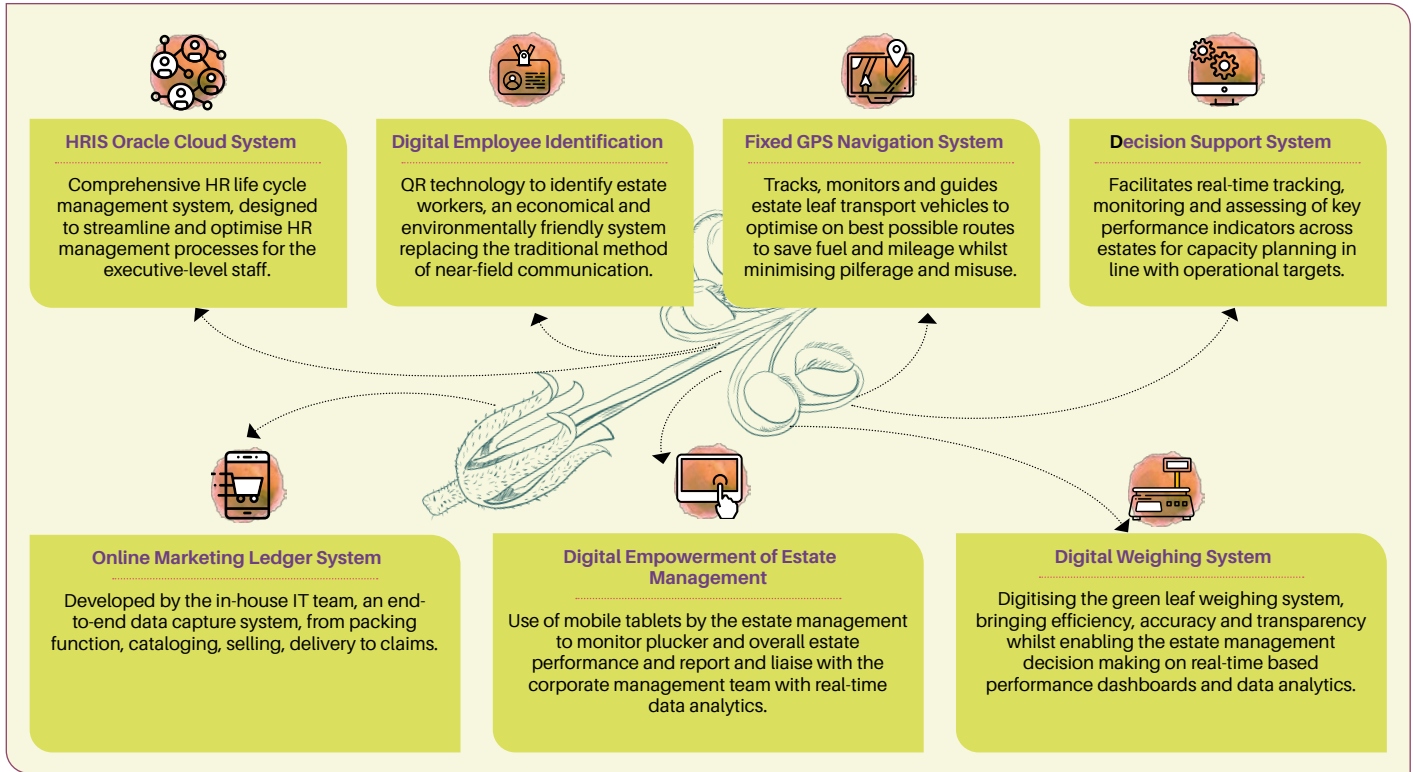
#### Managing Cyber Security Threats

As a leading RPC, we have taken proactive measures on cybersecurity—safeguarding our operations and business continuity from data breaches. Working closely with our parent company in this regard, we have in place an effective disaster recovery system to protect our data with robust back-up and recovery procedures, entailing live and off-site locations. We have also invested in securing our network with advanced firewalls, anti-malware software and encryption protocols to protect sensitive data and information. Complementing these measures, we also prioritise cyber security training whilst carrying out periodic audits and vulnerability assessments by internal and external auditors to maintain highest standards on security resilience.

Classified the data according to the recommended standards to secure our information.

We updated our existing information technology policy, IT disaster recovery plan and IT business continuity plan with other IT procedures according to ISO/IEC 27001:2022 - Information security, cybersecurity standards

## Intellectual Capital



## Sri Lanka National Quality Awards 2022 Winner



## Tracking UN Sustainable Development Goals

**Goal 9: Industry, Innovation, and Infrastructure****Target:** Drive innovation, knowledge creation and technology adoption for sustainable growth

- Investments in research and development of processes and products
- Investments in automation and digitalisation of systems, processes and procedures

**Goal 16: Peace, Justice, and Strong Institutions****Target:** Building trust, promoting accountable institutions and fostering peaceful societies

- Strengthening corporate standing as a good corporate citizen
- Enhancing brand equity on quality and standards
- Adopting certifications and standards programmes

**Goal 17: Partnerships for the Goals****Target:** Building partnerships to foster collaboration, knowledge sharing and collective action

- Collaborating with parent and sister companies in the group on ESG goals
- Memberships and collaboration with industry and business associations

Key Performance Indicators	Related UNSDG	FY 2023/24	FY 2022/23	2030 Industry Baseline
Digital investment as % of revenue	<b>Goal 9:</b> Industry, innovation, and infrastructure	1%	-	N/A
Research and development investment as % of revenue		1%	-	N/A
Certification programmes followed (number)	<b>Goal 16:</b> Peace, justice and strong institutions	11	8	N/A
Certification renewal rate (%)		100%	100%	100%
Overall RPC Ranking		1	1	1
High grown average selling price (Rs)		1,259.85	1,303.61	N/A
Low grown average selling price (Rs)	<b>Goal 17:</b> Partnerships for the goals	1,537.27	1,399.33	N/A
Collaborative investments in social responsibility initiatives (Rs Mn)		103.6. Mn	165.4.Mn	N/A





# SOCIAL AND RELATIONSHIP CAPITAL

**"Building meaningful relationships with mutual trust and collaboration with all stakeholders, serve as the cornerstone of our strategy for creating shared value."**

Well-respected at the helm of the plantation industry, we have over the years built robust relationships, earning the trust and confidence of our buyers, brokers and customers; suppliers; and resident estate communities. Upholding responsible and ethical business standards is key to our value proposition. This section will delve into the way we actively engage and nurture our relationships with these key stakeholders—reflecting our unwavering commitment to creating shared value.



## Our Materiality Focus

Community Health & Wellbeing

Premium Quality Teas

Sustainable production

Traceability

Product Responsibility

## Stakeholders Impacted



**86 %**

Customer Satisfaction  
FY 2022/23 - 86%

**Rs. 721 Mn**

Payments to Bought-leaf Suppliers  
FY 2022/23 - Rs. 931 Mn

**Rs. 103.6 Mn**

Investment "A Home for Every Plantation Worker"  
FY 2023/24

**15**

External Audits - Food Safety Management Systems  
FY 2022/23 - 15

Input



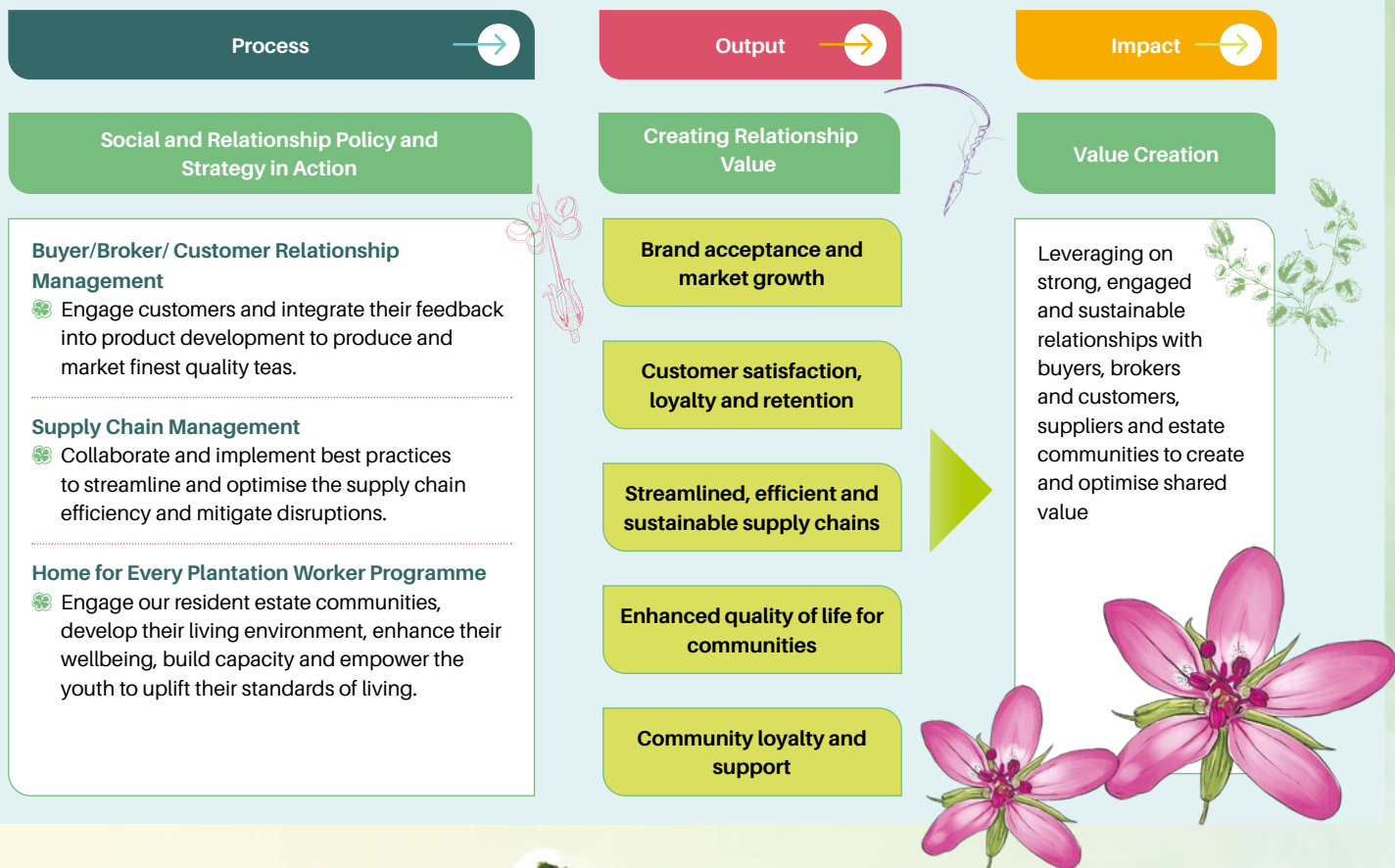
Nurturing Relationships

- Customer insights, engagement channels and management systems
- Collaborative partnerships with suppliers
- Community development teams, Estate Worker Housing Cooperative Societies and non-government agencies

### Strategic Investments

- Product and market development
- Supplier development
- Community development





#### Key Risk & Opportunity

- Risks: Social unrest, labour migration.
- Opportunities: Strong customer relationships and community engagement.

#### Strategic Response

- Community capacity building and engagement.
- Focus on transparency and purposeful relationships.

#### Trade-offs

##### With Financial Capital

- Investments in community programmes for long-term social license to operate, affecting short-term financial resources.

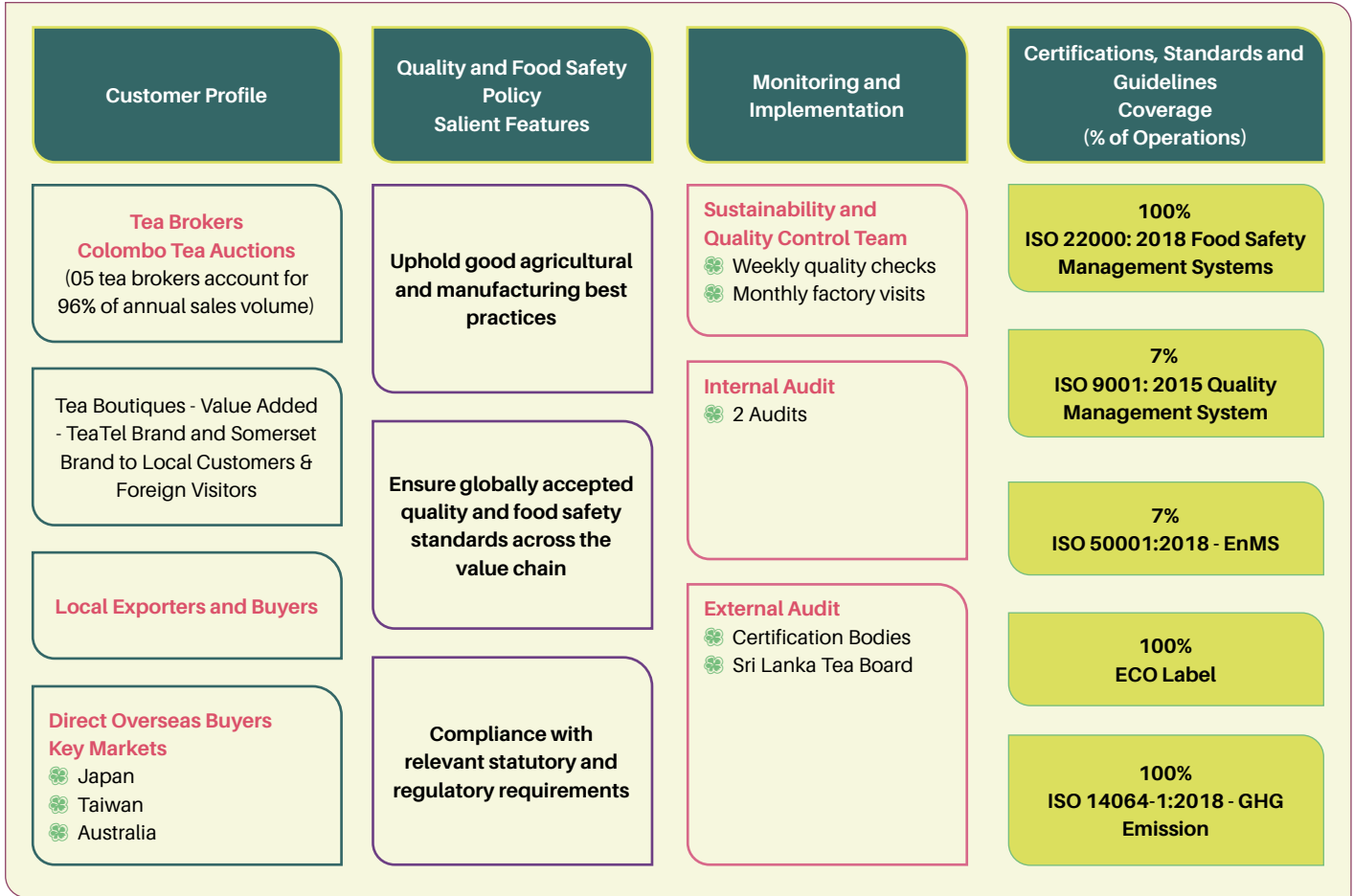
##### With Natural Capital

- Engaged and stable communities ensure a loyal workforce, enhancing operational stability.

## Social and Relationship Capital

### Management Approach

GRI 3-3



Positioned as a leader in the tea industry, we prioritize effective customer relationship management to create sustainable value. Our proactive and focused approach allows us to attract, build, manage, and sustain a loyal customer base. By fostering a 360-degree approach, we engage closely with our buyers, brokers, and customers based on trust, confidence and mutual value. This approach has been the foundation of our success over the years.

Dedicated to producing top-quality teas, we invest in modernizing our processes to reinforce best practices in our fields and factory operations. This, combined with our expertise, highlights our customer value proposition. Our strategic focus centers

on product stewardship, communication and engagement, and customer complaint management.

We strictly adhere to national and international food safety laws, regulations, and standards, as evidenced by our certifications and ISO standards. Our success is further demonstrated by the competitive prices we achieve at the Colombo Tea Auctions.

To maintain quality control and management, we have established a systematic and consistent monitoring mechanism. This enables us to take timely corrective actions and address any gaps or malpractices that could compromise our commitment to product responsibility.

### Capital Management

#### Product Stewardship

GRI 2-23 &amp; 24; 416-1 &amp; 2, Sector: 13-9

**Zero incidents of non-compliance with regulations related to health and safety impacts of products; and zero product recalls issued/recalled**

As pledged in our 'Quality and Food Safety Policy', we uphold highest standards of quality and safety throughout the product lifecycle to deliver consistent value. This entails guidelines to reduce environmental and health risks and improve resource efficiency covering the entirety of the value chain—from our tea nurseries; planting and harvesting the finest quality leaves in the fields; interaction with bought-leaf



suppliers; responsible processing of tea blends in the factories; to packaging and distribution.

In addition, we have set out and adopted specific guidelines to cover the responsible use of agro-chemicals in production including independent verification of safety, based on random sampling. All products in effect are subject to health

and safety impacts whilst testing for maximum residue level (MRL) assurance for agro-chemicals as well as agro-chemical inputs within the production process. Our certification bodies also collaborate and complement us in this regard.

## Product Information and Labelling

GRI 417-1 & 2

### Zero incidents of rejections and monetary fines of non-compliance with regulations related to product and service information and labelling

We follow the guidelines set by the Sri Lanka Tea Board and the Colombo Tea Traders Association in product information

and labelling. All tea packages, that is, paper sacks, entail information in English on product quality including the grade, selling mark, weight information, invoice details, number of bags and certifications. Packages also carry the credentials and certifications of the packaging manufacturer.

## Communication and Engagement

GRI 417-3

### Zero incidents of non-compliance with regulations/voluntary codes related to marketing communications, and zero breaches of customer privacy

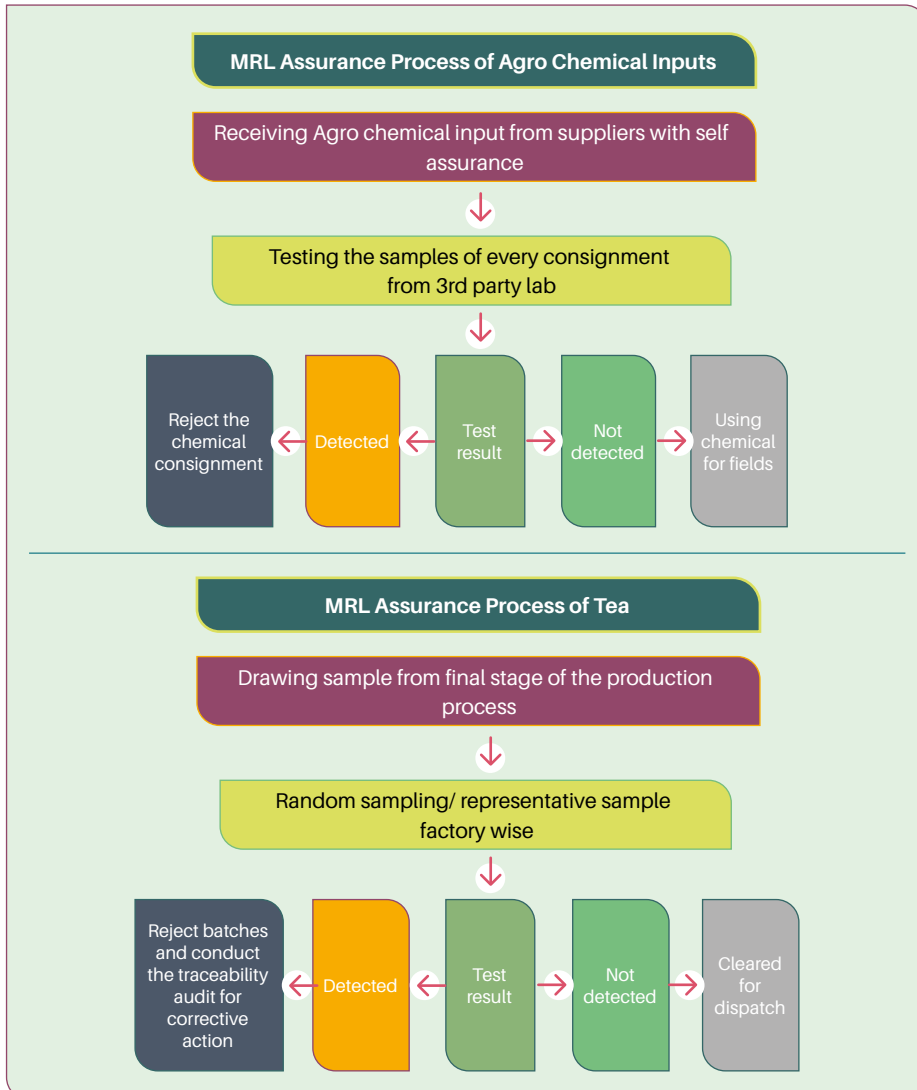
Open lines of communication play an essential role within our customer value proposition. Our targeted marketing campaigns alongside social media engagements and personalised interactions over the years have complemented our efforts to strengthen our brand positioning and foster meaningful connections with our brokers as well as our direct buyers. These marketing initiatives continue to underscore our efforts to reinforce our positioning in traditional tea markets as well as foray in to non-traditional markets including Japan, Taiwan and Australia.

All data and information gathered from our marketing campaigns and initiatives are considered confidential-maintaining utmost respect for customer privacy.

In addition, we carry out a yearly Customer Satisfaction Survey among our clientele. The most recent survey, conducted in 2023/24, unveiled an overall customer satisfaction score of 86%, which closely aligns with the score recorded in 2022/23. This comprehensive survey encompasses various aspects, such as the positive and negative attributes of our teas, the appearance and taste of teas, customer requirements, packaging quality, delivery and customer service, as well as the relevance and necessity of certifications.

### Quality and Standards Audits

We carried out 15 audits on quality and food safety standards in the FY 2023/24.



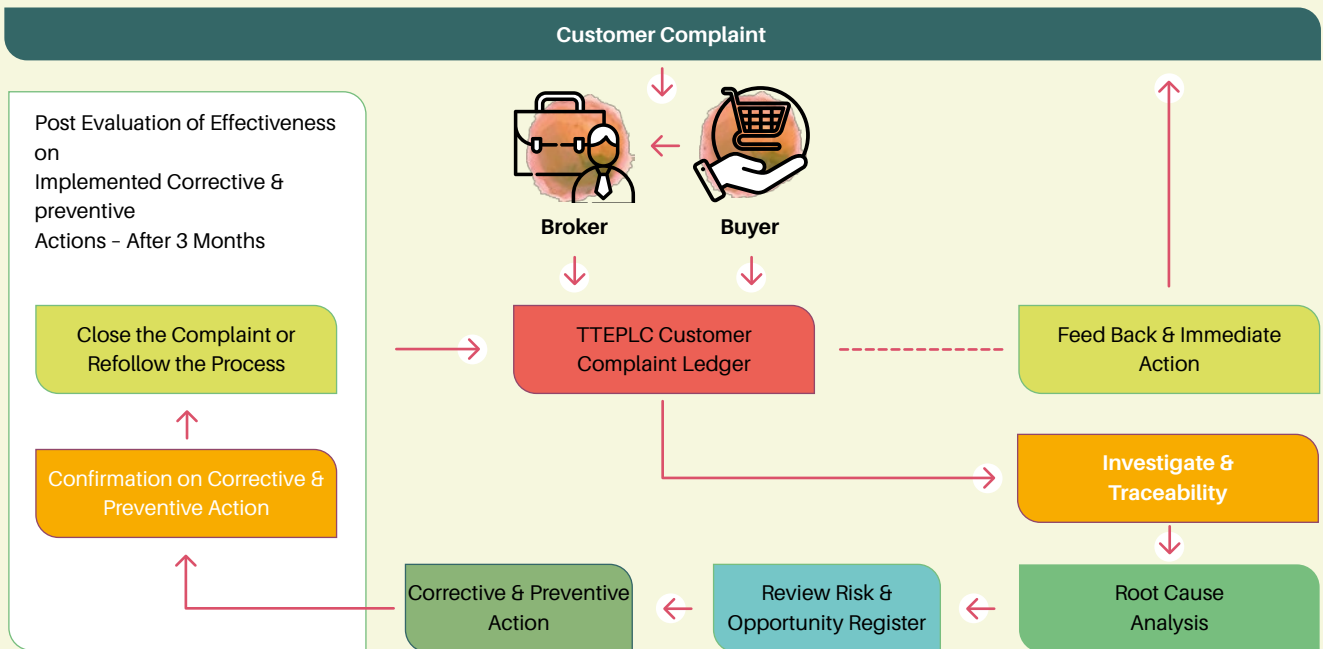
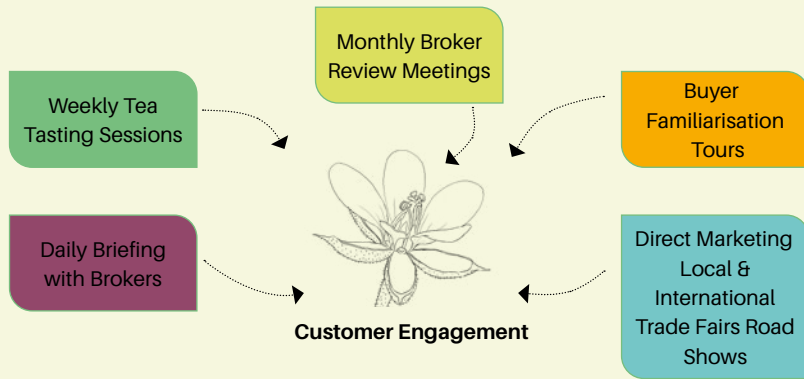
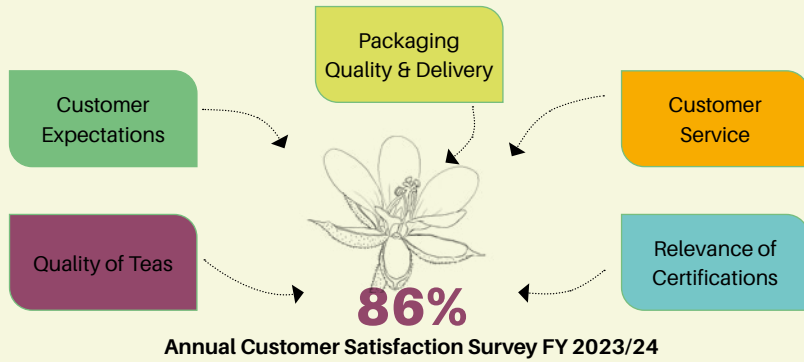
## Social and Relationship Capital

### Customer Complaint Management

GRI 2-25, 2-26

Customer complaints have steadily decreased year-on-year, reflecting our proactive management efforts.

We have a robust customer complaint management process, with emphasis on managing customer grievances as well as responding to inquiries, concerns and feedback. Each complaint is approached with empathy, urgency, and professionalism, leading up to a thorough and well-structured investigation. This not only redresses immediate concerns of the aggrieved customer, but also gives us invaluable market insights for continuous improvements across our systems, processes and product offer. In the reporting year, we recorded 5 formal complaints and fully resolved.



## Key Customer Initiatives

### TeaTel By Talawakelle

#### Launching Our Inaugural Tea Boutique

We launched a custom-designed tea boutique in Colombo on November 2023 to captivate and attract high-end local tea enthusiasts and cater to the discerning tastes of the tourism market. The boutique showcases an exquisite array of our finest quality tea blends, curated to take the tea-drinking experience to new heights.



## Tracking UN Sustainable Development Goals



#### Goal 3: Good Health and Well-being

**Target:** Best practices to minimise health and safety impacts of our products

- ☘ A well-structured MRL assurance process in place to minimise impacts from agro-chemicals in production
- ☘ Collaborating with certification and standards setting bodies to internalise globally accepted best practices in quality and food safety



#### Goal 12: Responsible Consumption and Production

**Target:** Driving for sustainable products

- ☘ Implementing rejuvenative and climate smart agronomic practices for sustainable tea production
- ☘ Adoption of globally accepted and best manufacturing practices
- ☘ Advocate environmental and social sustainability across the value chain
- ☘ Use of eco-friendly packages - recyclable paper sacks

If UNSDG targets are tracked on quantifiable basis you may include same as a table as follows: Example

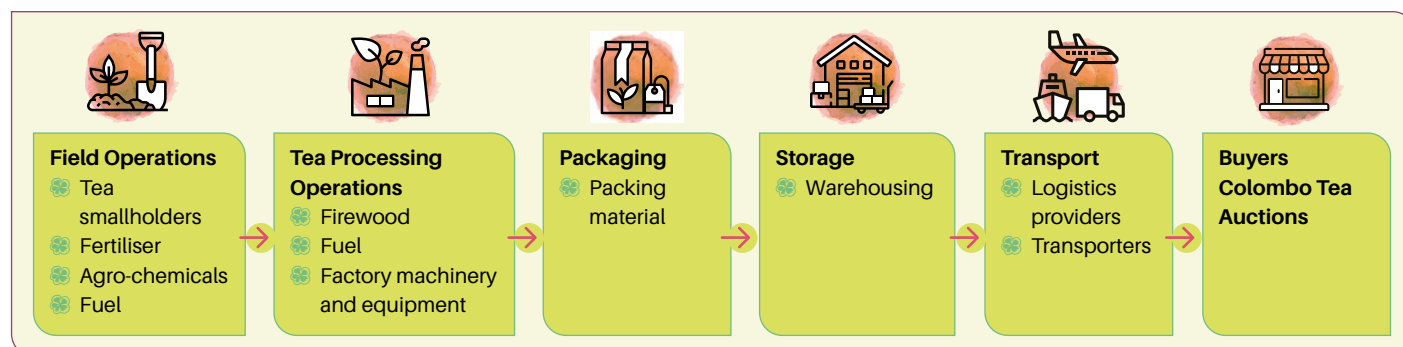
Key Performance Indicators	Related UNSDG	FY 2023/24	FY 2022/23	2030 Industry Baseline
Number of customer complaints	Goal 3: Good health and wellbeing	5	6	-
Customer satisfaction index		86%	86%	100%
Number of audits carried out on quality and food safety on products	Goal 12: Responsible consumption and production	15	15	Each Factory should be audited once a year



## Social and Relationship Capital

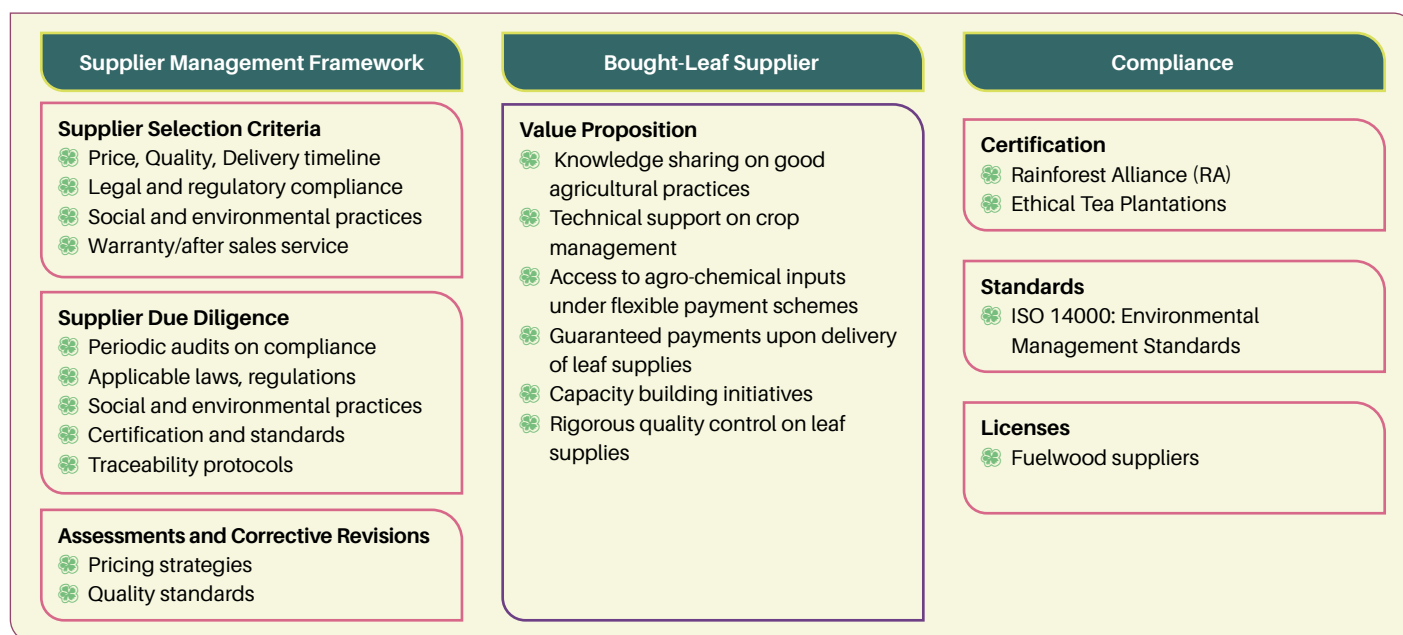
### Supplier

#### Our Supply Chain



### Management Approach

GRI 3-3; 308-1 & 2; 414-1 & 2; Sector: 13.23.2, 3, & 4



As a regional plantation company with expansive operations, we engage and collaborate with a wide-ranging network of suppliers, predominantly local. They play a pivotal role in supporting our sourcing needs within our value creation process; and therefore, managing a progressive supply chain with a focused approach warrants our strategic precedence. Upholding best practices, we are conscientious and maintain professionalism in all our dealings across the supply chain. We are fair and responsible in meeting our payment and other contractual obligations.

In our management approach, we strive for partnerships with best-fit suppliers who are able to adopt and align with our business ideals. In this regard, we have in place a cohesive value proposition on a six-tier basis to develop, engage and manage our bought-leaf suppliers—the largest supplier group in terms of our procurement spend. As for the other supplier groups, we have developed a comprehensive supplier management framework—with a stringent supplier screening and a due diligence mechanism and assessments to ensure that they have the proficiency, track record

and receptiveness to meet our strategic priorities on quality and standards. This includes their accountability and responsibility to social and environmental considerations.

Our procurement teams at the estate level, in consultation with the corporate management, conduct thorough assessments on suppliers via on-site visits and comprehensive reviews.

## Capital Management

GRI 204-1, 308-1, 414-1

### Screening Suppliers and Payments

Zero incidents on terminating supplier contracts due to illegal or corrupt practices; and zero incidents of negative social and environmental impacts across our supply chain— no child and forced labour and violations of human rights

Our supplier base as at the year-end 31st March 2024 stood at 2550, led by bought-leaf suppliers and followed by agro-chemical and fertiliser suppliers. We continued in the year to closely engage and monitor their businesses, workplace practices and values. We established links and screened 408 new suppliers under social and environmental criteria; whilst renewing 100% existing supplier contracts—ensuring alignment with our stringent assessment criteria.

Our procurement expenditure in the year, comprising only local payments—totalled to Rs1,926 million, corresponding to a 7.65 percent year-on-year decrease. We spent Rs 721 million, that is 37 percent share, on

our bought-leaf suppliers who operate as individual tea planters with small plots of land or tea businesses within the small and medium enterprises sector.

### Payments to suppliers

Supplier Types	2023/24 (Rs. Mn)	2022/23 (Rs. Mn)
Bought Leaf	721.17	930.96
Agro Chemical and Fertilizer	523.14	452.29
Fuel	90.48	135.23
Firewood	143.50	100.67
Machinery, and equipment, capital Items Including Construction	334.91	324.37
Packing Material	38.33	68.88
Transport Service Providers	74.65	73.45
<b>Total</b>	<b>1926.18</b>	<b>2085.85</b>

### Tracking UN Sustainable Development Goals



#### Goal 8: Decent Work and Economic Growth

**Target:** Productive employment with fair prices for bought-leaf suppliers, promoting inclusive growth

- Providing livelihood opportunities
- Guaranteed and fair prices for bought-leaf
- Capacity building initiatives
- Advocating good agricultural practices



#### Goal 10: Reduced Inequalities

**Target:** Creating equitable and sustainable supply chains

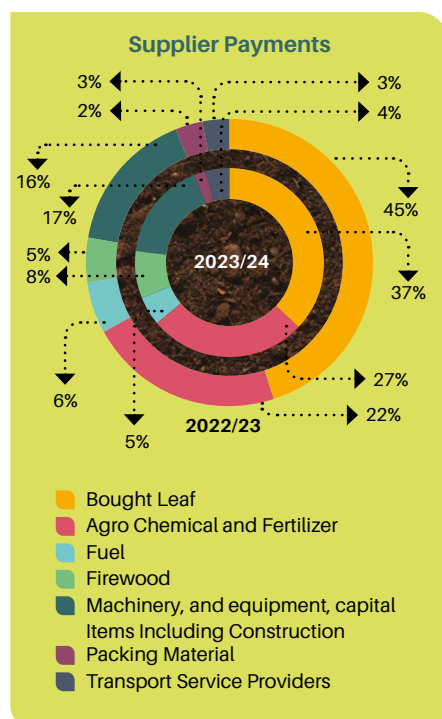
- Advocating and collaborating to internalise best environmental and social practices amongst bought-leaf suppliers
- Obtaining and complying with RA and Ethical Tea Plantations certification programmes



#### Goal 12: Responsible Consumption and Production

**Target:** Drive socio-economic and environmental sustainability across the supply chain

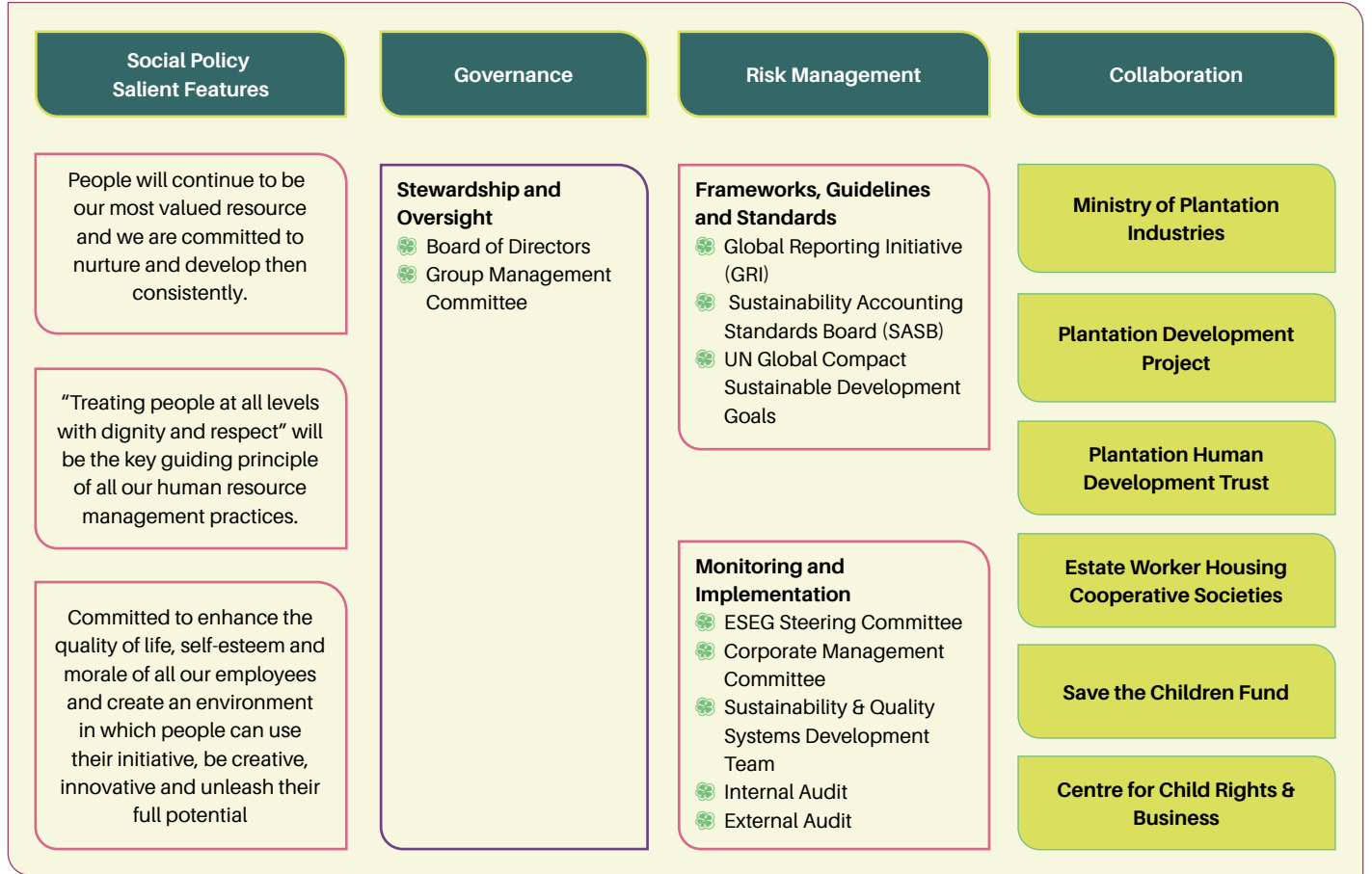
- Empowering and enabling access to resources, & opportunities
- Supporting estate workers to transition as block managers under the revenue share model
- Fair trade practices and Capacity building initiatives



# Social and Relationship Capital

## Resident Estate Community Management Approach

GRI 3-3; 413-2



Our plantation company recognizes the importance of the communities living within our estates, as they not only provide us with a skilled workforce but also serve as a crucial support network. In line with our social policy, we have implemented a comprehensive program called 'Home for Every Plantation Worker' that focuses on improving living standards, health and nutrition, capacity building, and youth empowerment. Additionally, we actively engage and support our neighboring communities in their development initiatives. These community-based efforts are aligned with the sustainability agenda of the Hayleys Group, with full involvement from our Board of Directors. Our initiatives are carefully planned and executed, taking into account the potential impacts on the communities and ensuring alignment with our strategic objectives. We conduct thorough assessments to evaluate the costs and benefits of our community investments. In the past year, there have been no reported incidents of negative impacts on our estate and neighboring communities.



### Empowering Young Minds

We partnered with LEADS Organisation-a non-governmental organization, Surala (Japan) and Next Learners (Sri Lanka), to launch a mathematical learning programme for our estate children. Surala is a Japanese mathematics teaching technique designed to simplify the learning of basic mathematical concepts. To kick-start the initiative, we provided support to train our training officers along with access to our training centres-equipped with Wi-Fi connections and other necessary facilities enabling the children to learn this technique online.

#### Key Indicators

- 🌿 Participating estates: Holyrood & Mattakelle estates
- 🌿 Number of trainers trained: 4
- 🌿 Number of expected beneficiaries: 60 children

### Uplifting Women and Nurturing Children

We are now Certified

#### “Mother & Child Friendly Seal” for Responsible Business

One of the first companies to obtain the certification in Sri Lanka

Going beyond our pledge to uphold the ‘Mother and Child Friendly Seal’, we extended our collaboration with the Centre for Child Rights and Business and the Save the Children Fund-bringing in meaningful changes with positive measures, systems and processes to safeguard the wellbeing of the female workers and the children of our estates. This year, we developed a comprehensive strategy and action plan, obtaining certification to systematically tackle challenges and bolster support for our female employees; whilst prioritizing investments in good childcare facilities to protect the rights of the children across our estates.



### Implementation of Estate Housing Scheme Signage Enhances Employee Identification

A comprehensive signage system has been introduced across all housing schemes within the estates, facilitating easy identification for employees. This initiative aims to streamline navigation and improve accessibility within the estate communities, ensuring convenience and efficiency for all residents.



### Commemorating Generations in the Community

The celebration of Children’s and Elders’ Day across all estates showcases the importance of honoring different generations within the community. Each estate celebrated in unique ways, emphasizing the value of intergenerational connections and mutual respect. This initiative fosters a sense of belonging and appreciation within the estate community, promoting unity and understanding among all age groups.



### Community Kitchen at Dessford Estate

The Ethical Tea Partnership (ETP) collaborated with the Plantation Human Development Trust (PHDT) and established a Community Kitchen at Dessford Estate. This initiative aims to enhance the nutritional standards within the estate community, addressing vital aspects of health and well-being.



## Social and Relationship Capital

### Capital Performance

GRI 203-1 &amp; 2; 413-1; Sector:13.9.1

#### Home For Every Plantation Worker

##### Living Environment

- Investment: **Rs. 8.2 Mn**
- Beneficiaries: **17,676**

##### Health and Nutrition

- Investment: **Rs. 70.2 Mn**
- Beneficiaries: **183,494**

##### Living Environment

Under this pillar, we focus on developing and enhancing the living environments of our estate communities. Through dedicated and flagship initiatives under the Hayleys Plantation sector, we invest in essential infrastructure facilities including:

- Access road development
- Housing construction and upgrades
- Providing water and sanitation
- Child development centres
- Construction of recreation centres
- Construction of rest rooms

**Outcome:** Healthier, more sustainable and thriving communities, with improved quality of life and empowerment to live productive and fulfilling lives.

##### Health and Nutrition

In our quest to promote vibrant and resilient communities, we give strategic precedence to health and wellness with a strong focus on:

- Immunisation programme
- Prevention of communicable and non-communicable diseases and nutrition
- Antenatal and postnatal care
- Childhood development, health and wellbeing
- Daycare centres, creches and child protection focal points
- Auxiliary medical services - medical centres, ambulance services etc.

**Outcome:** Enhanced well-being, enabling estate communities to lead productive lives with improved quality and vitality.

##### Tracking Our Targets

**Our Target: Improve the living environment investment and beneficiaries by 50% by 2030**

Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	17,676	20%	30%	50%
Investment	10%	8.2 Mn	20%	30%	50%

##### Tracking Our Targets

**Our Target: Improve the health and nutrition investment and beneficiaries by 50% by 2030**

Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	183,494	20%	30%	50%
Investment	10%	70.2 Mn	20%	30%	50%





**Community Capacity Building**Investment: **Rs. 24.6 Mn**Beneficiaries: **40,979****Community Capacity Building**

We collaborate with the Estate Worker Housing Cooperative Societies to extend capacity building opportunities, focusing on developing skills for supplementary livelihoods along with financial and technical support:

- ☘ Loan schemes
- ☘ Housing loans, microfinance facilities
- ☘ Savings schemes
- ☘ Community training

**Outcome:** Supplementary livelihood opportunities, fostering improved standards of living through diversified income sources and enhanced financial stability.

**Tracking Our Targets**

**Our Target: Improve the capacity building investment and beneficiaries by 50% by 2030**

Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	40,979	20%	30%	50%
Investment	10%	24.6 Mn	20%	30%	50%

**Youth Empowerment**Investment: **Rs. 0.7 Mn**Beneficiaries: **39,865****Youth Empowerment**

We have in place a targeted youth development programme, designed to build their skills, confidence and attitude necessary to pursue positive change and secure a more viable livelihood.

- ☘ Vocational training
- ☘ Developing inter-personal and leadership skills
- ☘ Awareness building on pertinent social issues

**Outcome:** Skilled, confident and employable young men and women, well prepared to reach higher life goals.

**Tracking Our Targets**

**Our Target: Improve youth empowerment investment and beneficiaries by 50% by 2030**

Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	39,865	20%	30%	50%
Investment	10%	0.7 Mn	20%	30%	50%





## Social and Relationship Capital

### Special Community Initiatives FY 2023/24

#### Fostering Positive Change for Women, Youth & Children - CRIB Challenges



Human Capital, Page 150

The Centre for Child Rights and Business launched and invited all plantation companies in the country to take part in the 'Child Rights in Business' (CRIB) challenge. Participating, we submitted three innovative concept papers to address the challenges faced within our estates, including:

- Appointing of female field supervisors (which we have already implemented within our organisation);



- Grooming unemployed youth as butlers to promote Tea Tourism and Hospitality



- Establish Child Protection and Safe guarding Information Centre at a regional level (a prototype centre is currently operational at our Logie estate).



#### Key Indicators

- Secured:** First place for all three concepts
- Awarded:** Funding of Rs. 1.0 million for each concept + technical support

### CSR Project : Give the Gift of Sight

By sponsoring cataract surgeries for 20 individuals through HelpAge, the company demonstrates a commitment to supporting healthcare access and addressing the specific needs of the elderly population. This compassionate gesture not only improves the vision and overall well-being of the beneficiaries but also fosters a sense of community care and responsibility.



### Tracking UN Sustainable Development Goals



#### Goal 1: No Poverty

**Target:** Aligning welfare policies with industry stipulated standards

- Community welfare benefits
- Capacity building initiatives
- Financial Inclusion and Support



#### Goal 2: Zero Hunger

**Target:** Food security and nutrition

- Awareness building on nutrition
- Antenatal and postnatal nutritional support
- Free mid-day meal for children
- Building, training & support on growing nutritious food in home gardens



#### Goal 3: Good Health & Wellbeing

**Target:** Good health and disease prevention

- Access to essential healthcare services
- Healthcare initiatives to prevent diseases
- Comprehensive immunisation programme
- Antenatal and postnatal healthcare



#### Goal 6: Clean water and sanitation

**Target:** Access to clean water for good health and wellbeing

- Invest in infrastructure facilities to provide clean water and sanitation
- Protect waterbodies from chemical contamination
- Build awareness and ensure cleanliness of sanitation facilities



#### Goal 10: Reduced inequalities

**Target:** Reduce income disparities for Socio-economic inclusion

- Developing community infrastructure
- Extending employment opportunities
- Capacity building initiatives

Key Performance Indicators (High and Low Grown Resident Estate Population)	Related UNSDG	FY 2023/24 Rs (Mn)	FY 2023/24 Rs (Mn)	2030 Industry Baseline
Living Environment	Goal 1: No poverty Goal 6 : Clean water and sanitation	8.1	5.7	10.0
Health & Nutrition	Goal 1: No poverty Goal 3: Good health and wellbeing	70.2	138.6	150
Community Capacity Building	Goal 2: Zero Hunger	24.6	20.1	30
Youth Empowerment	Goal 10: Reduced inequalities	0.7	1	2





# HUMAN CAPITAL

**"Nurturing a workplace culture that prioritises team members-actively supporting their growth and empowering them to deliver exceptional value."**

Our dedicated, skilled and hardworking team is the cornerstone of our success, spanning over three decades. Our team is integral to the value we create, playing an essential role in implementing our operational strategy to secure our growth goals and deliver shareholder value. Therefore, we are unwavering in our commitment to foster an inclusive and supportive workplace to enhance their productivity, empower them and secure their well-being.



Input



Developing Human Resources

## Inclusive Hiring Practices

- Gender Diversity
- Fair Remuneration
- Unbiased job descriptions
- Structured interview processes
- Blind recruitment
- Equal Opportunities
- No Child Labour

## Strategic Investments

- Skills development & training
- Regular Performance Reviews
- Remuneration, benefits & rewards
- Promotions & upskilling
- Employee health, safety & wellbeing
- HR Technology Investments
- Regular Surveys and Feedback

## Our Materiality Focus

Occupational Health & Safety

Gender Equality & Fair Remunerations

Talent Development

Mother & Child Friendly Estates

Healthy Relations & Employee Satisfaction

Hiring & Retention

Compensation & Benefits

Performance & Rewarding

## Stakeholders Impacted



**89 %**

Employee Retention Rate  
FY 2023/24

**11 %**

Employee Turnover Rate  
FY 2023/24

**Rs. 14.4 Mn**

Training Investment  
FY 2023/24





## Process



### HR Policy and Strategy in Action

#### Talent Acquisition and Retention

- Follow equal opportunity recruitment and uphold fair labour practices.

#### Performance Management

- Build a performance-oriented work environment with due rewards and recognition.

#### Training and Development

- Extend strategic training to nurture a skilled and empowered workforce.

#### Mentoring & Succession Planning

- Identify, mentor and coach high achievers and build a leadership pipeline.

#### Occupational Health and Safety

- Extend a healthy and safe work environment and ensure employee wellbeing.

#### Nurturing Employee Relationships

- Engage with an open-door policy to build strong employee relationships

## Output



### Creating HR Value

#### Skilled workforce

#### Improved productivity

#### Leadership pipeline

#### Conducive and safe workplace

#### Lower employee turnover

#### Recognition as a 'Great Place to Work'

## Impact



### Value Creation

Innovative, creative and positive work environment with skilled, empowered and motivated employees to optimise value creation



### Key Risk & Opportunity

- Risks: Labour shortages, high labour costs.
- Opportunities: Workforce skill development and loyalty.

### Strategic Response

- Comprehensive training/ development and total care employee benefits package
- Improving work environments

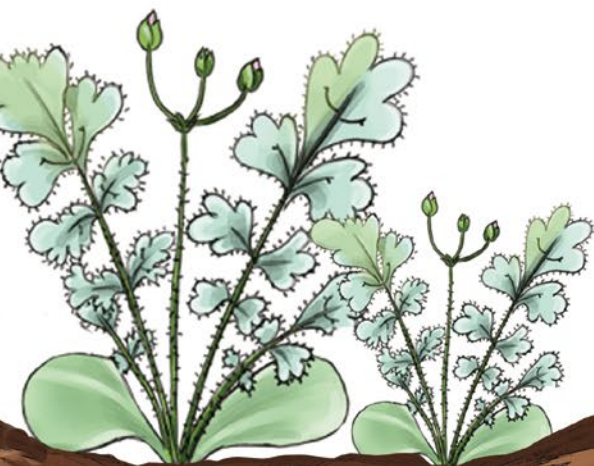
### Trade-offs

#### With Financial Capital

- Significant financial outflows for training and benefits to improve long-term productivity and loyalty.

#### With Natural Capital

- Enhancing community well-being and social cohesion ensures stable labour supply.



## Human Capital

### Great Place to Work

(Third Time)

**99 %** - Employee Satisfaction Rate

**#40 In Best Workplaces in Asia 2023**

Among 70 Organizations  
(Large Category)

Among 15 Best  
Workplaces for Women in  
Sri Lanka  
for 2023



**Cube Award - 2023**

Special Recognition for  
Bold Leadership  
**Winner**

**#4 in 50 Best Workplaces  
in Sri Lanka 2023 & 10  
Large Sized Category  
Companies  
Listed In 2023**

**"We Love Our  
Workplace"**

Video Contest - 2023  
**Winner**



**Nine Estates Awarded**

**Certificate of Excellence in Industrial Conciliation**

Social Dialogue & Workplace Cooperation Unit  
Department of Labour



**BEST PLACE TO WORK**

(HR Leadership Category) - **Winner**

South Asian Business Excellence Awards 2023



**Work-Life  
Harmony in Asia  
Award**

Sharing Our Best  
Practices at the  
conference  
in Hong Kong

(Community Business Organisation)



**Best Corporate  
Citizen  
Sustainability  
Awards 2023**

Employee Relations  
Category - **Winner**

(The Ceylon Chamber of Commerce)

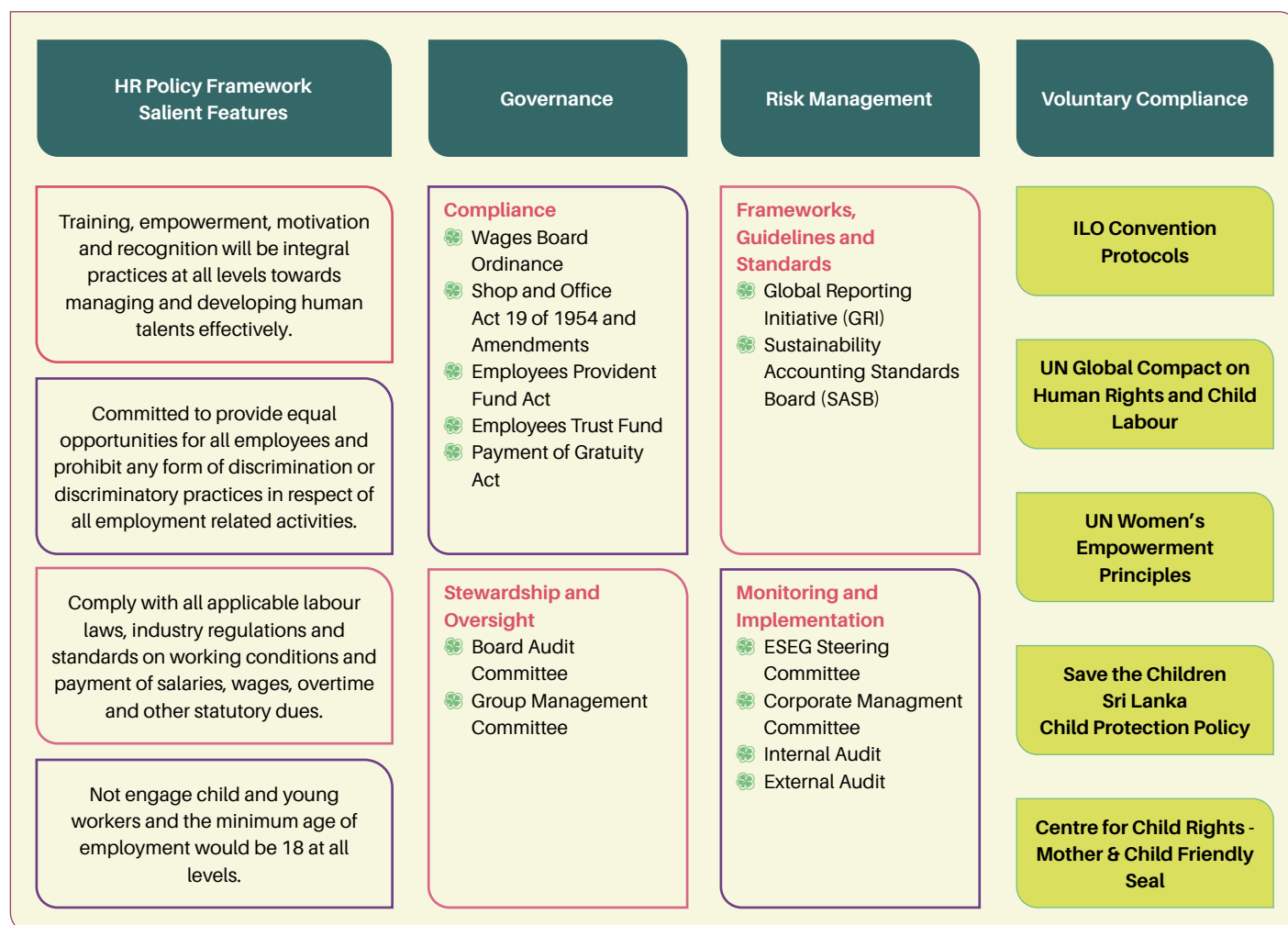


**Best Management  
Practices  
Company Awards -  
2024**

Excellence Award  
 Top Ten Companies  
 Diversity, Equity & Inclusion  
 Category - **Winner**  
 (Institute of Chartered Professional  
Managers Sri Lanka)

GRI 2-23-26, 3-3

## Management Approach



As a Regional Plantation Company, our extensive workforce is pivotal to our operations. Adopting a comprehensive management approach, therefore, with focused engagement is key to creating a dynamic workforce, in turn, contributing to our strategic delivery and long-term success.

Optimising our value proposition to all our employees, we stand committed as an equal opportunity employer-upholding employee rights, implementing best and current HR practices and enabling a progressive workplace to grow and develop their career aspirations. We comply with the country's labour laws, rules and regulations, along with the

guidelines set by our certification bodies as well as global best practices. We also give precedence and have in place a robust HR risk management framework and a governance structure to address and mitigate HR related risks and challenges.

We have adopted a top-down labour management approach. HR policy, strategy-encompassing strategic priorities and action plans are set, guided and approved by the Management Committee. The Committee ensures that human resources are tailored and aligned with the strategic goals of the organisation, taking into account the dynamics of the evolving industry landscape. Clear reporting lines are in place to streamline the supervisory

control over HR affairs across operations. The individual HR development teams within estates are responsible to roll-out, implement and monitor the strategy and plans. This governance structure is reinforced by the Hayleys Plantation Sector HR Policy Framework, which stands as the basis for managing our vast workforce, be it at the corporate office, regional offices and estates. The Group Code of Conduct guides employees at all levels, the management and the Board, on their work ethics and responsibilities.



# Human Capital

## Capital Performance

### Cadre Structure and Profile

GRI 2-7, 2-8, 3-3, 405-1; Sector 13.15.2

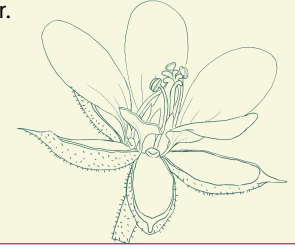
Our total workforce stood at 4,284 as at 31st March 2024. Amongst them, 4,247 work as permanent employees whilst the balance 37 are employed on contractual basis. All employees are engaged on full-time job roles. There are no part-time or non-guaranteed (casual) employees. A significant majority, 99 percent, work on our 16 estates. The workforce, as is typical for a plantation company, is more female skewed—that is, 58 percent of the total cadre; whilst over 62 percent falls under the most productive age category, 30 to 50 years. Over 84 percent of employees are residents at the estates with 59 employees working in the capacity of executive and above. Majority of the cadre are from the central province.

### Rooted in Diversity

GRI 406-1; Sector 13.15.4

#### Zero incidents of employee discrimination in the year under review.

Diversity and inclusivity are upheld, encouraged and fostered across our operations as an integral part of our corporate culture. Complying with international and national labour laws and adopting best global practices, guidelines and protocols, we recognise employees' right to equality and stand committed to uphold a zero-policy on discrimination or harassment on religious beliefs, race, colour, gender, political ideologies or any other social prejudices. All recruitment, training, rewards and incentives are determined based on merit. Our grievance redressal mechanism, coming under the purview of our corporate HR department, supports our employees to report and resolve such incidents, if and when they occur.

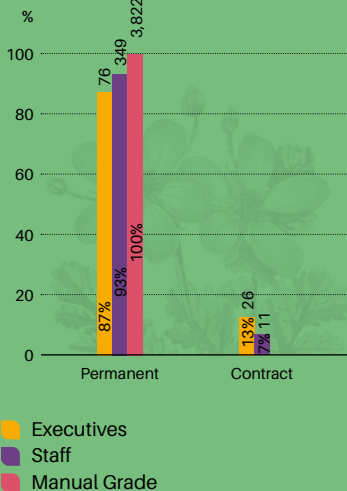


### Cadre Profile - FY 2023/24

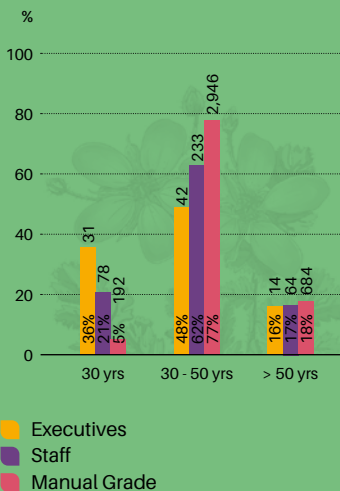
Employees	Gender		Provinces			Age			Total
	Male	Female	Western	Southern	Central	< 30 years	30-50 years	>50 years	
Total	1,808	2,476	40	697	3,547	301	3,221	762	4,284
Permanent	1,784	2,463	34	691	3,522	289	3,206	752	4,247
Contract	24	13	6	6	25	12	15	10	37

### Governance Bodies & Employees on Gender & Age as at 31st March 2024

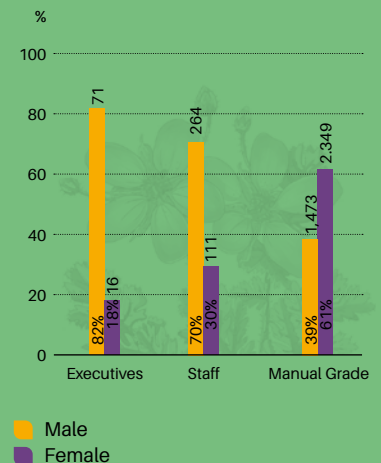
#### Profile of Employee Grade Categories



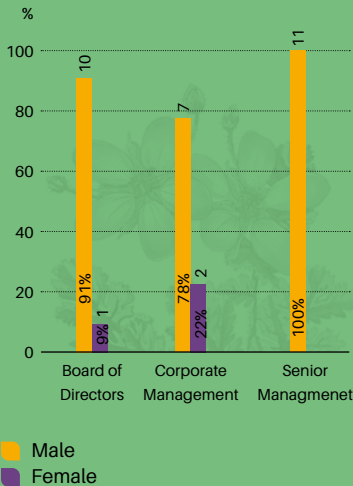
#### Age Profile of Employee Categories



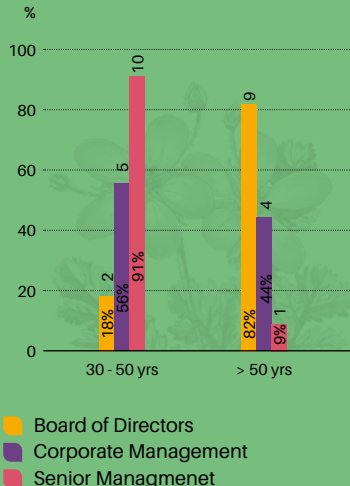
#### Gender Profile of Employee Category



Gender Profile of Governance Bodies



Age Profile of Governance Bodies



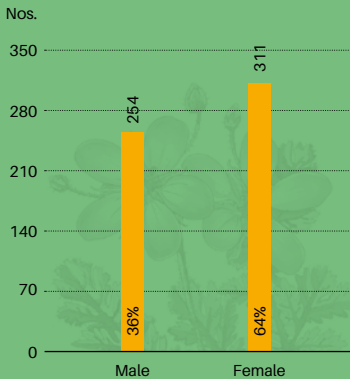
Talent Acquisition and Retention

GRI 202-2; 401-1, 406-1, Sector: 13.20

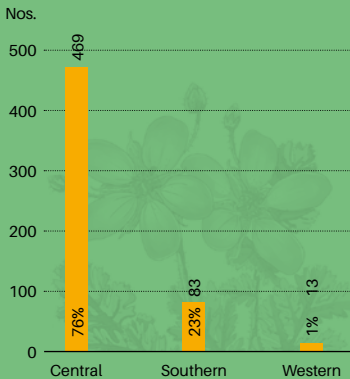
Recruitment



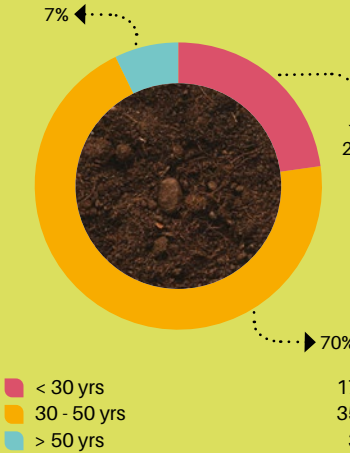
Recruitment By Gender



Recruitment By Region



Recruitment By Age





## Human Capital

GRI 3-3, 202-1 & 2, 207-3, 408-1; Sector 13.17.2

### Safeguarding Child Rights

#### Zero incidents of child labour across our value chain in the year under review

In keeping with our HR & Social Policy, our minimum employment age is set at 18 years. We firmly stand against the use of child labour-not only within our operations; but also expect the same commitment from our bought-leaf suppliers and other business partners. A special clause pertaining to child protection has been included in the letter of appointment given for every new employee. Furthermore, our estates have in place, a dedicated focal point to safeguard child rights. In a concerted effort, we also work closely with the Save the Children Fund and the Centre for Child Rights and Business to implement a comprehensive child protection policy across all levels of our operations.

We are an equal opportunity employer and therefore, our recruitment policy is purely based on merit-seeking to attract the right talent to meet the organisational strategic deliverables. The recruitment process is well-planned and transparent, with due selection criteria, guidelines and procedures in place. As guided by the corporate HR department, manual workforce recruitment comes under the purview of the estate manager; whilst estate staff recruitments follow a staffing plan in consultation with the Director Plantations and the Chief Executive Officer. Executive recruitments come under the corporate management. Final approval authority lies with the Managing Director.

In the year under review, 565 new employees were recruited to the permanent cadre. The majority, that is 79 percent, were absorbed to the manual category, out of which 60 percent were typically female and more candidates sourced within the resident estate communities. With regard to staff and executive category, 37 & 32 percent were females. We recruited 19 employees to the executive cadre and zero number of personnel were hired to the Senior Management from the Local Community during the reporting year.

### Envisioning Gender Balance - Female Field Supervisors "HERLEAD" Initiative

#### For the first time in the history of the plantation industry....

Moving away from the conventional model, we appointed 24 female supervisors to oversee our field operations which were typically carried out by males. Empowering women, this initiative, enhanced the work-life of the female dominated manual workers, with a more conducive, understanding and comfortable work environment.

Our selections were based on 450+ applications with ordinary level examinations as the minimum qualification. Subsequent to the shortlisting process, we selected 24 talented young women to join our permanent cadre as our new field supervisors.

Our training partners provided comprehensive training to the selected candidates. They successfully faced the final examinations, both written and oral, held at the Tea Research Institute in Deniyaya and Talawakelle. Their training covered theoretical and practical aspects of managing tea plantations including harvesting techniques, leadership, people management and other soft skills. They were also given opportunities on-the-job, to train under senior management supervision.

### Key Indicators

- 🌿 Female field supervisors appointed : 24
- 🌿 Total project cost: Rs.3.4 Mn
- 🌿 TTE Investment: Rs.2.4 Mn (71% of Project Cost)
- 🌿 Center for Child Rights and Business: Rs. 1 Mn (29% of Project Cost)
- 🌿 Training partners: NAITA, Department of Labour, TRI Talawakelle and Deniyaya and the Centre for Child Rights and Business.





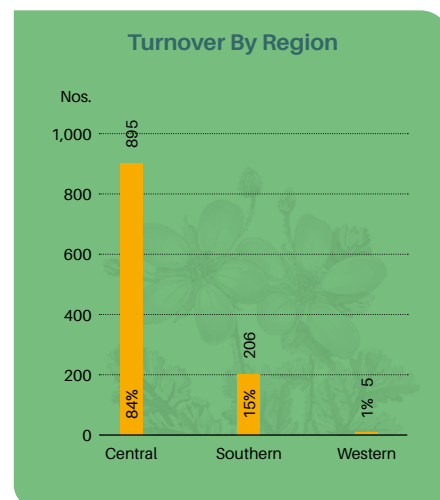
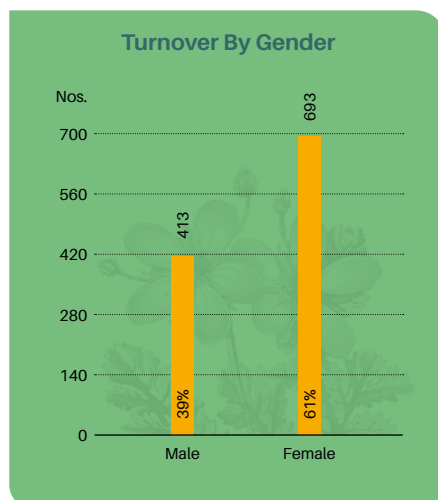
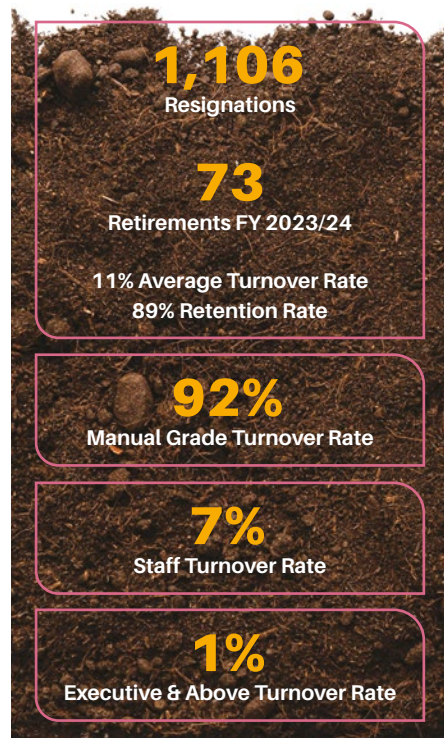




## Human Capital

### Retention

GRI 401-1



Employee retention is key to our HR strategic delivery; focusing on implementing best labour management practices including fair compensation, comprehensive benefits, performance incentives, recognition and training. Despite the challenges we faced with increasing migration trends in the country, employee retention rate was at 89 percent whilst the average turnover rate stood at 11 percent. The highest turnover was observed within the manual grade category amongst above 50 years age group. We also maintained a healthy service record, with 49 percent of our workforce serving the organisation for 6 to 20 years.

### Remuneration and Benefits

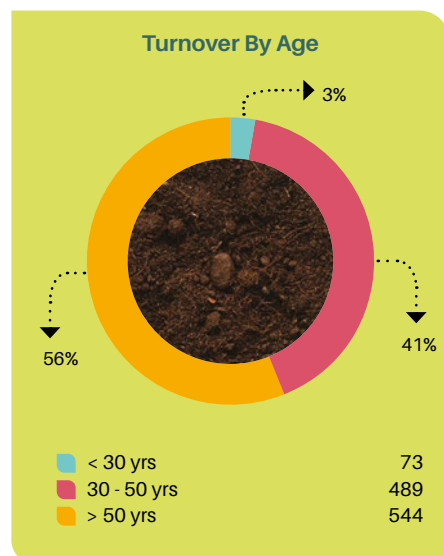
GRI 2-30, 201-2, 202-183, 405-2; 407-1; Sector: 13.15.3, 13-21

#### Remuneration and Benefits - Permanent Employees

	2023/24 (Rs Mn)	2022/23 (Rs Mn)	% Change
Remuneration	2,253.3	1,894.1	19
Performance incentives	1,022.3	861.8	19
Welfare and benefits	174.5	179.6	(3)
Total remuneration and benefits	3,450.2	2,935.7	18
<b>Defined Contribution and Benefits</b>			
Employee Provident Fund - 15%	151.5	138.6	9
Employee Trust Fund - 3%	37.9	33.0	14
Gratuity provision	202.4	169.4	19
Gratuity payments	196.1	196.1	-

Following applicable labour laws and industry standards, our remuneration and benefits are structured based on employee job description, qualifications, work experience and performance merits. Upholding gender equality, our female employee across all staff categories earns the same basic salary with a 1:1 ratio at entry level. In general, the basic salary/wage scale is similar between the two genders.

We follow the Wages Board Ordinance to determine the wages of the manual grade, with a minimum guaranteed wage of Rs. 1,000/- per day. With almost 98 percent of our estate workforce unionized-including five categories-collective bargaining comes into play in determining incentives and standard annual increments. Apart from this, the management,



at its discretion, extends additional allowances to top-up the daily income to compensate the type and complexity of work undertaken. Salaries and benefits at the executive and above level, is determined by the corporate management and are based on performance merits. Our Board Remuneration Committee determines the management grade compensation and benefits.

We were conscientious in meeting our statutory benefits and contribution obligations. We contribute 12 percent of the basic salary to the Employee Provident Fund and three percent to the Employee Trust Fund.

#### Respecting Employee Contribution

GRI 409-1; Sector 13.16.2

Zero incidents of forced or compulsory labour across our value chain.

As part of a leading conglomerate, we are steadfast in our commitment to treat our employees with utmost respect, appreciate and recognise their roles within our organisation. We are fair and equitable in remunerating our employees across all levels, consistently aligning with industry standards and regulations. In effect, we set benchmarks within our industry, and remain vigilant in safeguarding our supply chain against any form of exploitation.



### Maternity Leave

GRI 401-3

In line with Sri Lanka's labour laws, all female employees are entitled to avail maternity leave. They are also allowed to avail the feeding entitlement of one hour. Currently, there is no scheme for paternal leave. However, all employees are given their statutory leave of 14 annual and seven days of casual.

Maternal Leave Facets	Number	% of Female Employees
Total female employees	2476	-
Maternity leave availed	37	1.5%
Returned to work after maternity leave	21	0.8%
Resignations after maternity leave	2	0.3%
Currently on maternity leave	30	0.2%
Retained after 12-months of return from maternity leave	29	0.4%
Return to work rate (%): 62%		
Retention rate after 12 months of return to work (%): 58%		

### Maternity Support

#### Introducing "UNDER-CARE Maternity Jackets"

As part of our commitment to employee well-being, we've introduced "Under-care Maternity Jackets" to support our pregnant mothers. These jackets are designed with the idea of providing extra care and comfort during pregnancy, reflecting our dedication to ensuring the health and happiness of our valued employees during this important stage of their lives.





## Human Capital

Benefits - Permanent and Full-time Employees GRI 401-2	Estate				Corporate Office		
	Manager	Executive	Staff	Manual	Manager	Executive	Staff
Housing with electricity and water	✓						
Living quarters with electricity and water		✓	✓				
Line rooms with electricity and water				✓			
Employee medical insurance - OPD, spectacles and hospitalisation	✓	✓	✓		✓	✓	✓
Immediate family medical insurance - OPD, spectacles and hospitalisation	✓	✓	✓		✓	✓	✓
Free prescription drugs				✓			
Medical facilities and free medical clinics				✓			
Maternity benefits and child care facilities				✓			
Mid-day-meal nutrition programme				✓			
Milk and wheat flour for children				✓			
Scholarships for children			✓	✓			
Death donations			✓	✓			

### Revenue Share Model

#### Revenue Share Model Key Performance Indicators FY 2023/24



Initiated in 2021, our revenue share model fosters entrepreneurship amongst the estate worker, seeking to empower them and elevate their income and their standards of living. Unlike the traditional attendance-based wage model, under this initiative, a block of land is allocated from each estate to individuals to assume the role of block managers, responsible for cultivating and harvesting tea. We, in turn, provide the necessary technical support, training and ongoing assistance to ensure the success of the block managers. Subsequently, block managers supply the green leaf as part of the bought-leaf supplier network, with a buy-back guarantee, thus, ensuring the stability and assurance to the participating individuals. Our Deniyaya estate operates fully on this model whilst all other estates have also initiated this running parallel to our traditional model.

### Performance Management

GRI 404-3

Advocating a performance-oriented workplace, we give much precedence to monitor, measure, manage, recognise and reward performance across all employee categories. Training needs, incentives, promotions and even transfers are ascertained and determined based on performance evaluation results. Our performance management process is three-tiered-focusing on the productivity of the estate workforce; the performance of the staff-level employees; and the executive and above category. In the reporting year, all our employees across the grades were evaluated.

During the reporting period, 33 executives and staff members were promoted and 15 transfers were executed. These actions were conducted without any discrimination, ensuring gender diversity and equal opportunity were upheld.

## Manual Grade Performance

 *Social and Relationship Capital, Page 136.*

Worker productivity is a critical success factor, underlining the long-term viability of the organisation. Top strategic precedence is given to foster a robust workforce-focusing on their morale, improving their health, nutrition, and wellbeing whilst driving to boost attendance and consistently training them to optimise their performance. Our value-driver programme, focusing on six drivers, gives a solid platform to nurture the estate workforce along with their families.

Based on 'Colour Card System', the productivity of the estate workforce is evaluated on the expected minimum of plucked green leaf per day. We have in place a digital weighing system to ensure accuracy and transparency in the weighing process and thereby, enabling fair incentivising for those employees who exceed the minimum daily targets. The Future Navigator, the mobile application system complements the productivity evaluation process through real-time tracking of plucker performance.

As part of the productivity boosting initiative, the best tea harvester awards, initiated in 2020, recognise outstanding performers on a monthly and estate basis. Winners are felicitated with duly signed certificates and rewards by the Managing Director acknowledging their exceptional contributions to the industry.

## Staff Performance

Monitoring and evaluating estate staff performance come under the purview of the estate manager, and subsequently reviewed and validated by the Chief Executive Officer and Director Plantations. Carried out annually, the staff performance is rewarded with special increments and promotions to higher grades. This is apart from the annual pre-agreed increments given as agreed with the staff collective agreement.

## Appointing Team Leaders

In our drive to boost performance at the estate level, we acknowledged the dedication and hard work of our top-performing tea harvesters. As a testament to our commitment, we promoted 30 of them as team leaders across all estates-equipping them with intensive training in leadership, negotiations, communication skills, including non-violent communication techniques. Additionally, we actively engaged them in participatory management meetings, empowering them to contribute effectively to estate decision-making.



## Executive and Above Performance

Following the Balanced Scorecard Method, we have a well-structured and formal process with clear measurement criteria to evaluate executive performance. Evaluations are carried out against pre-determined targets, both, at an individual level as well as at a collective level. We use the Oracle; the cloud based HRIS System to track and monitor executive performance. The annual performance review with their immediate supervisors, on the other hand, enables a transparent and an interactive platform to discuss training gaps and career planning. This also stands as the basis for determining executive level promotions, increments and rewards.



Manual Grade Category



Staff Category



Executives and above Category



## Human Capital

### Training and Development

GRI 404-1

#### Training Indicators FY 2023/24

	Employees Trained		Average Training Hours	
	Male	Female	Male	Female
Manual	3,163	10,760	2.2	2.0
Staff	955	1,774	2.6	2.6
Executive & above	442	75	4.8	5.6



including our Managing Director is engaged to share their knowledge and conduct specialised and motivational training sessions. We also collaborate with our certification bodies and our training partners to support us in this endeavour.

Additionally, we offer scholarships, study loans and reimbursements, to facilitate our employees to pursue professional and vocational training at well recognised institutes.

### Our Training Initiatives

GRI 404-2

#### Refining Managerial Skills - Overseas Training

Our estate managers participated at the "Praguna Prawardena Overseas Training Programme 2023" in Kuala Lumpur, Malaysia, from 28-30 November 23. The programme themed 'LET THE PAST SHAPE THE FUTURE' focused on developing management and leadership skills in the plantation industry.

#### Key Indicators

- Number of participants: 10 Estate Managers
- Investment: Rs. 3.3 Mn



#### Our Training Partners

- Department of Labour
- National Institute of Labour Studies (NILS)
- National Institute of Plantation Management (NIPM)
- Tea Research Institute (TRI)
- Rubber Research Institute (RRI)
- Plantation Human Development Trust (PHDT)
- National Institute of Business Management (NIBM)
- National Apprentice and Industrial Training Authority (NAITA)
- Chartered Institute of Personnel Management Sri Lanka (CIPM)
- Save the Children Sri Lanka
- The Center for Child Rights and Business
- Universities & Vocational Training Centres

As a labor-intensive operation, training and development warrant strategic precedence-focusing on skills training, fostering team spirit and employee morale; and instilling strong work ethics and professionalism. These initiatives are crucial to reach out to higher productivity and operational excellence.

Our training approach is pragmatic and hands-on-aiming to bridge skill gaps and align with long-term corporate objectives. Training for the estate workforce comes under the purview of the regional cluster HR units and the estate HR teams, in consultation with the corporate HR department. For the executive, training is spearheaded by the corporate HR department with the guidance of the top management.

We have in place a comprehensive training plan with allocated budgets and fully-fledged facilities to address training needs across all employee levels and estates. Our training initiatives entail in-house programmes, on-the-job training, and external opportunities, including overseas training. We have an expert team of trainers and resource persons to carry out our training plans. Our senior management



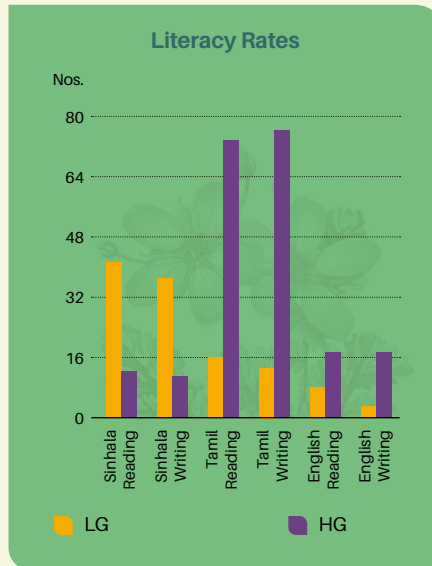
### Reading Maketh the Man - Literacy Survey

Recognising the literacy challenges faced by many of our plantation workers, we rolled out a well-structured survey in the year under review, to assess and gather information on literacy levels of our estate workforce. The survey results will serve as crucial data and information, facilitating us to develop a targeted and an impactful literacy enhancement programme which will be in all three official languages. We also intend to set up dedicated reading corners at all estates with newspapers, periodicals and novels-fostering the reading habit.

#### Key Indicators

- 🌿 Number of surveys carried out: 17
- 🌿 Number of participating estates: 17
- 🌿 Employee sample size: all manual grade employees

🌿 Average literacy level:



### Mentoring and Succession Planning

As a leading plantation company with extensive operations, mentoring and succession planning warrant strategic precedence. The Board takes a keen interest in planning and nurturing succession at the senior management level. Exceptional performers at the executive level-identified through our performance management process-receive mentoring from both senior and middle managers, with targeted career planning. These top performers are also given opportunities for specialised training in leadership and management along with on-the-job exposure-preparing and empowering them to take up higher career responsibilities.

### Embracing Future Leaders in Management

Continuing our planter trainee programme, akin to a management trainee initiative, we recruited seven dynamic school leavers with outstanding physical endurance and strong interpersonal skills. These trainees underwent a comprehensive 12-month training-aimed at nurturing well-rounded young managers, providing structured courses in tea plantations, tea processing, leadership, management and essential soft skills. They are currently been given exposure through on-the-job training alongside the management in various organisational functions.







# Human Capital

## Occupational Health and Safety

GRI 403-1-2-4 & 8; Sector: 13.19. 2-5 & 9

 Social and relationship capital, community, page 136

### Occupational Health and Safety Policy - Salient Features

-  Committed to provide a safe and clean work environment
-  Preventive and protective safety measures in all production and processing areas
-  Training and education on relevant health and safety aspects
-  Health and safety risk assessments and review Health and Safety Standards

### We comply with all Mandatory Health and Safety Requirements

Factories Ordinance No. 45 of 1942 and Amendments thereto

**Health and Safety Committee**  
Estate Level  
10 - 15 Members  
Monthly/Quarterly Meetings

### Key Responsibilities

**Led by the Estate Manager**

**70% Manual Grade**

**55% Staff**

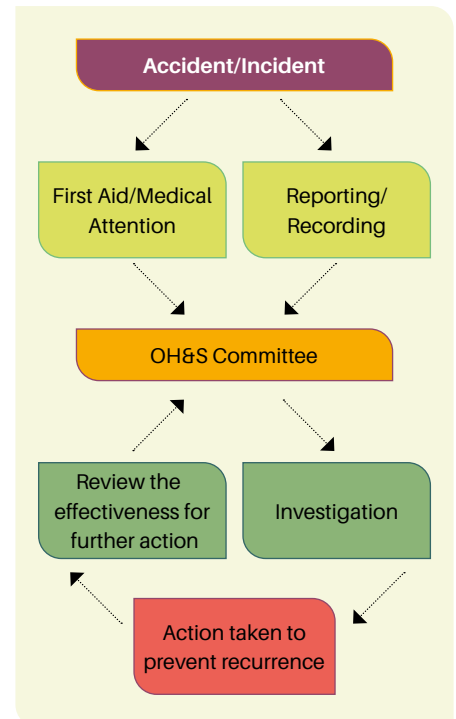
**69% Executive**

-  Implement, communicate and extend training on health and safety standards and measures to all estate-level employees
-  Review accident/incident investigation reports and take corrective action on findings
-  Support new measures introduced to enhance and upgrade health and safety standards across the estate
-  Provide support to carryout health and safety risk assessments, annual audit and plans.
-  Monitor workplace injuries and implement corrective action to minimise the risk of future incidents.

We have in place a dedicated OHS Committee at the estate level, represented equally, by both men and women. Led by the estate manager, the committee plays a crucial role in ensuring the adequacy and the implementation of health and safety measures in line with the safety manual. Formal Committee meetings are held every quarter, with due reporting to the management for deliberations and actions, if and when necessary.

At the year-end, a comprehensive health and safety risk assessment is carried out jointly and in consultation with the senior management; Sustainability and Quality Systems Development team; OHS Committee and the Group OHS officer. In response, key measures are in place including personal protective equipment (PPE) to reduce or mitigate the risks to an acceptable level. The procedures and protocols are established with focused training on using PPE.

### Accident/incident investigation reporting Process



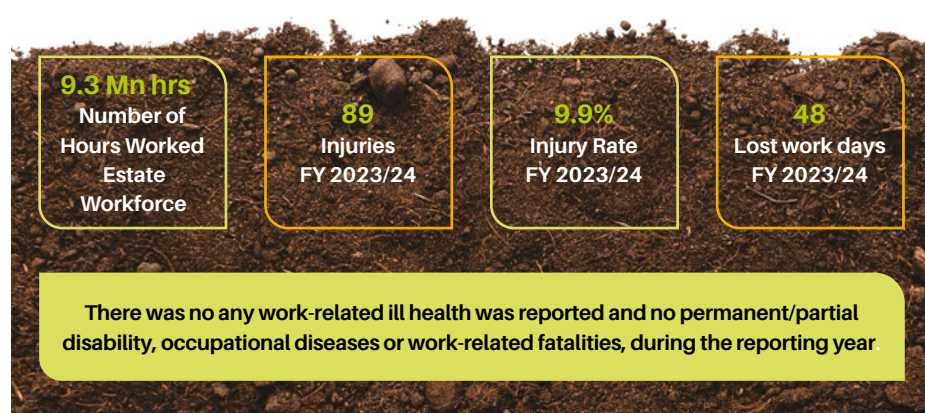
With extensive operations and as an employer of a large workforce, it is critical that we look into and take proactive measures to ensure that we offer a healthy and safe workplace to all employees, be it in the fields, tea processing factories to offices. As guided by the Occupational Health and Safety (OHS) Policy and as set out in our collective bargaining agreements; we have in place a comprehensive OHS framework along with a safety manual to ensure that our approach to health and safety is systematic and pragmatic to achieve zero injury across operations. This manual is translated into both Sinhalese and Tamil and the procedures and instructions are displayed in prominent places for employee accessibility. Training our employees on health and safety is also a pivotal part, with focused and well-planned out initiatives along with necessary budgets in place. Our certifications also complement our efforts in this regard.

The risk assessment outcomes stand as the basis for preparing the annual OHS plan-entailing key measures and activities to manage health and safety at our estates. This plan also takes into account the investigations into incident/accidents report along with OHS audit findings which is carried out annually by internal audit.

Furthermore, we also have a solid welfare programme covering physical and mental wellbeing of our employees including the communities residing in our estates.

GRI 403-9 & 10; Sector 13.19.10 & 11

#### Estate Work Related Injury Indicators - FY 2023/24



#### Health and Safety Training Initiatives FY2023/24



#### Estate Level OHS Risk Assessment

Field	<b>Hazard: Agro-chemical exposure</b> <span>Risk Level: High</span>		
	<b>Health &amp; Safety Risks</b>	<b>Persons at Risk</b>	<b>Procedures in Place/ Control Measures</b>
	<ul style="list-style-type: none"> <li>Respiratory issues</li> <li>Skin and eye irritation</li> <li>Mental health issues</li> <li>Accidental poisoning</li> <li>Environmental contamination</li> </ul>	<ul style="list-style-type: none"> <li>Chemical sprayers</li> <li>Field workers</li> <li>Community</li> <li>Store workers</li> </ul>	<ul style="list-style-type: none"> <li>Procedures for agro-chemical usage and emergency response</li> <li>PPE provided with mandatory use and training</li> <li>Eye, hand washing and bathing facilities</li> <li>Training on agro-chemical storage and handling</li> <li>Annual health screening</li> <li>Timely pruning and pollarding</li> <li>Chemical-free buffer zones established</li> </ul>
	<b>Hazard: Poor Ergonomics due to repetitive task like plucking tea leaves</b> <span>Risk Level: Moderate</span>		
	<ul style="list-style-type: none"> <li>Musculoskeletal disorders</li> </ul>	<ul style="list-style-type: none"> <li>Tea harvesters</li> </ul>	<ul style="list-style-type: none"> <li>Ergonomic tea baskets provided</li> <li>Proper training on tea plucking provided</li> <li>Adequate rest breaks given</li> </ul>
	<b>Hazard: Exposure to insects and snake bites</b> <span>Risk Level: Moderate</span>		
	<ul style="list-style-type: none"> <li>Venom toxicity</li> <li>Tissue damage/Paralysis</li> <li>Respiratory failure</li> <li>Bleeding disorders</li> <li>Neurological impairments.</li> </ul>	<ul style="list-style-type: none"> <li>Field workers</li> </ul>	<ul style="list-style-type: none"> <li>Controlling weeds</li> <li>Training on first aid</li> <li>First aid centres in the fields</li> </ul>
	<b>Applicable Regulation</b>		
	<ul style="list-style-type: none"> <li>Pesticide Control Act No. 33 of 1980/National Environment Act No. 47 of 1980</li> <li>National Institute of Occupational Safety &amp; Health Act No. 38 of 2009.</li> </ul>		



# Human Capital

Factory	<b>Hazard: Accidents caused by machinery (rotating parts and sharp edges)</b>			Risk Level: High
	<b>Health &amp; Safety Risks</b>	<b>Persons at Risk</b>	<b>Procedures in Place/Control Measures</b>	
	<ul style="list-style-type: none"> <li>Injuries</li> <li>Cuts</li> <li>Fractures</li> <li>Amputations</li> </ul>	<ul style="list-style-type: none"> <li>Machine operators</li> </ul>	<ul style="list-style-type: none"> <li>Emergency preparedness procedure</li> <li>Regular training on safety of operating machinery</li> <li>PPE provided and training on correct usage</li> <li>Awareness programmes on emergency procedures</li> <li>Prerequisite programmes and monitoring formats established at point of use</li> <li>Hazardous parts are guarded</li> <li>Regular maintenance of machinery</li> <li>Use of safety signage</li> </ul>	
	<b>Hazard: Loud machinery noises</b>			Risk Level: Moderate
	<b>Health &amp; Safety Risks</b>	<b>Persons at Risk</b>	<b>Procedures in Place /Control Measures</b>	
	<ul style="list-style-type: none"> <li>Hearing loss</li> <li>Ear aches and tinnitus</li> <li>Stress and fatigue</li> </ul>	<ul style="list-style-type: none"> <li>Mechanic</li> <li>Machine operators</li> </ul>	<ul style="list-style-type: none"> <li>Installed sound-proof enclosures</li> <li>Mandatory use of PPEs</li> </ul>	
	<b>Poor illumination</b>			Risk Level: High
	<b>Health &amp; Safety Risks</b>	<b>Persons at Risk</b>	<b>Procedures in Place/ Control Measures</b>	
	<ul style="list-style-type: none"> <li>Eye strain and fatigue</li> <li>Risk of accidents</li> <li>Strain on posture and muscles</li> <li>Mental health issues</li> </ul>	<ul style="list-style-type: none"> <li>All workers</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of illumination</li> </ul>	
	<b>Fluff level</b>			Risk Level: High
	<b>Health &amp; Safety Risks</b>	<b>Persons at Risk</b>	<b>Procedures in Place/Control Measures</b>	
	<b>Hazard: Explosion - boiler, air receiver and pneumatic hydraulic vessel</b>			Risk Level: High
	<b>Health &amp; Safety Risks</b>	<b>Persons at Risk</b>	<b>Procedures in Place/Control Measures</b>	
	<ul style="list-style-type: none"> <li>Loss of life</li> <li>Burns</li> <li>Lacerations,</li> <li>Crush injuries</li> </ul>	<ul style="list-style-type: none"> <li>Operator and workers around the boilers</li> </ul>	<ul style="list-style-type: none"> <li>Regular inspection by authorised person</li> <li>Trained and licensed boiler operator</li> </ul>	
	<b>Hazard: Fire</b>			Risk Level: Moderate
	<b>Health &amp; Safety Risks</b>	<b>Persons at Risk</b>	<b>Procedures in Place/ Control Measures</b>	
	<ul style="list-style-type: none"> <li>Loss of life</li> <li>Burns</li> <li>Psychological trauma</li> </ul>	<ul style="list-style-type: none"> <li>All workers</li> </ul>	<ul style="list-style-type: none"> <li>Fire extinguishers provided and extinguishing procedure in place</li> <li>Fire team in place with training</li> </ul>	
	<b>Applicable Regulation</b>			
	<ul style="list-style-type: none"> <li>Factory Ordinance No. 45 of 1942 and amendments</li> <li>Compensation Ordinance No. 19 of 1934 and amendments</li> <li>National Institute of Occupational Safety and Health Act No. 38 of 2009</li> </ul>			

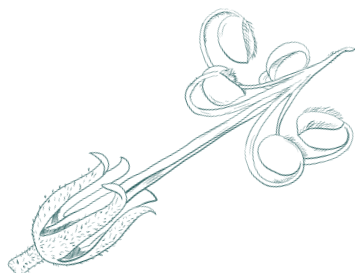
**Note:** Risk level has been ascertained on the basis of the identified hazard's probability of occurrence, severity and exposure.

## Health and Safety Initiatives/ Measures

GRI 403-5; 403-6; 403-7; Sector 13.19.6 & 7

### Administration

- Worker empowerment and participation in health and safety committee decision making
- Consistent and regular health and safety committee meetings
- Health and safety risk assessment and audits in fields and factories
- Investigations and reporting of accidents/incidents
- Compliance with health and safety regulations
- Review and update health and safety policies, procedures, and practices



### Health, Nutrition & Hygiene

- Antenatal and postnatal clinics
- Eye clinics
- Immunisation programme
- OPD treatment
- Well women clinic
- Worm treatment
- Nutritional programmes
- Special health screening programmes - pluckers, chemical sprayers and other high-risk workers

### Field Safety

- Minimise ergonomic risks among tea harvesters
- Proper storage, handling and disposal of agro chemicals
- Safety of agro-chemical applications with buffer zones
- Clean drinking water given
- Sanitation facilities
- Inspection of cleanliness of workers' rest areas and living quarters

### Factory Safety

- Measuring noise and light intensity
- Inspection of boilers, air receivers and lifting machinery
- Modifications of machinery with safety features
- Timely maintenance of machinery
- Inspection of availability and condition of PPE
- Vehicle maintenance
- Inspection on availability and quality of first-aid facilities

### Training

- Emergency response plans and drills to handle fires, accidents and other emergencies
- Safety of handling and spraying agro-chemicals
- First aid
- Safety procedures on operating equipment and machinery handling

### Eye Screening Camp

We organised an eye screening camps for our tea harvesters in our estates. Well-equipped for eye screening and staffed with qualified opticians, camps were carried out directly in the fields, ensuring convenient access for all harvesters to test their eyesight. This initiative proved to be significant and much appreciated by our employees, as many of them tend to overlook their eye health.

#### Key Indicators

- Eye camps held: 38
- Tea harvesters screened: 2,284
- No of spectacles received: 1,062
- Investment: Rs. 6.3 Mn



### Affordable Insurance Scheme

We partnered with Janashakthi Insurance to introduce a comprehensive medical insurance scheme-tailored for our manual grade employees. Negotiating a discounted premium, this contributory scheme covers a wide range of medical benefits, including OPD, hospitalization and prescription medication expenses.

#### Key Indicators

- Insurance scheme: Life Cover
- Monthly premium: Rs. 300
- Insurance tenure: 1 Year
- Employees insured as at date: 1,982



## Human Capital

### Nurturing Employee Relationships

GRI 402-1, 407-1; Sector 13.8.2

Demonstrating our commitment to be a 'Great Place to Work', we strive to maintain good employee relations across all facets of our business, underpinned by open workplace practices. Our managers maintain continuous dialogue and closely engage with their respective teams. The top management is conscientious in its communication and regularly updates all employees on any significant operational changes and decisions, on average, one month in advance. The information is disseminated through notice boards for estate workers whilst discussed at staff meetings for estate staff and executives.

We recognise the right of our employees the freedom of association with trade unions and collective bargaining. We give priority, to engage and maintain positive relations with all trade unions. The collective agreements ensure that any significant changes to the organisation's structure or operations, including amalgamations or sub-leasing of estates/divisions, are finalized through prior notice and consensus between management and unions.

We have in place an open-door policy, empowering all employees to freely voice their concerns/issues to their superiors. We follow through the remedial protocol for grievance handling and resolution

#### Chat with HR

##### Fostering an Exemplary Workplace

This year, advocating transparency, communication and employee well-being, we introduced a 'Chat with HR'-a platform inviting all corporate office employees to openly express their concerns, grievances, and innovative ideas with the HR team.

With a noteworthy participation, the forum addressed a range of topics and concerns regarding supervision, teamwork, workload, salary, subordinate relationships and training needs.

Throughout these discussions, confidentiality was rigorously upheld, ensuring a safe and trusting space for employees to engage and contribute.



as guided by the Rainforest Alliance certification programme. In keeping with the guidelines, our estate workers have recourse to reach out to their immediate superiors to redress their grievances and if necessary, escalate to the regional cluster units or even to the corporate HR team to obtain support on any unresolved issues. The labour days which we organise on a monthly basis also provide an ideal platform for workers to engage with the management and resolve their concerns.

Our routine team meetings, along with annual performance reviews serve as pivotal point to manage staff and executive grievances. Additionally, our whistleblower policy actively encourages all employees to report any breaches of their rights or

misconduct of superiors/subordinates while ensuring utmost confidentiality. In the reporting year, we did not record any grievances, lawsuits or non-monetary sanctions related to violations of labour rights including human rights through these formal channels.

#### TTE Triumphs in "KOLAM" Competition Celebrating Women's Day

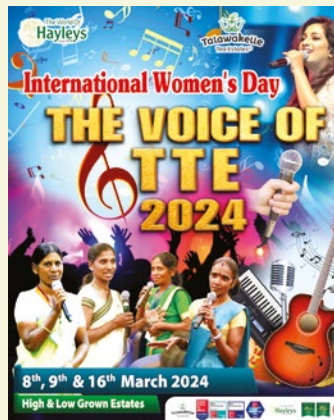
TTE takes the spotlight as winners of the "KOLAM" competition, an event organized by the Plantation Human Development Trust (PHDT) and Adhishakthi Organization to commemorate Women's Day. The competition featured 12 estates in Nuwara Eliya, with the prestigious event taking place at the Radella Club.



#### "Celebrating International Women's Day with Our Team"

##### The "VOICE OF TTE"

We organized a "VOICE OF TTE," a singing competition, to celebrate International Women's Day and provided our tea harvesters with a platform to showcase their talents. A total of 122 employees from both high grown and low grown regions participated in this joyful and inclusive event. It was a fantastic celebration that brought people together and highlighted the diversity and talent within our community.





**Goal 1 : No Poverty****Target:** By implementing policies and practices

- Fair Wages and Compensation
- Employment Opportunities and Job Security
- Industry stipulated wages plus performance incentives
- Diversity and inclusion

**Goal 3: Good Health and Wellbeing****Target:** Healthy and safe workplace practices

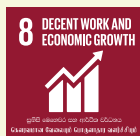
- Periodic risk assessments and audits
- Health and safety committees with worker representations
- Comprehensive Training on health and safety standards and measures

**Goal 4: Quality Education****Target:** Equitable learning opportunities for all

- Planned training to bridge skills gap
- Training opportunities to all staff categories without prejudices
- Performance evaluated with recognition and rewards

**Goal 5: Gender Equality****Target:** Zero discrimination and achieve gender parity at all levels of employment

- Progressive HR policy in place
- Equal pay for equal work without gender bias
- Increasingly opening up opportunities for women to take leadership roles

**Goal 8: Decent Work and Economic Growth****Target:** Productive employment for all, enabling inclusive value creation

- Well-respected and leading regional plantation company with significant value creation
- Extensive employment opportunities with training and exposure for career advancement
- Progressive workplace upholding best HR practices

Key Performance Indicators (High and Low Grown Estate Workforce)	Related UNSDG	FY 2023/24	FY 2022/23	2030 Industry Baseline
Percentage of female employees in supervisory capacity	Goal 5: Gender equality	41%	29%	50%
Female employee turnover rate	Goal 8: Decent work and economic growth	63%	58%	40%
Percentage of female employees participating in training	Goal 4: Quality education Goal 5: Gender equality	73%	64%	85%
Employee satisfaction rate	Goal 8: Decent work and economic growth	99%	97%	100%
Fair Remuneration & benefits	Goal 1: No poverty	3,450 Mn	2,936 Mn	5,500 Mn
OH&S Training	Goal 3: Good health and wellbeing	3,260 hrs	4,965 hrs	5,500 hrs



# NATURAL CAPITAL



**“Embracing environmental responsibility at every step, we stand committed in our quest to protect natural habits within our estates, conserve biodiversity and ensure soil health, whilst pursuing carbon neutrality in our path to create sustainable value.”**

With our estates nestled over 6,000 hectares of ecologically significant land, we recognise our responsibility as custodians to protect and conserve the environment. Given our heavy reliance on natural resources for raw materials and the direct impact of climate on crop production and leaf quality, it is strategically imperative for us to be concerned and frugal in the way we use our resources; whilst actively managing our environmental footprint and striving towards achieving net zero carbon emissions. This section will shed light on our regenerative environment management framework, our practices and key initiatives in our efforts to conserve and build upon our natural capital base.

## Our Materiality Focus

Materials

Soil and Land

Energy

Water

Climate

Waste

Biodiversity  
& Ecosystem

## Stakeholders Impacted



Input



## Our Environmental Footprint

### Land

- Tea Fields
- Other Crop

- Biodiversity

- Energy

- Water bodies

- Climate

### Strategic Investments

- Environment management and conservation

**5159 kg**

Waste Recycling  
FY 2022/23: 5,530 kg

**1.93**

GHG Emissions Intensity  
FY 2022/23: 1.5

**86 %**

Renewable Material Used  
FY 2022/23: 88%

**85%**

Renewable Energy Share  
FY 2022/23: 88%

**Rs 62 Mn**

Environment Management and  
Conservation Investment  
FY 2022/23: 48.9 Mn





## Process



## Output



## Impact



### Environment Policy and Strategy in Action

#### Sustainable Land Management

- ☘ Restore and revitalise soil health, prevent erosion and land degradation from pollution.

#### Circular Resource Management

- ☘ Source and optimise sustainable material inputs whilst minimising waste on 4R principles.

#### Climate Action

- ☘ Improve energy efficiency, invest in renewable energy sources and work towards net zero GHG emissions whilst strengthening operational resilience to climate risks.

#### Water Stewardship

- ☘ Minimise water usage, adopt efficient irrigation, rainwater harvesting and protect water sources/bodies.

#### Biodiversity Conservation and Ecosystem Restoration

- ☘ Preserve natural habitats, promote the growth of native plant species and protect wildlife.

### Conserving the Environment and Carbon Neutrality

#### Responsible corporate citizen

#### Soil health and fertility

#### Enhanced tea yields and quality

#### Protected water sources

#### Protected biodiversity and ecosystems

#### Lower carbon footprint

### Value Creation

Implementing an effective environmental management framework to build, conserve and protect natural capital, thus ensuring sustainable value creation.



#### Key Risk & Opportunity

- ☘ Risks: Climate change impacts, environmental regulations.
- ☘ Opportunities: Sustainable farming and renewable energy.

#### Strategic Response

- ☘ Implement regenerative agriculture and renewable energy projects.
- ☘ Enhance biodiversity conservation.

#### Trade-offs

##### With Financial Capital

- ☘ Short-term costs for sustainable practices ensuring long-term environmental and economic benefits.

##### With Natural Capital

- ☘ Employment opportunities in sustainable projects improve workforce stability and skills.



## Natural Capital

Appendices

Financial Reports

Statement of ESG Performance

Risk and Governance

Management Discussion and Analysis

Overview



### Best Corporate Citizen Sustainability Awards 2023 by Ceylon Chamber of Commerce

- Environmental Sustainability (Planet) - Triple Bottom-Line Winner
- Corporate Environmental Commitment - Category Winner
- Environmental Integration - Category Winner
- Environment Beyond the Business - Category Winner



As guided by our Environmental Policy, we strive to balance our operations and achieve growth aspirations in keeping with globally recognised best practices in environmental stewardship. Aligned with this policy, we have implemented an integrated environment conservation model and management system providing a framework to roll-out key measures and pragmatic initiatives under five strategic areas: land management including soil health, material footprint, water conservation, energy efficiency

and emissions reduction, biodiversity & ecosystems preservation and restoration. This comprehensive approach complements our ESG goals outlined in our Regenerative Agenda 2030 and the Hayleys Life Code. Led by the ESEG Steering Committee at the Board level, our corporate sustainability team collaborates with estate-level environmental management committees to implement key initiatives and measures, whilst closely monitoring the performance against the set targets. We use the "Hayleys

CUBE" Sustainability Data Management System to track, monitor and evaluate our environmental performance across estates on a monthly basis; the findings are duly reported through the steering committee to the Board for deliberations and recommendations. In addition, we carry out periodic audits, both, internal as well as independent external audits through our certification bodies and non-profit organisations. These audits ensure compliance with our environmental standards and provide insights for continuous improvement.

## Capital Performance

### Kiruwanaaganga Green Building Factory

#### A testament to our commitment to innovation and sustainability

Marking a significant milestone, this reporting year, we successfully completed the construction phase of our state-of-the-art tea factory at our Kiruwanaaganga estate, the largest in the low-grown region. Promoting socio-economic and environmental sustainability, the factory is unique and stands as a prototype demonstrating how organisations in traditional industries like tea, can adopt innovation to best-fit the evolving business landscape.

The facility is meticulously planned, designed and built in keeping with the Sri Lanka Green Building Standard; incorporating a comprehensive set of sustainable and cost-effective features as follows:

#### Energy Efficiency

- ☘ Lighting systems
- ☘ Roof-top solar

#### Water Conservation

- ☘ Efficient plumbing fixtures
- ☘ Rainwater harvesting system
- ☘ Reusing factory waste water for landscape irrigation

#### Materials

- ☘ Environmentally friendly building material
- ☘ Waste management system

#### Indoor Environmental Quality

- ☘ Adequate ventilation
- ☘ Natural lighting

The Green building factory is scheduled to commence commercial operations in end of the 2024.



## Material Consumption

GRI 301-1,2,8,3

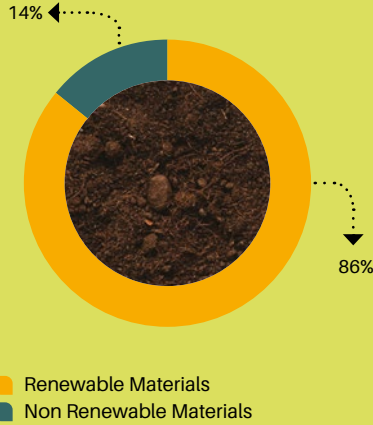
With operations spanning vast tea fields and encompassing factory processing and packaging in 16 estates, our material consumption levels are substantial. As envisioned by our Regenerative Agenda, we strive to go beyond the linear 'take-make-dispose' model embracing a more sustainable circular approach; whereby, resources are used efficiently, reused, recycled or recovered (4Rs). Accordingly, we prioritize renewable inputs in our production process to the extent possible, whilst upholding responsible management practices, particularly, when using non-renewable resources. Our main raw material, green leaf accounts for over 86 %

share. Only 14% accounts for non-renewable resources, entailing fertiliser, agrochemicals and dolomite. We do not use recycled material in our production process. As an export-oriented company, we do not reclaim and reuse packaging materials. However, we use recyclable paper sacks for packaging and give precedence to suppliers who offer lower material footprint solutions.

Material Used across the TTE Value chain	2023/24	% Share	2022/23	% Share
<b>Factory Operations / Renewable Materials - Tons</b>				
Green Leaf	25,270	86%	22,201	88%
Packing material	75	0.25%	0.20	0.2%
<b>Field Operation / Non-renewable materials</b>				
Fertiliser	2,121	7%	1,735	7%
Agrochemicals	14	0.05%	11	0.04%
Dolomite	1,880	6%	1,297	5%

## Natural Capital

### Renewable and Non-renewable Materials 2023/24



### Solid Waste Management

GRI 306-1, 2, 3, 4 & 5

As guided by the standards set by the Rainforest Alliance and advocating the 4R concept, we have seamlessly integrated an effective solid waste management mechanism across all our estates. Under this initiative, we train and create awareness among our employees and resident communities on the necessity and on how to be responsible in managing solid waste.

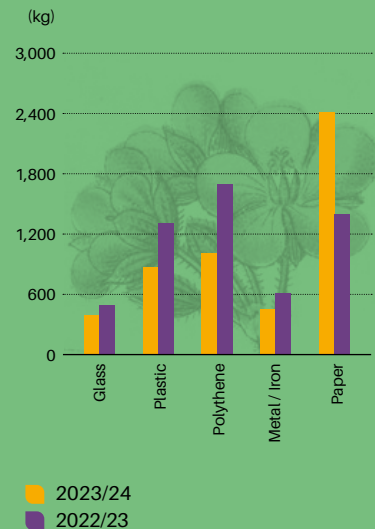


Waste type and Disposal	2023/24	2022/24
<b>Waste diverted from disposal (kilograms)</b>		
<b>Composting</b>		
Biodegradable mix waste	132,414	125,204
<b>Recycling</b>		
Glass	396	492
Plastic	871	1,314
Polythene	1,014	1,704
Metal/Iron	457	616
Paper	2,422	1,404
<b>Total Recycling</b>	<b>5,159</b>	<b>5,530</b>
E-waste	287	439
Bulbs-used	643	649
Total on-site storage	930	1,088
<b>Waste directed to disposal (kilograms)</b>		
<b>Authorized Landfill</b>		
Non-hazardous mix waste	6,786	3,412

Our biodegradable waste, generated both in factories and by the resident communities, is recycled as compost, enriching our tea fields and home garden plots. Agricultural waste is reused to make briquettes, used as biomass fuel. Non-biodegradable waste—metal, glass, plastic, polythene and paper is systematically collected, segregated and responsibly disposed, most often, through recycling channels. Empty agrochemical containers are returned to suppliers for reuse while hazardous e-waste including used bulbs is responsibly stored and subsequently disposed through a waste disposal company authorized by the Central Environmental Authority. The use of unauthorized landfill sites and incineration practices of waste are strictly prohibited within our estates.



### Waste Recycling

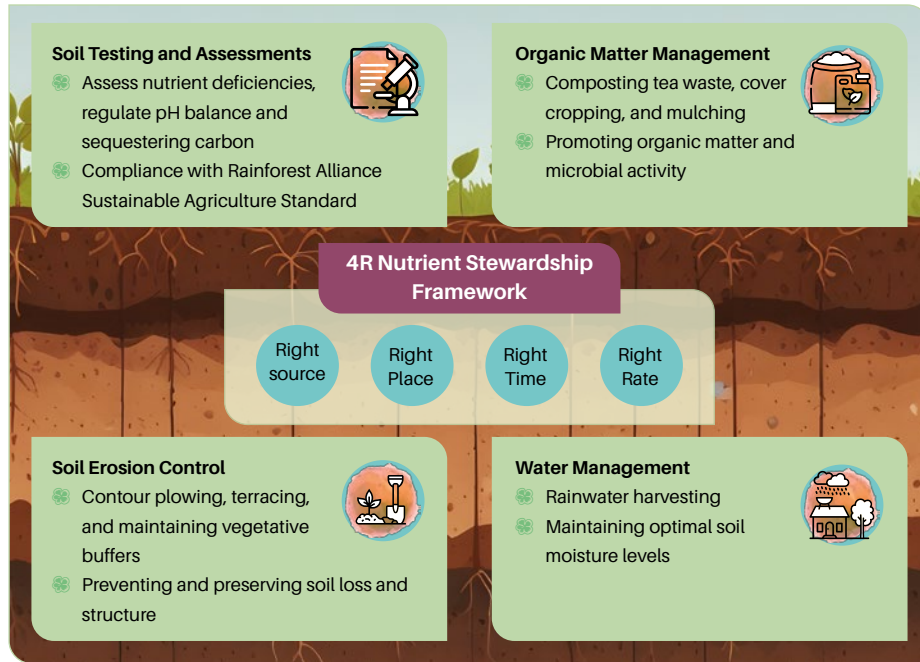




## Sustainable Land Management

GRI Sector 13.5. 1, 13.6.1

Upholding regenerative agronomic practices, we have in place key measures to protect, conserve and nurture soil vitality for optimal conditions for crop growth, sustained productivity, and for minimum impacts on climate change. This entails erosion prevention, nutrient preservation, pH regulation, and carbon enrichment.



## Biochar Project

### A Transformative Step Towards Sustainable Agriculture

Following through with our pilot initiative in the previous year to produce bio-char from agricultural waste, we collaborated this year, with a forward thinking globally renowned bio-char company to take-off the project on a commercial basis. In collaboration, we carried out a comprehensive feasibility study to explore innovative solutions to address the energy intensive nature of bio-char production and enhance the overall sustainability of the process.

Bio-char, with its highly porous structure, offers a sustainable solution to improve soil fertility, enhance water retention and increase the nutrient content. This can be used as an eco-friendly alternative

to synthetic fertilizer, promoting plant growth, increasing crop yields and sequestering carbon.

Recognizing the substantial energy demands of bio-char production, we sought the expertise of our partnering company to refine our methods, reduce energy consumption, lower emissions and minimize our carbon footprint. Since, bio-char is a high valued carbon credit product, this initiative will give us a leveraging point within the carbon market; whilst supporting us to minimize our reliance on synthetic fertilizer in agronomic practices as well as bring down our cost of production for higher returns. We expect the commercial operations of our bio-char project to take-off in the ensuing financial year.



## Natural Capital

### Agrochemical Usage

GRI Sector: 13-6

Balancing natural solutions along with agrochemicals, we have adopted an integrated pest management (IPM) method in our agricultural operations. This ecosystem-based approach to pest and disease control operates on three tiers: prevention, monitoring and intervention. Our primary focus lies on non-chemical measures as outlined by the Food and Agriculture Organisation (FAO). Accordingly, we give precedence to natural lines of defense through good agricultural practices alongside our efforts to enhance biodiversity and ecosystems.



Upholding responsibility, we adhere to stringent quality and standards and regulatory guidelines when using agrochemicals in our operations. As recommended by the Tea Research Institute, we only use registered agrochemicals sourced from authorised suppliers within the country. Necessary precautionary measures are taken in both applications as well in transportation. All personnel handling chemicals are well-trained and we ensure that they use personal protective gear and follow the label instructions conscientiously.

### Climate Action

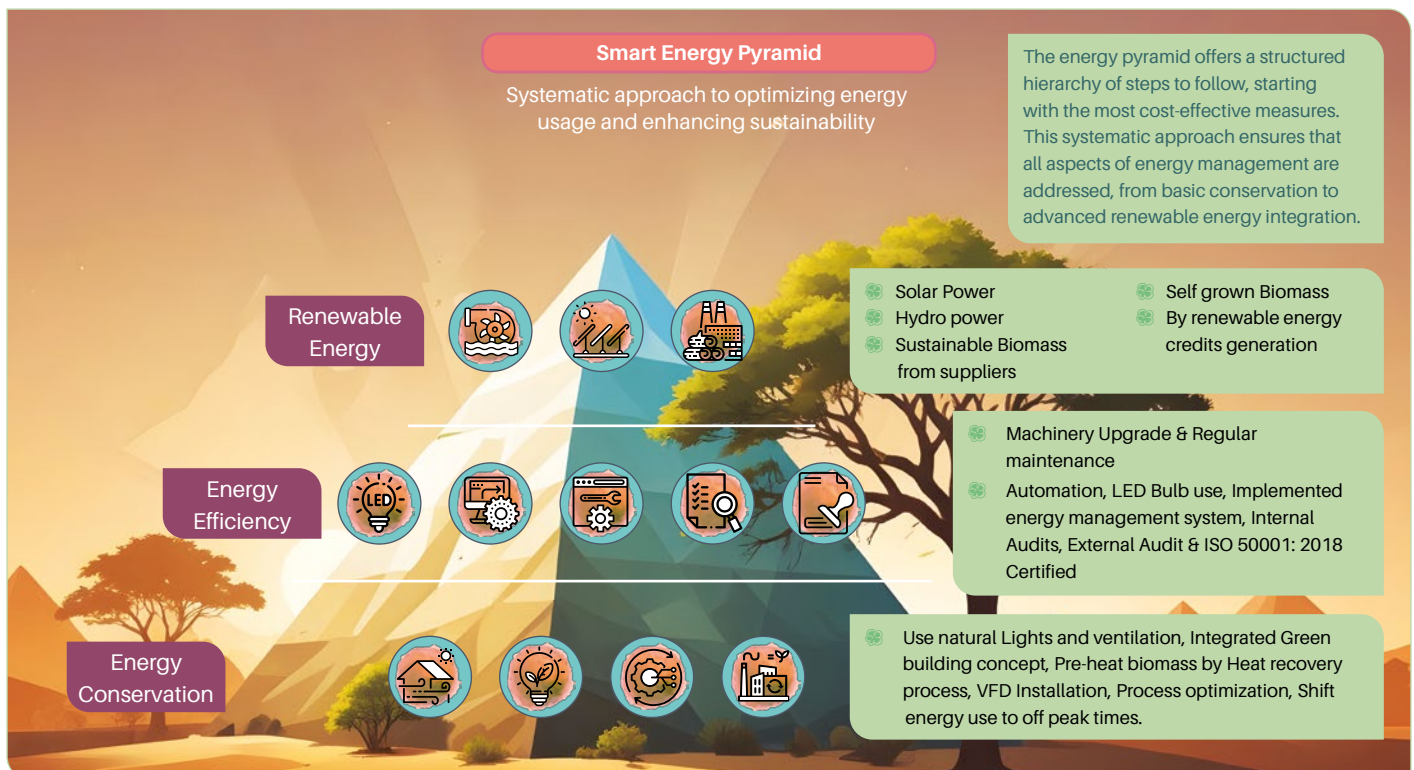
#### Energy Management

GRI 302-1, 2, 3, 4 & 5

Guided by our Energy Management Policy alongside the ISO 50001: 2018 Energy Management System, we are steadfast in our efforts to be efficient in energy consumption and improve energy intensity across all operations. Direct energy in the reporting year included fuels and oil sourced externally to operate machinery

and equipment and for transport. We also used biomass energy generated onsite to operate tea driers and 92% Direct energy usage registered a 4% increase year-on-year. Indirect energy, that is electricity purchased from the national grid, was mainly used for factory operations, accounting for 8% of the total consumed. Electricity usage increased in the year by 16% over the previous year. However, 6 % energy consumption increased in both direct and indirect energy sources. The reduction in energy requirements in terms of sold products is not measurable.

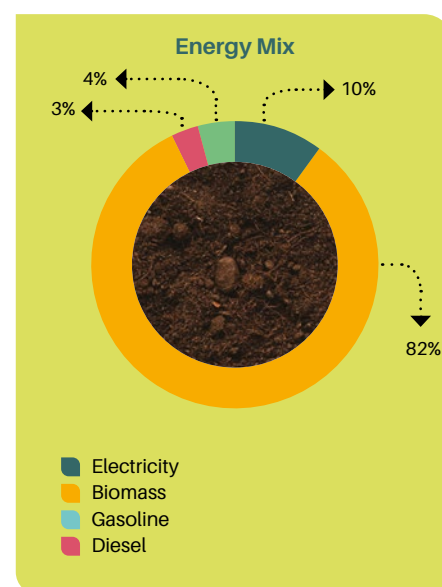
External energy consumption for our organisation encompasses third-party transportation for finished goods, fertilizer & agrochemicals, Dolomite, packing material and fuelwood transportation.





## Energy Statement

Energy consumption by scope	2023/24	% Share	2022/23	% Share	% Change
<b>Within the organisation (Gj)</b>					
<b>Direct</b>					
Biomass	177,085	82%	172,856	86%	2% ▲
Gasoline	9,314	4%	2,621	1%	255% ▲
Diesel	6,386	3%	7,365	4%	13% ▼
<b>Indirect</b>					
Electricity	16,910	8%	11,751	6%	44% ▲
Energy consumed within the organisation (1)	214,663	-	201,663	-	6% ▲
<b>Outside the organisation (Gj)</b>					
<b>Direct</b>					
Gasoline for vehicles	-	-	-	-	-
Diesel for vehicles	1,191,707	100%	654,602	100%	82% ▲
<b>Energy consumed outside the organisation (2)</b>	<b>1,227,827</b>	<b>-</b>	<b>654,602</b>	<b>-</b>	<b>82% ▲</b>
<b>Total energy consumed (1+2)</b>	<b>1,442,497</b>	<b>-</b>	<b>856,265</b>	<b>-</b>	<b>68% ▲</b>
<b>Energy Intensity</b>					
Energy consumed within the organisation (1)	214,663	-	201,663	-	6% ▲
Made tea output (Kilograms)	5,719,505	-	5,102,219	-	12% ▲
Average energy consumed per unit of made tea (Gigajoules per Kilogram)	0.04	-	0.04	-	-



## Building Team Capacity

### Energy Management and GHG Emissions

The National Cleaner Production Centre in partnership with UNDP, offers an extensive training programme focused on implementing energy efficiency and curtailing GHG emissions as per the ISO 50001:2018 energy management standard.

Acknowledging the current expertise gap within our estates in implementing this standard—with the exception of Holyrood estate which is already certified—we have facilitated two employees from the sustainability team to follow this one-year part-time programme. One employee has already completed and received certification.

We believe that this training initiative will complement our efforts and pave the way for our aspiring estates to pursue the ISO certification in the near future.





## Natural Capital

### Renewable Energy

FY	2023/24	2022/23	tCO <sub>2</sub> e Saving
Biomass (Gj)	177,085	172, 856	1,826.30
Hydropower (Gj)	24, 697	28, 558	4,679
Solar Power (Gj)	2, 240	2, 210	440

In our ongoing efforts to transition our energy portfolio away from non-renewable sources, we have steadily ramped up our investments in alternative sustainable energy sources be it biomass energy, hydropower to solar power. Our initiatives in this regard have proven successful, enabling us to shift our energy mix to encompass nearly 85 percent of renewable energy.

### Biomass Energy

We use both fuelwood and briquettes in our biomass energy production. We have allocated considerable land area, over 1,039 hectares for fuelwood cultivation, predominantly within our high-grown estates—constituting for over 75 percent of the total area planted. *Eucalyptus spp.* took up the bulk that is 99 percent of the area planted with mixed forestry blocks taking up the balance. We also sourced fuelwood from licensed third-party suppliers. As for briquettes, we produce them using agricultural waste.

In the reporting year, we used a total of 11,352 metric tons of fuelwood including 80% procured from third-party suppliers to generate our biomass energy requirements. Consequently, we planted 28 hectares, in turn, strengthening our capability to be energy self-sufficient and ensuring a sustainable future supply.



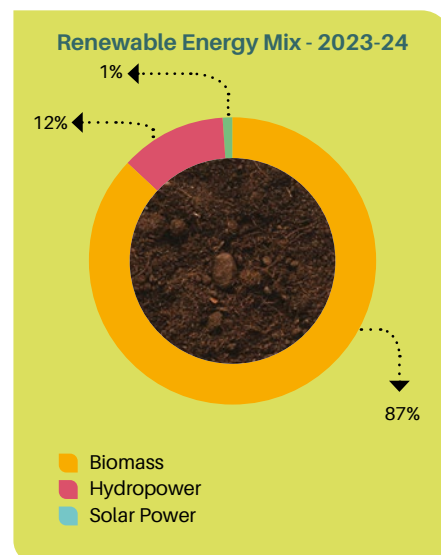
### Solar Power

We continued to be bullish in our roof-top solar power initiatives. We have invested in solar in five of our estates, with a total capacity of 599.43kWp electricity generation. This reporting year, we generated 622 MWh of electricity.

### Hydropower Energy

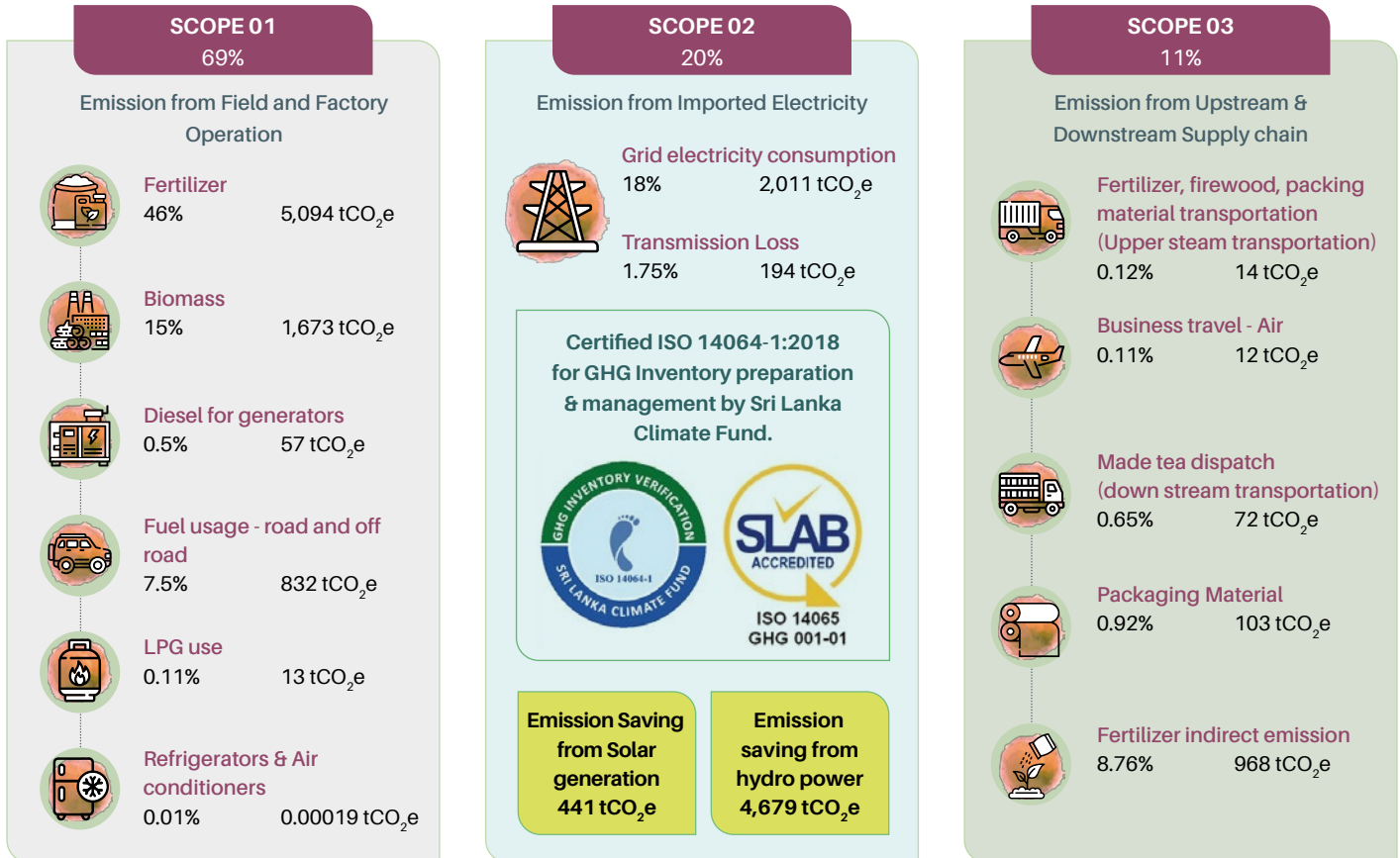
Reinforcing our drive for alternative energy, this year, we invested in acquiring full ownership, bringing our stake to 100 percent in mini-hydro plants previously operated under our subsidiary ventures in Radella, Palmerstone, and Somerset.

Given the low rainfall in hydro-catchment areas during the end of the year under review period, our hydro-electricity generation decreased by 14 % on-year to 6,860 MWh. However, this exceeded our electricity requirement of 4,697 MWh from the electricity grid, corresponding to 77% of the requirement.



## GHG Emissions

GRI 305-1, 2, 3, 4, 5, 6 &amp; 7



Upholding best environmental practices, efficient energy management and key investments in renewable energy sources have underscored our efforts to minimise and meet our GHG emissions targets. We have in place a well-structured monitoring mechanism to track and assess our GHG footprint. Our annual GHG Inventory Report, validated by Sri Lanka Climate Fund to be in line with ISO 14064-1:2018 Greenhouse Gas Verification Standard, sets out our emission performance with year-on-year improvements. We also monitor stack emissions in keeping with the Environmental Protective Licensing guidelines of the Central Environmental Authority.

In the reporting year, our GHG emissions under Scope 1, 2 and 3 stood at 11,045 tCO<sub>2</sub>e. We were able to leverage on our renewable energy sources, as discussed above, generating electricity over and above our requirement from the national grid, thereby, offsetting our Scope 2 emissions entirely. Our overall increase in emissions stood at 22% since significant increase of fertilizer and fuel usage. However, the emission intensity remain at 1.93 as close to the previous year.

Our operations do not release ozone depleting substances; NO<sub>x</sub> or SO<sub>x</sub> gasses produced through our daily operations and community households are negligible.

### Gold Status

For measure, reduce and contribute stages

### UN Climate Neutral Now

We are committed to reach NetZero World 2050 target in keeping with the 2015 Paris Climate Agreement.





# Natural Capital

## Emission Summary

GRI 305-1,2,3

Emission Source	2023/24 (tCO <sub>2</sub> e)	2022/23 (tCO <sub>2</sub> e)	Variance
<b>Direct emission (Scope 01)</b>			
<b>Category : Direct GHG Emissions in tCO<sub>2</sub>e</b>			
<b>1.1 Direct emission from stationary combustion</b>	1,743	1,898	8% ▼
Operation of on-site diesel generators	57	114	50% ▼
LPG consumption	13	10	30% ▲
Biomass	1,673	1,774	6% ▼
<b>1.2 Direct emissions from mobile combustion</b>	832	577	44% ▲
Company owned diesel vehicles	79	217	64% ▼
Company owned petrol vehicles	405	151	168% ▲
Company owned off-road vehicles (Diesel)	79	131	40% ▼
Agricultural machineries (Petrol)	269	78	245% ▲
<b>1.3 Direct emission from the release of GHG's in anthropogenic systems</b>	5, 094	3, 186	60% ▲
Fertilizer application	5, 094	3,186	60% ▲
CO2 fire extinguishers	0.1	0.1	-
Refrigeration and air conditioning	0.0	0.0	-
<b>Total Direct Emission</b>	7,669	5,662	35% ▲
<b>Indirect GHG emissions (Scope 02)</b>			
Category : Indirect GHG emissions from imported energy	2,205	2,335	6% ▼
Indirect GHG emissions from imported energy	2,011	2,148	6% ▼
<b>Indirect emission (Scope 03)</b>			
Category 1: Purchased Goods and Services	1,071	938	14% ▲
Category 3: Electricity distribution loss	194	187	4% ▲
Category 4: Upstream Transportation and Distribution	14	28	50% ▼
Category 5: Waste Generated in Operations	1.3	1.2	5% ▲
Category 6: Business Travel	13	11	19% ▲
<b>Total Emission (Excluding biogenic emission)</b>	11,045	9,085	22% ▲
GHG saving from Hydropower generation	4, 679	6, 381	27% ▼
GHG Saving from Solar Power generation	441	455	3% ▼
<b>Total emission saving from renewable energy generation</b>	5,119	6,836	25% ▼

## Water Stewardship

GRI 303-1, 2,3,4 &amp; 5

### Conserving and Protecting Water Bodies

Availability and access to clean water is integral to ensure the sustainability of our operations, the wellbeing of our resident estate communities and the preservation of biodiversity and ecosystems. As guided by best practices, we have in place a comprehensive water management system to conserve and protect all 147 water sources/bodies within our estates including rainwater harvested tanks from possible contamination from agrochemicals. This entails grass buffer zones, riparian habitats, vegetative barriers and chemical free buffer zones. Water quality tests are also consistently carried out to ensure compliance with established standards and parameters. In the reporting year, there were no incidents of non-compliance associated with water quality standards as per the Rainforest Alliance certification standards.

### Water Withdrawn, Consumption and Discharger

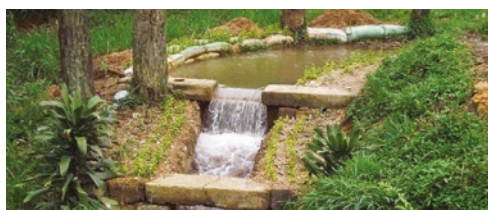
Typically, as a tea plantation company, water usage is minimal; used mainly by employee's consumption and cleaning of factories. We withdraw water as surface water extraction from water bodies including rainwater harvested tanks located within our estates.





Surface water - Kilolitre	2023/24	2022/23	variance
Total water withdrawn	8,834	9,370	6% ▼
Total water consumption	2,026	1,627	25% ▲
Total water discharge	6,808	7,743	12% ▼

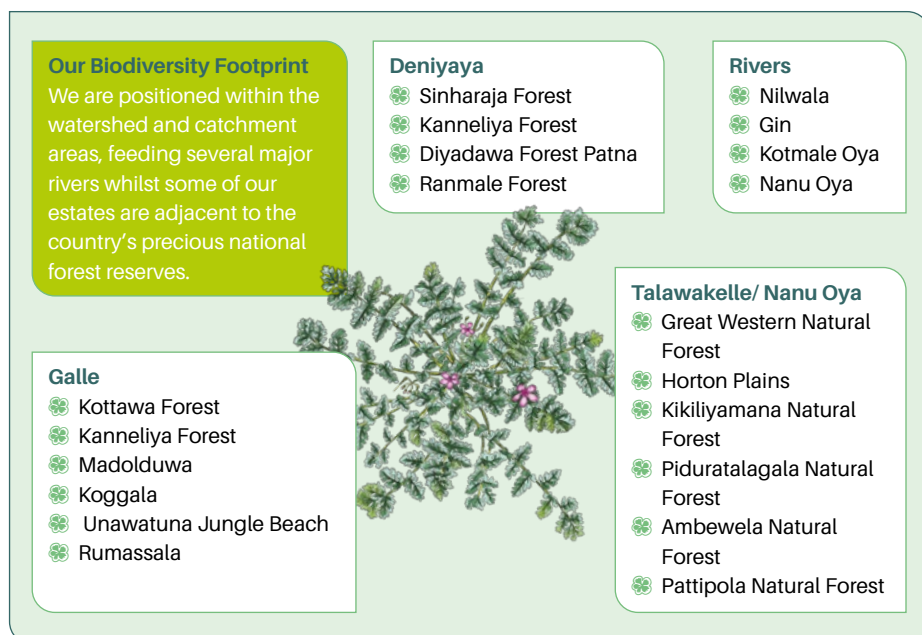
Although there are no harmful contaminants from the production process, we have set up wastewater filtering systems throughout all our estates, ensuring that both factory and domestic wastewater is purified prior to being discharged into natural water bodies. We also rely on bioremediation methods, using biological control tanks and residual absorption plants to safeguard against any potential adverse impacts on biodiversity and ecosystems.



## Biodiversity Conservation and Ecosystem Restoration

GRI 101-1, 2, 3, 4, 5, 6, 7 & 8, Sector 13-4

Our estates are strategically located within high-value biodiversity regions, both in the hill country and the low country wet zones. It is in this light that we recognize our profound duty, embrace our responsibility to protect and conserve biodiversity, and nurture the ecosystems thriving within our estates. The company's high-grown region estates are located in the central highlands, which are vital ecological settings for the country's watersheds. These highlands are critically important as water catchment areas, nurturing the main rivers of Sri Lanka. Additionally, our southern estates border the Sinharaja Rainforest, the largest rainforest in the country. Consequently, we recognize that significant number of our sites are in or near ecologically sensitive areas. This drives us to prioritize biodiversity as a key component of our natural capital and an integral part of our overall business process.



In keeping with the stringent criteria set by the Rainforest Alliance, we have rolled out an extensive biodiversity conservation programme. This initiative includes a range of key measures including educating, creating awareness and engaging our employees and resident communities to safeguard, enrich and conserve biodiversity whilst preserving and restoring natural ecosystems across our estates. This reporting year, we invested in this regard along with funding and technical support we received from non-profit organizations including Wildlife Nature protection Society.

TTE is committed to eliminating natural ecosystem conversion through the following policies;

- ☘ Implementing sustainable land-use practices to minimize the impact on natural ecosystems
- ☘ Avoiding the conversion of natural ecosystems for agricultural purposes
- ☘ Implementing a zero-deforestation policy and committing to zero loss of biodiversity
- ☘ Developing a land-use plan to ensure responsible use of natural resources
- ☘ Ensuring supplier compliance with natural ecosystem conversion policies and commitments
- ☘ Participation in multi-stakeholder and sectoral initiatives for ecosystem conservation

In this reporting year, our commitments to halt and reverse biodiversity loss are not informed by the 2050 goals and 2030 Targets in the Kunming-Montreal Global Biodiversity Framework. However, it is intended to align our strategies with the framework in next reporting year.

TTE employs the following tools and systems to monitor natural ecosystem conversion in its activities, supply chain, and sourcing locations for determined which of our sites have the most significant actual and potential impacts on biodiversity.

## Natural Capital

- Geographic Information Systems (GIS) to map and analyze natural ecosystems
- Satellite imagery to monitor land-use changes
- Supply chain traceability systems
- Third-party certification schemes to verify compliance with sustainability standards
- Regular monitoring and reporting of key performance indicators related to natural ecosystem conversion

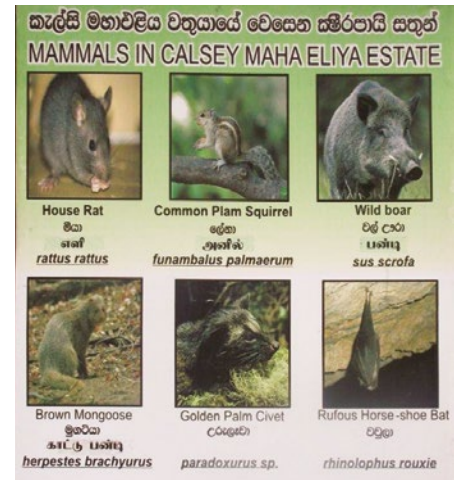
We also regularly invite and enlist top environmentalists and environmental agencies to carry out periodic audits and surveys. These efforts enable us to continuously update our inventory of fauna and flora. As per the latest survey carried out in the year under review, our estates have over 113 faunal species, both vertebrates and invertebrates. Out of these species, over 44 fall under the endangered, vulnerable and threatened species in

line with IUCN Red Data List published in 2012. As for flora, apart from tea, we have identified 31 floral species including native and endemic tree species and fruit trees.

### Actions Taken to Avoid, Minimize Negative Impacts on Biodiversity

Since we are committed to preserve biodiversity, we have undertaken specific actions to avoid and minimize our biodiversity impact according to the biodiversity management plan of the company. We refrain from converting forestlands into tea fields ensuring natural habitats are protected. Consequently, activities such as hunting, capturing and trafficking of wild animals and birds, as well as their captivity within the estates, are strictly prohibited. These measures help maintain ecological balance and promote the sustainability of our tea cultivation practices.

We ensure our raw material to the field operation are free from pest and diseases also invasive alien species, establish buffer zones next to protected areas to safeguard biodiversity, avoid using prohibited pesticides to protect wildlife and ecosystems, limits the use of synthetic fertilizers to promote soil health and reduce chemical runoff. We located our factories in less sensitive areas to minimize environmental disruption. Our initiatives also included creating pathways that connect habitats, reducing ecosystem fragmentation.



### Actions Taken to Restore and Rehabilitate Affected Ecosystems

As part of our commitment to environmental stewardship, we have implemented extensive restoration and rehabilitation actions in the Kirulu and St. Clair projects. These initiatives are designed to restore affected ecosystems and promote biodiversity under biodiversity management plans.

#### Forest Restoration and biodiversity conservation projects

Site Names	KIRULU Project	St. Clair Project
<b>Project goal</b>	Preservation of a wild life corridor of Horton plans.	Conservation of HCV area at St. Clair waterfall.
<b>Stage of the project</b>	Implementation, monitoring, documentation, evaluation, reporting and ongoing activities	Implementation, monitoring, documentation, evaluation, reporting and ongoing activities
<b>Number of Stake holders engagement</b>	10 stakeholders	6 stakeholders
<b>The ecosystem type for the base year</b>	Perennial cropping systems	Natural wetlands
<b>The area under restoration/rehabilitation</b>	3.74 Ha	5 Ha
<b>The ecosystem condition for the base year</b>	More than 50% of the wildlife habitats remain	More than 55% of the wild life habitats remain
<b>The ecosystem condition for the current reporting period</b>	80% of the wild life habitats recovered	85% of the wild life habitats recovered
<b>The beneficiaries affected</b>	TTEL & Local community	Local Community



## Targeted Species and Ecosystems

Native tree species and various endemic shrubs and grasses.

Local Name	Scientific Name	Status
Maha rathmal	<i>Rhododendron arboreum ssp. zeylanicum</i>	Endemic
Bombu / Wal bombu	<i>Symplocos cochinchinensis ssp. laurina var. laurina</i>	Native
Bulu	<i>Terminalia bellirica</i>	Native
Keena	<i>Calophyllum tomentosum</i>	Endemic
Arida	<i>Camptosperma zeylanicum</i>	Endemic
Gini sapu / Sapu	<i>Michelia champaca var. champaca</i>	Native

Upcountry rainforest ecosystems and riparian zones that support a wide range of plant and animal life. By recreating natural habitats, we provide essential resources for native species to thrive. Diverse plantings support a wide range of insects, birds, and mammals, promoting a balanced ecosystem. Continuous monitoring and research help track the recovery of species and adjust strategies as needed.

In this reporting year we did not use genetic resources to conduct research and development on the genetic or biochemical composition of resources, including through the application of biotechnology.

Biodiversity conservation within efforts ultimately benefit our broader stakeholders in numerous ways. By preserving a diverse range of plant and animal species, the company enhances ecosystem stability and resilience, which in turn ensures a more reliable and sustainable supply of tea crop.

## Transformative actions

### Focused Collaboration for Biodiversity Conservation

#### Assessment and Restoration Activities

In keeping with the Regenerative Agenda 2030, we have partnered with the Wildlife Nature Protection Society, a voluntary non-profit organisation and the University of Colombo, to successfully carry out an extensive biodiversity assessment covering the Dessford estate in the year under review. This initiative goes hand-in-hand with the three-year running Kirula project, Hayleys Group's flagship environment conservation programme, which is located within this estate. This assessment in effect, underscores the environmental impact of this project.

#### Key Findings:

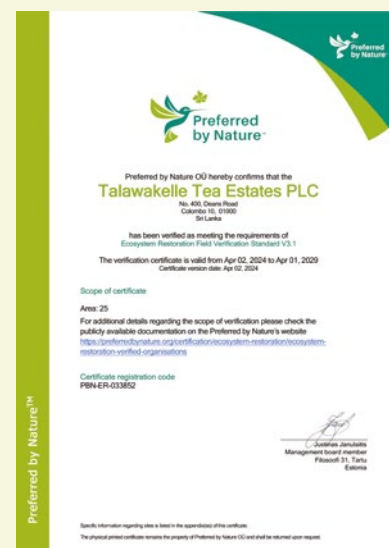
- Significant biodiversity improvement than previous year
- Significant improvement of insect species than previous year

Consequently, we have in place a Memorandum of Understanding with this Society to improve and restore the ecosystem with native and endemic plants bordering the rivers of Nanu Oya and Kotmale Oya in the central hills. Already, the mapping process has been completed, identifying an area of around nine kilometers. The restoration work is expected to commence in the ensuing year.



### Ecosystem Restoration Certification

As the first to receive Ecosystem Restoration Certification in Asia, we've demonstrated our dedication to biodiversity conservation and ecosystem health, directly aligning with our environmental policy's ethos.





## Natural Capital



### Tracking UN Sustainable Development Goals

#### Goal 6: Clean Water and Sanitation



**Target:** Efficient water usage and protect and conserve water bodies/sources

- Water management system
- Water quality testing and compliance
- Waste water treatment system
- Protect water bodies from chemical contamination

#### Goal 12: Responsible Consumption and Production



**Target:** Maximise resource efficiency, opt for renewable inputs and minimise waste

- Prioritise and opt for renewable material inputs
- Responsible and well-structured solid waste management system based on 4R-principles.
- Advocate energy efficiency and invest in renewable energy

#### Goal 13: Climate Action



**Target:** Strive for energy efficiency, renewable energy and lower carbon footprint

- Closely monitor and reduce energy usage
- Invest in renewable energy
- Closely monitor carbon emissions
- Integrate climate smart actions into operations
- Apply for carbon credits to offset emissions

#### Goal 15: Life on Land



**Target:** Soil health, biodiversity conservation and ecosystem restoration

- Proactive measures to protect and conserve soil health
- Cautious usage of agrochemicals
- Collaborate with government and non-governmental agencies to protect water bodies and restore riverine ecosystems
- Policies in place and close monitoring to prevent unauthorised ecosystem conversions
- Carry out biodiversity assessments and surveys
- Reforestation initiatives



Key Performance Indicators	Related UNSDG	FY 2023/24	FY 2022/23	2030 Industry Baseline
Water quality standards achieved	Goal 6: Clean water and sanitation	97%	97%	100%
Waste water treated		100%	100%	100%
Fertiliser and agrochemical footprint per unit of tea produced	Goal 12: Responsible consumption and production	0.7	0.6	0.4
Renewable material footprint per unit of tea produced		4.4	4.3	4.0
Non-biodegradable waste recycled		5,159	5,530	4,000
GHG emissions decrease (%)	Goal 13: Climate action	25%	(4.4)%	(50.4)%
GHG emissions intensity per unit of tea produced		1.93	1.5	1.2
Renewable energy generated as percent of electricity consumption		123%	209%	220%
Reforestation (Hectares)	Goal 15: Life on land	8.74	8.74	12
Trees planted (Number)		1,020	1,200	5,000
Investment for biodiversity and ecosystem restoration (Rs Mn)		45	46	48
Partnership for biodiversity conservation and ecosystem restoration (No.of)		2	1	5
Employee volunteering for biodiversity conservation and ecosystem restoration (No.of Programs)		5	4	10

# Future Snapshot

## Strategic Focus, Plans and Targets, Short, Medium and Long Term

Strategic Imperative: Winning With the Customer

Short-term Focus

Best practices in agriculture and food safety

Value addition

Medium-term Focus

Market research

Specialty tea product-line

Branding

Long-term Focus

New markets

Research on new tea blends

Objective	Unit	Actual		Targets		
		2023/24	2022/23	Short	Medium	Long
100% Compliance in ISO 22000:2018	%	97%	95%	98%	99%	100%
100% Compliance in Eco Label and RA	%	95%	94%	96%	98%	100%
Customer rejection and complains	Number	5	6	3	1	0

Strategic Imperative: Operational Excellence

Short-term Focus

Productivity

Energy management

Medium-term Focus

Field mechanisation & automation

Digitalisation & Branding

Long-term Focus

Research and development

Objective	Unit	Actual		Targets		
		2023/24	2022/23	Short	Medium	Long
Customer Satisfaction Index	%	86	86	87	90	95
Strategic Capex	% of Budget	20	20	22	30	35
Net Profit Margin	% Point Change	(10.3)	14.2	15	20	25

Strategic Imperative: Nurturing Our People

Short-term Focus

Employee engagement

Productivity & Skills training

Compensation and welfare

Medium-term Focus

In-depth employee engagement

Women empowerment

Human rights

Long-term Focus

Revenue share model

Objective	Unit	Actual		Targets		
		2023/24	2022/23	Short	Medium	Long
Training Investment	% of Budget	90	80	90	90	100%
Employee Turnover Rate	%	11	8.6	14	18	100%
Employee Retention Rate	%	89	91.4	92	95	100%





### Strategic Imperative: Environment Stewardship and Climate Action



#### Short-term Focus

- Crop diversification
- GHG emissions
- Permaculture business practices
- Energy management
- Biodiversity and ecosystems
- Soil health
- Waste management

#### Medium-term Focus

- Climate smart and adaptation technology
- Research on climate resilient agriculture
- Renewable energy
- Low emission inputs
- Innovative solutions to waste

#### Long-term Focus

- Transition to regenerative agriculture

Objective	Unit	Actual		Targets		
		2023/24	2022/23	Short	Medium	Long
Yield Per Hectare	% Change	17	(14)	19	21	25
Renewable Energy Generation	% Change	(12)	5	5	10	15
GHG Emissions	% Change	26	(4)	(10)	(25)	(50)
Investment in Environmental Initiatives and Field Development	% of Budget	27	1	5	10	15



### Strategic Imperative: Business Diversification



#### Short-term Focus

- Specialty and organic tea
- Crop diversification
- Market diversification

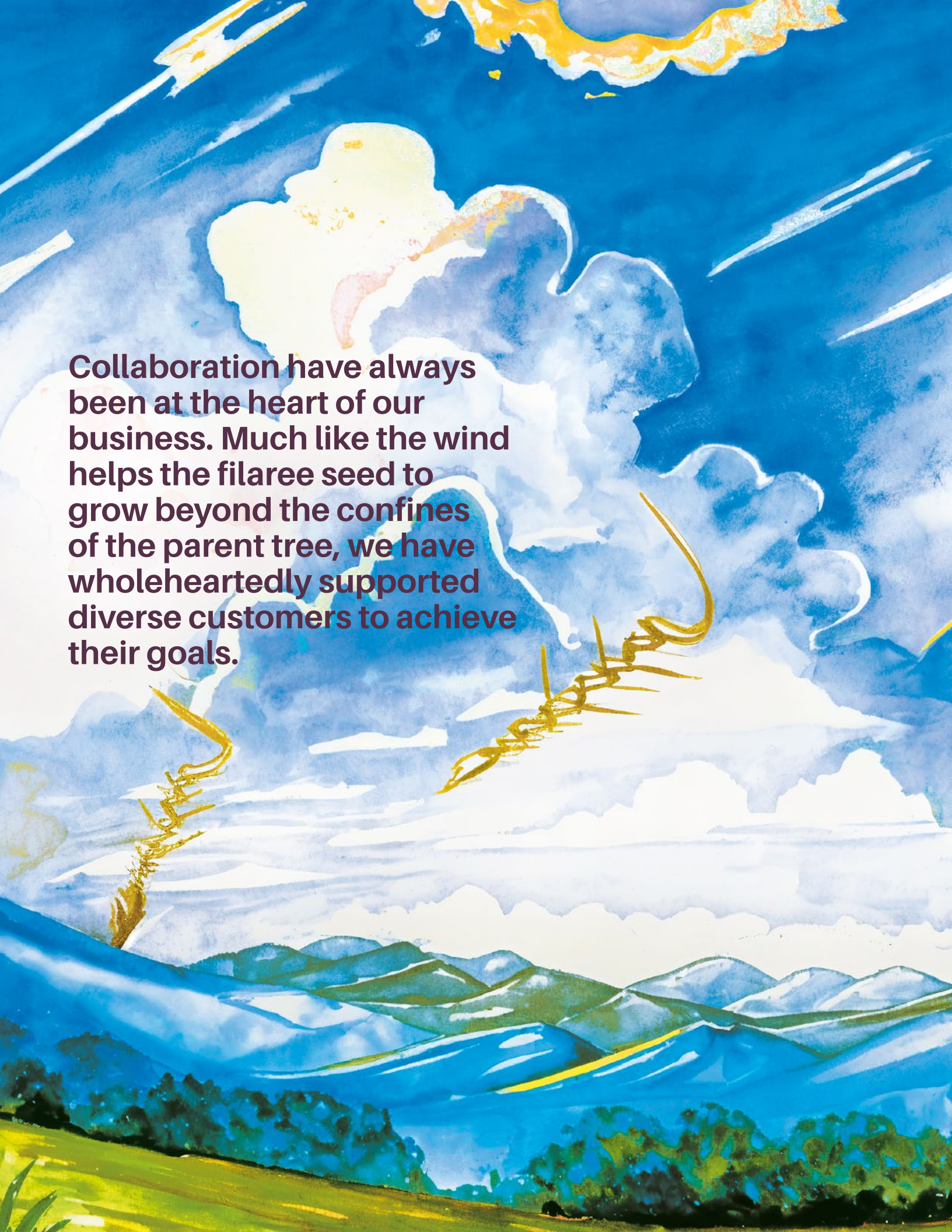
#### Medium-term Focus

- Market opportunities for non-core crop
- Tea centres
- Tourism

#### Long-term Focus

- Partnerships to promote branded product lines

Objective	Unit	Actual		Targets		
		2023/24	2022/23	Short	Medium	Long
Exposure in Cinnamon	% Change	32	7	35	40	45
Exposure in Coconut	% Change	9	8	20	25	30
Exposure in Agro-Forestry	% Change	10	9	15	20	25
Fuelwood Harvesting	% Change	(79)	62	65	70	75
Investment In Crop Diversification	% of Budget	82	80	85	90	100



Collaboration have always  
been at the heart of our  
business. Much like the wind  
helps the filaree seed to  
grow beyond the confines  
of the parent tree, we have  
wholeheartedly supported  
diverse customers to achieve  
their goals.



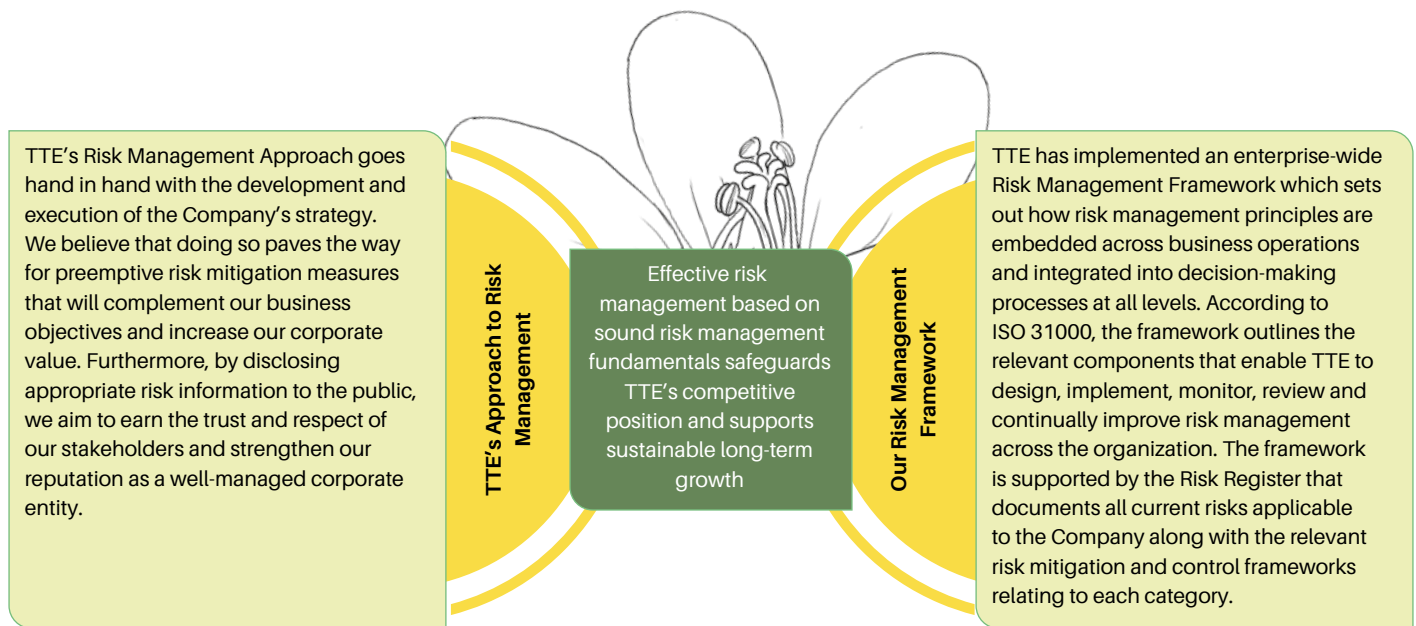




# Risk and Opportunity Management Report

**“As a leading manufacture of the famous Ceylon Tea, and operating in diverse markets, TTE is exposed to a variety of risk factors that can impact the business. These include economic, political, operational, financial, and legal risks and any other unprecedented events taking place in the environment it carries out its business.”**

As TTE navigated through these, we continued to evolve through the aftermath of the economic crisis, geopolitical tension escalations, interest rate fluctuations, sluggish global trade, mass-labour migration and advancing climate risks that primarily impact an agro trade such as the Tea industry. Through effective risk management, we aimed to create a sustainable business for all our stakeholders.



Although the pandemic is now history, its aftermath lingers on, mostly in the sluggish global trade and fluctuating commodity prices and inflationary trends. The volatility of the global market conditions tempered consumer demand, reducing import demand for most items. Energy crisis and potential inflationary impacts further influenced global trade and consumer demand. We trusted in our capabilities to adopt a systemic approach to manage risk that allowed us to effectively anticipate, mitigate, and manage risks while taking advantage of the opportunities present, despite the uncertainties.

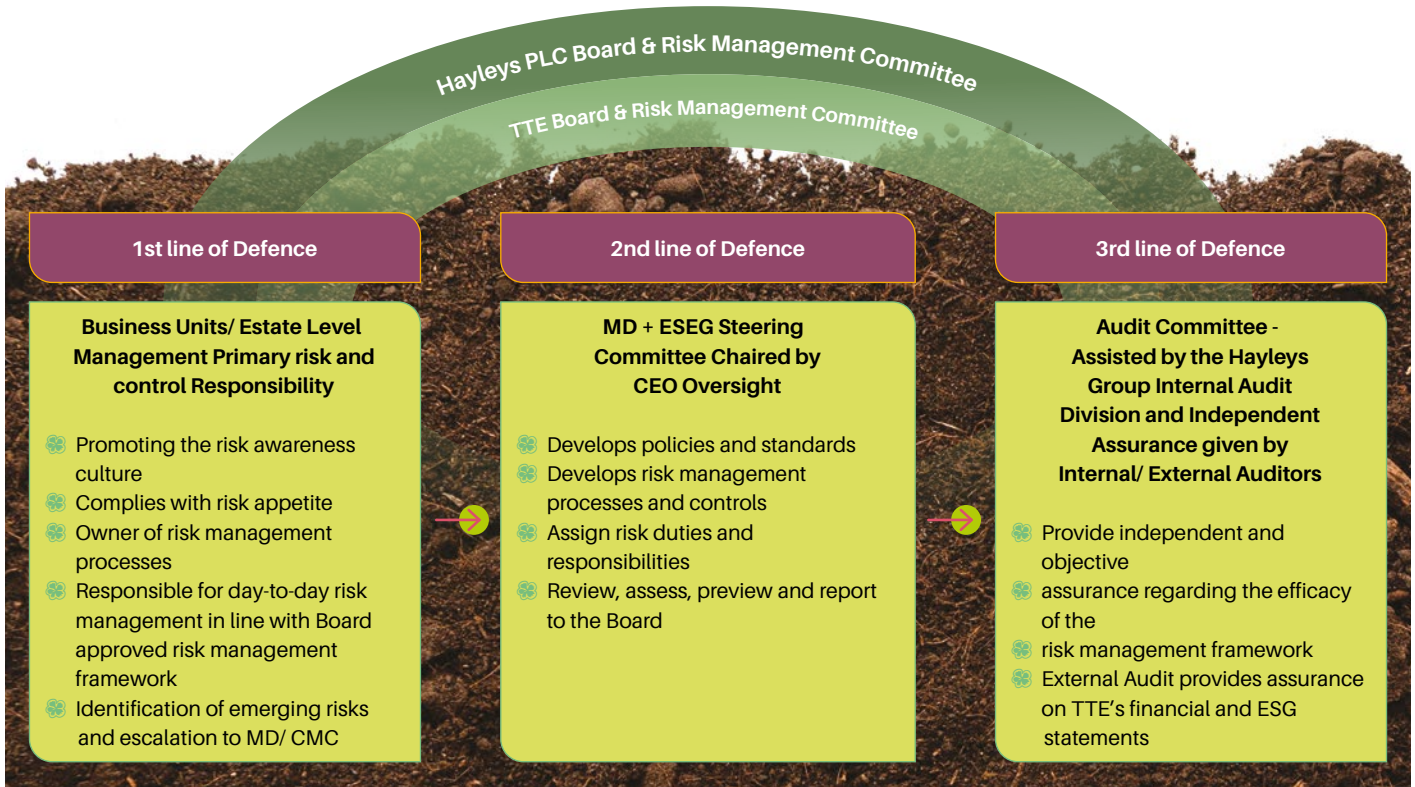
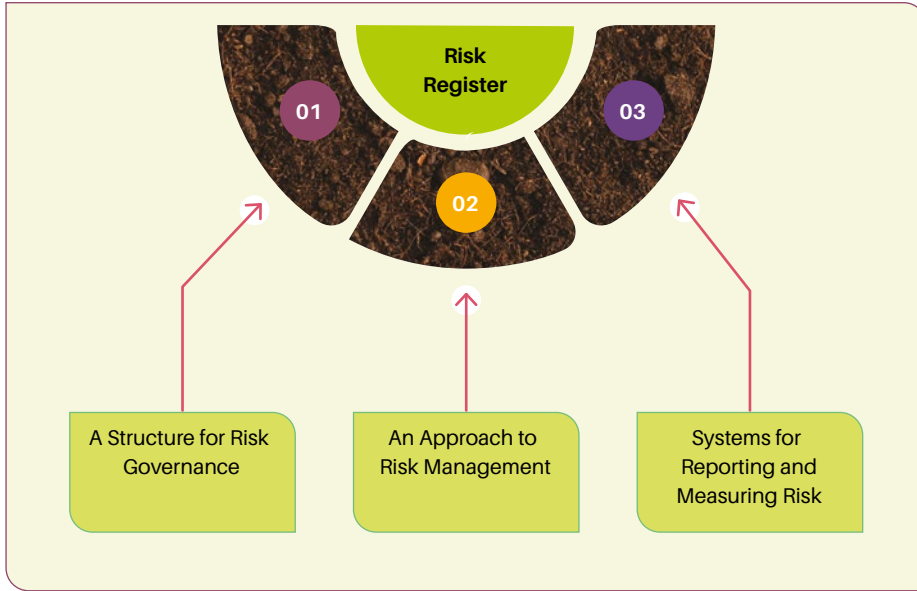
## Enterprise Risk and Opportunity Management (EROM)

We continued with our EROM approach to identify, mitigate, and manage risk, adjusting to a challenging market condition, intrusively focused on achieving our strategic imperatives. While risk is an inherent aspect of business, opportunities that arise from a well risk mitigated landscape are an achievement. This is what we concentrated on achieving in 2023/24. The emphasis on people, processes and technology ensured performance was not compromised, while navigating through the headwinds the business encountered, especially in the first quarter of 2023.

To strike a good balance between risk management and performance optimization, we continued with the key components of our Risk Management Framework which included three aspects.

## Risk Governance and Management Framework

TTE implemented a risk management process proportionate to the size complexity of the Company, integrating risk management and oversight into its governance processes. Different lines of defense in managing risk which is then subjected to internal and external audit assurances establish the rigorous controls that are inherently required to manage risk for sustainability.

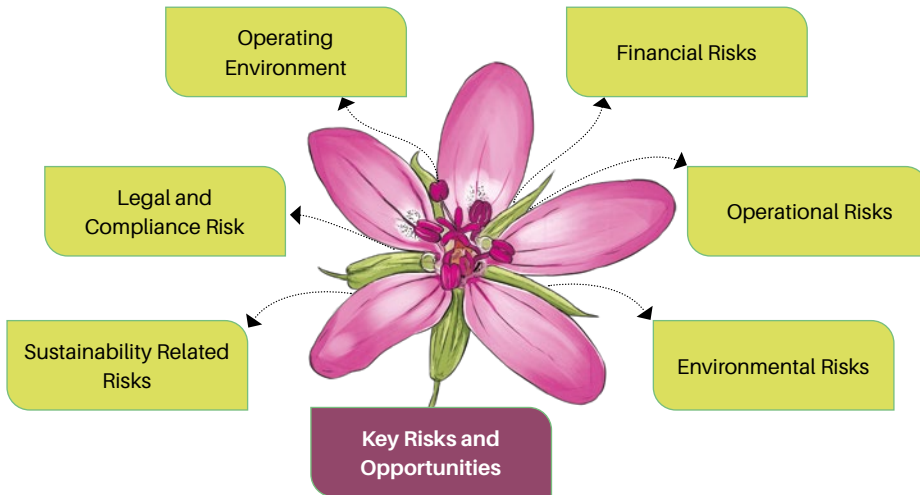


Risk governance is parallel to the corporate governance structure of the Company and permeates across all business units and functions in an integrated manner to identify risk and opportunities and to manage them effectively.

# Risk and Opportunity Management Report

## Risk and Opportunity Universe

Our EROM Universe represents the risks that are central to our operation. Categorized in to six Segments, we have also documented below their impact, our mitigation actions and the risk weightage.

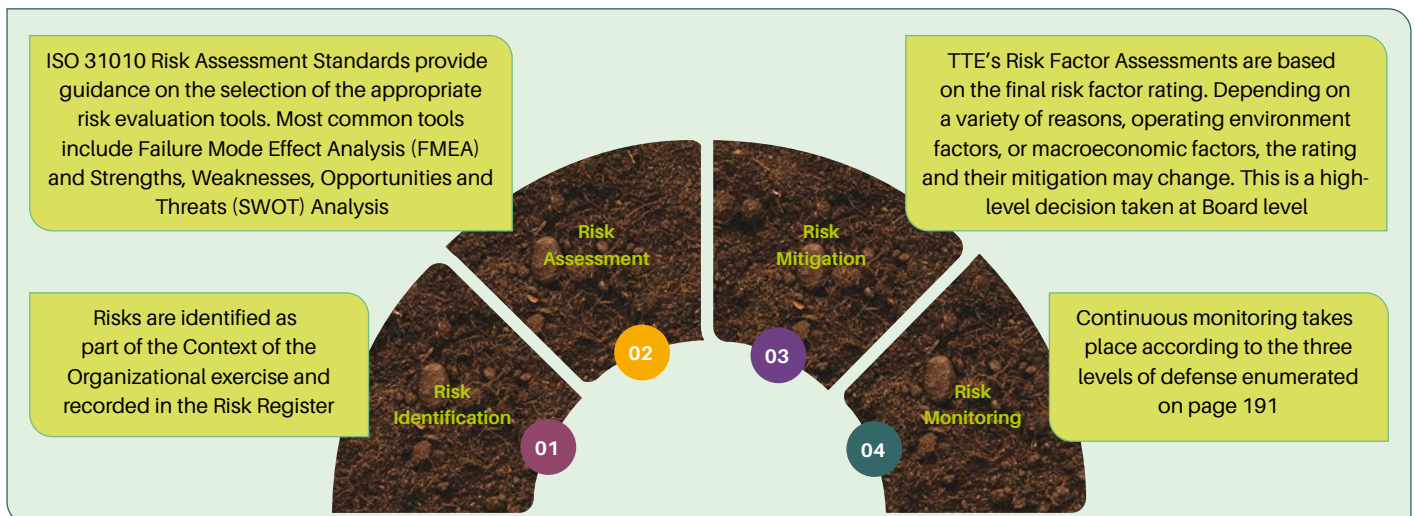


These are the top risks we identified. Table on page 191 indicates the risk categories that are encapsulated in these top risks, their impact on the business and the risk weightage.

## Risk and Opportunity Management Process

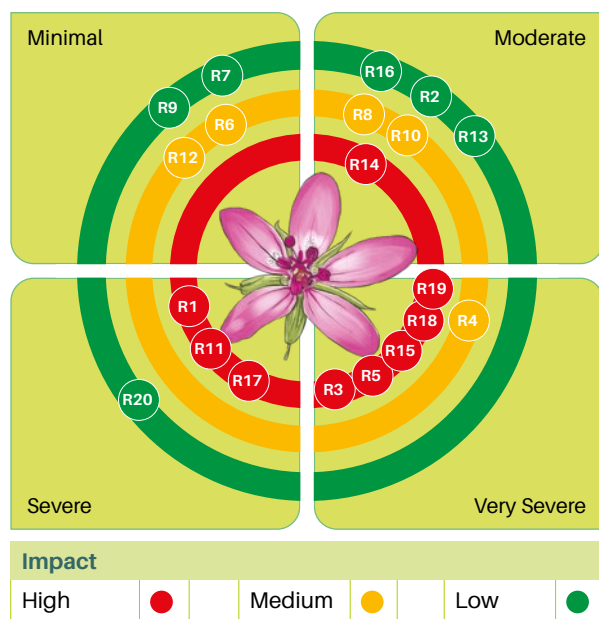
To manage significant risk, we rely on both internal and external data as well as qualitative reports on macroeconomic scenarios. We follow a four-step process in risk and opportunity management, which allows us to stringently focus on the risk issues, depending on the risk appetite we carry. This is an integral part of all business processes, including strategy development, business process re-engineering, capital allocation, investment decisions, internal control and dictates our approach to human capital management, and be sustainably engaged in a labour intensive agro product. While each business unit has a high level of business autonomy, the Board is responsible for key decision making and defining policies, procedures, and resource allocation that underpin that autonomy.

### Four-steps that are distinct but interconnected:





## Risk Hierarchy Matrix



## Insurance As a Risk Management Tool

We use Insurance as a risk management tool, where we periodically assess the insurance risks against the unforeseen, thereby minimizing potential business interruptions. Insurance coverage includes the plantations, factories and their storage along with risk factors affecting machinery, building, stocks, and work in progress.



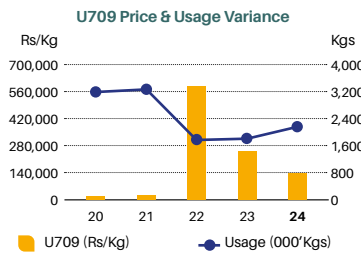
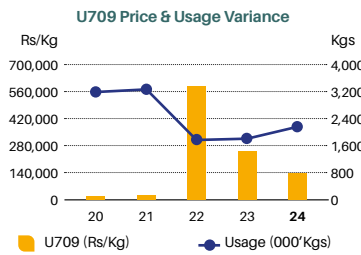
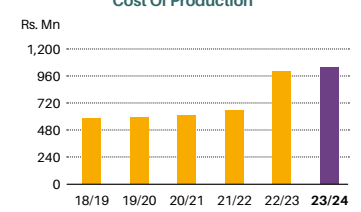
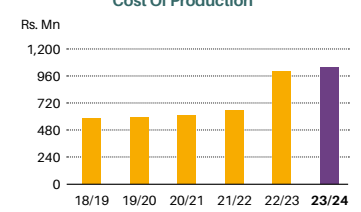


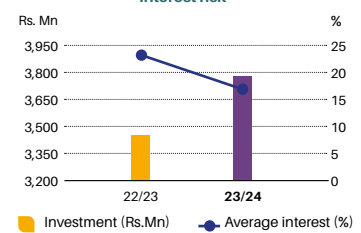
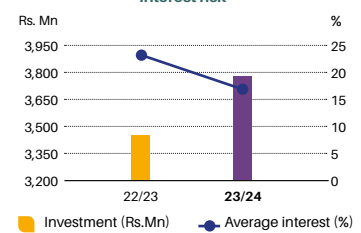
## Business Continuity and Crisis Management Plans


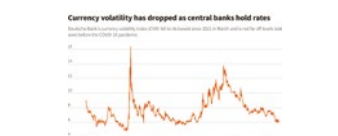

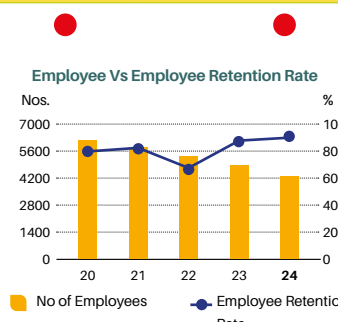

Our comprehensive plan for business continuity and crisis management ensures likely business disruptions are handled with the minimum loss to property, plant, equipment and any danger to human life. Though annually reviewed, the plan is e-visited where necessary making any required adjustment depending on the disruptive factor in hand.

## Risk Factors, Risk Grading and Mitigation Action

Risk Factor	Risk Exposure	Key Controls and Mitigating Actions	Risk Grading																			
			2023/24	2022/23																		
Operating Environment																						
R1.Geo-political developments	Conflicts in the European and Middle Easter regions that are largest importers of tea requiring to explore new markets and be aware of shipping route disruptions exacerbated by the need to source new ports of unloading.	<ul style="list-style-type: none"><li>Continuous and proactive evaluation of factors that affect the business given the geopolitical conflicts and uncertainties</li><li>Market entry strategies to source new markets</li><li>Being in close contact with business partners domestically and internationally for early detection of disruptive occurrences</li><li>Enhancing geographical coverage</li><li>Preparing contingency plans</li></ul>	<div><div></div><div></div></div> <p>Corporate attention to geopolitics has waned somewhat since peaking in early 2022, even though global political risk remains elevated</p> <p>Source: Central Bank Annual Report 2023</p>																			
R2.Macroeconomic and political developments	Macroeconomic instability in the domestic economy impacts both the demand and supply	<ul style="list-style-type: none"><li>Scenario testing and proactively identifying action plans to mitigate risks</li><li>Being in close contact with trade organizations and various associations that are relevant to the tea industry to be in touch with latent and emergent demands of the domestic consumer</li></ul>	<div><div></div><div></div></div> <p>Macro Economic</p> <table border="1"><thead><tr><th>Year</th><th>National GSA (Rs.)</th><th>PBT (Rs.Mn)</th></tr></thead><tbody><tr><td>19</td><td>~600</td><td>~200</td></tr><tr><td>20</td><td>~700</td><td>~800</td></tr><tr><td>21</td><td>~700</td><td>~900</td></tr><tr><td>22</td><td>~1200</td><td>~3400</td></tr><tr><td>23</td><td>~1100</td><td>~2100</td></tr></tbody></table> <p>Legend: National GSA (Rs.) PBT (Rs.Mn)</p>	Year	National GSA (Rs.)	PBT (Rs.Mn)	19	~600	~200	20	~700	~800	21	~700	~900	22	~1200	~3400	23	~1100	~2100	
Year	National GSA (Rs.)	PBT (Rs.Mn)																				
19	~600	~200																				
20	~700	~800																				
21	~700	~900																				
22	~1200	~3400																				
23	~1100	~2100																				



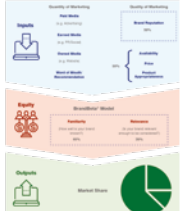

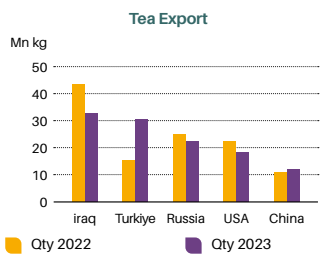
# Risk and Opportunity Management Report

Risk Factor	Risk Exposure	Key Controls and Mitigating Actions	Risk Grading	
			2023/24	2022/23
R3.Threat from civil unrest	Disruption to production process and/or damage to property and plant due to unrest in the plantation areas	<ul style="list-style-type: none"> <li>Implement the Business Continuity Plan</li> </ul>		
R4.Change in consumer demand behavior	<p>Demand for organic and ethically produced tea is on the rise as the global consumers become more aware of gender and wage disparity and labour injustices across the trade</p> <p>Growing global demand for black teas and speciality teas, mainly post the pandemic where fruit/flower and green teas gained a centre place for immunity boosting and healing properties. This is prevalent among the younger generation of tea drinkers.</p>	<ul style="list-style-type: none"> <li>The Company has carved out three tea gardens which are nurtured agro chemical free.</li> <li>With a strong brand name in the global market the Company capitalized on promoting its black tea brand, while cultivating various other tea species with healing and immune boosting properties.</li> <li>While our strong R&amp;D team researching into new varieties Radella Green Tea center is equipped with both steamed and pan-fried equipment.</li> <li>Diversification to non-tea less labour intensive agro products</li> </ul>		
R5.Inflation Risk	Leading to currency depreciation and making exports less competitive, high inflation can create uncertainty to instability in the economy impacting demand and supply. This can impact both global and domestic economies paving the way to a sluggish trade cycle.	<ul style="list-style-type: none"> <li>Export management and expanding the markets</li> <li>Build up cost saving methods and efficient logistic handling</li> <li>Improve Supply chain sustainability</li> <li>Focus on productivity development through field optimization and modernizing factory set up</li> </ul>		
<b>Financial Risk</b>				
R6.Liquidity Risk	Geopolitical and domestic macroeconomic uncertainties can adversely impact the cash flow	<ul style="list-style-type: none"> <li>Preserve cash flow and unutilized credit facilities to ensure being liquid</li> </ul>		
R7.Credit Risk	Risk of customer defaulting on payments	<ul style="list-style-type: none"> <li>Evaluate customer creditworthiness</li> <li>Stringent credit policies in place</li> <li>Periodic confirmations on outstanding balances</li> <li>Regular follow up</li> </ul>		









Risk Factor	Risk Exposure	Key Controls and Mitigating Actions	Risk Grading	
			2023/24	2022/23
R8.Interest Rate Risk	Fluctuations impact investments and borrowing costs	<ul style="list-style-type: none"><li>Prudent management of financial assets</li><li>Closely monitor the financial markets and regulatory stand-point</li><li>Close relationships and negotiations with financial institutions</li><li>Diversifying the investment and liability portfolios</li></ul>	<div><div></div><div></div></div> <div>How do lenders assess credit risk for startup businesses</div> <div></div>	
R9.Exchange Rate Risk	Depreciation of the Rupee is likely to increase operating cost and dollar-borrowing costs	<ul style="list-style-type: none"><li>Regular monitoring of the currency fluctuations</li><li>Hedging the exposure through financial instruments</li></ul>	<div><div></div><div></div></div> <div>Currency volatility has dropped as central banks hold rates</div> <div></div>	
R10.Financial Covenant Breach	The possibility of breaching repayments due to finance institutions due to liquidity constraints	<ul style="list-style-type: none"><li>Closely monitor debt repayments</li><li>Where necessary, re-negotiate with banks to adjust repayment terms</li></ul>	<div><div></div><div></div></div> <div>Financial Covenants</div> <div></div>	
Operational Risk				
R11.Talent attraction/ Retention and labour management	Talent and labour migration due to the economic downturn in 2022 that severely impacted livelihoods well into the 3rd quarter of 2023.	<ul style="list-style-type: none"><li>Continued with the non-wage model to increase earning capacities of individuals</li><li>Automated manual processes to engage more of human capital</li><li>Special incentive schemes and motivation plans to induce productivity and retention</li><li>Invest in employee wellbeing by enhancing the quality of estate infrastructure</li></ul>	<div><div></div><div></div></div> <div>Employee Vs Employee Retention Rate</div> <div></div>	
R12.Resilience to incidents or disruptions or control breakdown	The nature of our business exposes us to a variety of operational risks such as safety, plant and equipment breakdowns, losses due to theft, inability to meet demand commitment due to utility breakdowns, and other unforeseen factors, triggered by any issue in the operating environment.	<ul style="list-style-type: none"><li>Robust policies, procedures and processes in place</li><li>Periodic audits to ensure the effectiveness of internal controls</li><li>Strengthening the Business Continuity Plan to ensure smooth operations in case of disruption</li><li>Robust documentation process supported by technology to lodge disruptive incidents</li><li>Periodic review of the Risk Register</li><li>Improving the operational KPIs to generate service efficiency</li><li>Continue to invest in renewable energy</li><li>Utilize Group synergies to circumvent disruptions</li></ul>	<div><div></div><div></div></div> <div>Exhibit 1 - BCG's Operations Resilience Framework</div> <div></div>	






# Risk and Opportunity Management Report

Risk Factor	Risk Exposure	Key Controls and Mitigating Actions	Risk Grading	
			2023/24	2022/23
R13.Occupational health and safety	Non compliance with health and safety standards can disrupt operations and post a threat to human capital wellbeing	<ul style="list-style-type: none"> <li>Well documented health and safety procedures</li> <li>Periodic audits to test the strength of internal controls</li> <li>Periodic training to inculcate a safe working environment</li> </ul>		
R14.Fraud and anti-corruption	Theft, misappropriation of assets, misstatement of financial disclosures, quality reduction in production, unethical business practices to gain favours, loss of Brand reputation, penalties and fines	<ul style="list-style-type: none"> <li>Sound internal controls supported by audit and assurance</li> <li>Pre-employment screening</li> <li>Board mandated ethics framework and Code of Conduct</li> <li>Operation of the Whistleblower policy</li> <li>Continuous training and awareness</li> </ul>		
R15.Brand reputation and impact	Events that can negatively impact the Brand reputation and confidence of stakeholders, breakdown of trust and business relationships	<ul style="list-style-type: none"> <li>Brand positioning, development and marketing</li> <li>Periodic training and development of staff</li> <li>Strict adherence to statutory and regulatory requirements</li> <li>Channeling all media communications through a central team</li> </ul>		
R16.Technology and data leakage risk	Potential for system failures resulting in non-availability of data for quick decision making, data leakages jeopardizing TTE's market standing and loss of stakeholder confidence, cyber-attacks preventing smooth and timely production, and delayed and accurate financial reporting	<ul style="list-style-type: none"> <li>Dedicated IT experts manning the IT team</li> <li>Use licensed software</li> <li>Periodic IT audits</li> <li>Implementation of Disaster Recovery with latest technologies to support business continuity</li> <li>Conduct user awareness sessions to upgrade knowledge and application</li> <li>Continuous device monitoring to prevent cyber-attacks</li> </ul>		
R17. Competitor Risk	Emergence of new competitors, locally and globally, declining the revenue in captive markets	<ul style="list-style-type: none"> <li>Reinforce product stewardship towards the customer base</li> <li>Product diversification through innovation</li> <li>Develop new global markets</li> </ul>		

GRI 201-1




Risk Factor	Risk Exposure	Key Controls and Mitigating Actions	Risk Grading	
			2023/24	2022/23
Environmental Risk				
R18.Climate Change Risk	TTE's footprint in Sri Lanka exposes its business to current and emerging climate risks such as extreme weather changes, deforestation, natural disasters, droughts and global warming.	<ul style="list-style-type: none"><li>Setting up standards, training and monitoring the responsible consumption of water, energy, and effective management of effluents and emissions</li><li>Long-term expansion plans to consider long-term climate change and impact on the business</li><li>Promoting a sustainable operation</li><li>Voluntary adoption of global climate action protocols</li><li>R&amp;D input to develop drought resistant cultivars and improve soil-health</li><li>Invest in renewable energy</li><li>Invest in crop diversification</li><li>Promote and operate in a way to conserve biodiversity</li><li>management for a circular economy</li><li>Implement environment friendly agricultural practices for a sustainable Planet and a business</li></ul>	<div><div></div><div></div></div>	
Legal and Compliance Risk				
R19.Legal and Compliance Risk	Risk aligned to non-adherence of stipulated laws, regulations, financial and other disclosures and operating within the requirements of labour laws and international standards	<ul style="list-style-type: none"><li>Monthly report and review statutory compliance</li><li>Legal policies and procedures</li><li>Screening processes to avoid dealing with sanctioned entities</li><li>Improved governance structure</li><li>Periodic self-evaluation and audits testing the effectiveness of internal controls</li></ul>	<div></div>	
Sustainability Related Risks				
R20.Non or inaccurate financial disclosures	Risk aligned to violation of requirements in IFRS S1 and S2 sustainability reporting resulting in loss of reputation, imposed a fine or closure of business.	A robust financial reporting, sustainability reporting, and an integrated annual reporting process is in place, with adherence to local and global reporting standards.	<div></div>	

**Impact**



High		Medium		Low	
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# Risk and Opportunity Management Report

## Realizing Our Opportunities Strategically

O1: Growing Demand for Sustainable Products				2022/23	●
				2023/24	●
				2024/25	●
<b>Context</b>					
<ul style="list-style-type: none"><li>Climate change, deforestation and resource depletion have raised awareness of the need for sustainable practices.</li><li>Consumers are looking for products with minimal environmental impact.</li><li>Issues such as fair labor practices and ethical sourcing are increasing.</li></ul>					
<b>How we realised</b>					
<ul style="list-style-type: none"><li>Conduct market research, analyze consumer trends, or consult with industry experts to understand growing demand for sustainable products.</li><li>Organizing internal discussions or strategic planning meetings where the team recognizes the importance of sustainability.</li></ul>					
O2: Rising Demand for Certain Commodities				2022/23	●
				2023/24	●
				2024/25	●
<b>Context</b>					
<ul style="list-style-type: none"><li>The impact of rising commodity prices varies depending on the country concerned with the specific commodity.</li><li>Governments may implement policies to mitigate the impact of rising commodity prices, such as subsidies or import quotas.</li><li>Technological innovation can play a role in increasing the efficiency of resource extraction and developing substitutes for scarce goods.</li></ul>					
<b>How we realised</b>					
<ul style="list-style-type: none"><li>TTE PLC can analyze their own sales data to identify trends in demand for specific products and a significant increase in orders for products dependent on a specific product indicates growing demand.</li><li>Attending industry events and conferences allows for networking and discussion with other stakeholders, providing a platform to learn about market trends and potential shortages.</li></ul>					
O3: Explore opportunities for expansion into new markets with growing populations and increasing demand for products investing in research and development of high-yielding, disease-resistant and drought-tolerant crop varieties.				2022/23	●
				2023/24	●
				2024/25	●
<b>Context</b>					
<ul style="list-style-type: none"><li>Conduct thorough research to identify new markets with favorable conditions, growing population and demand for company products.</li><li>Consumers are increasingly interested in sustainable practices and emphasize company commitment to responsible land management and environmentally friendly production methods when entering new markets.</li><li>Improved crop varieties require less water and pesticides, contributing to more sustainable agricultural practices.</li></ul>					
<b>How we realised</b>					
<ul style="list-style-type: none"><li>The company has initial observations of the rising global population and its impact on food security and this decision involving a collaborative effort and thoughtful analysis.</li><li>Emphasize the company’s commitment to growth and innovation.</li></ul>					



<b>O4: Investing in research and development of high-yielding, disease-resistant and drought-tolerant crop varieties.</b>		<table><tr><td>2022/23</td><td>●</td></tr><tr><td>2023/24</td><td>●</td></tr><tr><td>2024/25</td><td>●</td></tr></table>	2022/23	●	2023/24	●	2024/25	●
2022/23	●							
2023/24	●							
2024/25	●							
<b>Context</b> <ul style="list-style-type: none"><li>☼ The world population is projected to grow significantly in the coming decades. This puts a lot of pressure on food security, which requires increased agricultural production to feed a large population.</li><li>☼ Overuse and unsustainable agricultural practices can lead to soil erosion and depletion, reducing land productivity and limiting future food production capacity.</li><li>☼ Disease-resistant and drought-tolerant varieties are less p Disease-resistant and drought-tolerant varieties are less prone to crop failure, providing more consistent yields and higher profits for farmers.</li></ul>								
<b>How we realised</b> <ul style="list-style-type: none"><li>☼ Ensuring long-term crop security, profitability and contributing to a more sustainable agricultural future.</li><li>☼ The emphasis should be on finding solutions and ensuring long-term growth.</li></ul>								
<b>O5: The natural beauty while promoting sustainable practices, attracting new visitors, and contributing to the local community.</b>		<table><tr><td>2022/23</td><td>●</td></tr><tr><td>2023/24</td><td>●</td></tr><tr><td>2024/25</td><td>●</td></tr></table>	2022/23	●	2023/24	●	2024/25	●
2022/23	●							
2023/24	●							
2024/25	●							
<b>Context</b> <ul style="list-style-type: none"><li>☼ The plantation often boasts stunning natural beauty, diverse plant life and opportunities for wildlife viewing. These can be a major attraction for eco-tourists looking for unique experiences.</li><li>☼ Eco-tourism provides an additional income stream beyond traditional plantation products.</li><li>☼ By partnering with local communities, they benefit from ecotourism and foster cultural exchange. This may include employing local guides, showcasing local crafts and traditions, and supporting community-led conservation projects.</li></ul>								
<b>How we realised</b> <ul style="list-style-type: none"><li>☼ TTE PLC recognizing the potential of natural beauty for eco-tourism. This approach demonstrates a strong connection to nature, a commitment to sustainability, and a desire to contribute positively to the local community.</li></ul>								

### Risk Factors Envisaged in 2024/25

January to December 2023 cumulative tea exports totaled 241.9 million kgs, indicating a marginal decrease compared to the same period in 2022. In February 2024, tea production totaled 19.99 kgs, indicating an increase of 1.24 million kgs for the same period in 2023.

We are closely monitoring the situation in the global conflicts that are old and new and plan to review our strategy, if necessary, to ensure our business is sustainable in the long term. As the conflicts inherently impact the shipping routes and disrupt air transportation to some degree, we are mindful of the arduous journey ahead. With a long

cultivated strong and reputed brand and our many domestic and international strong business relationships, we are confident of navigating any new headwinds and managing emergent risk factors within the strong governance structure we have curated for TTE.

#### We will be intrusively focused on:

- ☼ Geopolitical conflicts
- ☼ Fuel and energy prices
- ☼ Climate Risks
- ☼ Talent/Labour migration and cost of labour
- ☼ Changing demographic that demand a product differentiation
- ☼ Increasing competition
- ☼ Currency fluctuations
- ☼ Domestic regulations impacting inflation and market volatility

# Corporate Governance Report

Appendices

Financial Reports

Statement of ESG Performance

Risk and Governance

Management Discussion and Analysis









Overview

**The increasingly challenging environment has underscored the need for strong corporate governance. At TTE, this commitment to the highest standards of governance begins at Board level - given their deep understanding of our vision, mission, purpose & values and the adoption of a sound governance framework anchored on integrated thinking and decision-making that takes into consideration ESG factors and reconciles the interests of the Company and stakeholders in creating and protecting sustainable value. In fact, TTE's Board of Directors plays a crucial role in ensuring robust corporate governance through their oversight of the company's strategic direction, risk management, and financial and ESG performance. They bring a wealth of experience and expertise that allows them to provide guidance and make decisions that balance the interests of shareholders, employees, customers, community and the planet.**

## Navigating the Corporate Governance Report

	Page No
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Culture and Ethical Conduct	201
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Board Governance	206
Responsible and Fair Remuneration	210
Control Environment	211
Digital Governance	211
Gender Parity	211
Information Technology & Cyber Security Governance	211

## Governance Highlights -2023/24

-  Oversight of business continuity plans in response to business disruptions.
-  Monitoring the effects of monetary & fiscal policy adjustments of government.
-  compliance with requirement of revised Section 9 of the Listing Rules of Colombo Stock Exchange
-  Monitoring the implementation of new sustainability standards, S1 and S2
-  TTE has been recognized as the Best Corporate Citizen in the prestigious Best Corporate Citizenship Award-2023 organized by the Chamber of Commerce.
-  Two Independent Non-Executive Directors Mr. Nandana Ekanayake and Mr. Malaka Chaminda Bandara Talwatte were newly appointed to the Board of Directors on 3rd January 2024.
-  Dr. Neil Terrence Bogahalande resigned from the Board on 31 December 2023
-  Mr. Mohamed Hisham Jamaldeen and Ms. Minette Delicia Anne Perera were classified as Non-executive Directors on 3rd January 2024.

## Corporate Governance

The Board of Directors at Talawakelle Tea Estates PLC identifies and accepts that good governance is incumbent on an ethical culture, effective controls, competitive performance, and transparent and accurate disclosures. The long-term result, therefore, is an entity managed with visionary leadership for the sustainable development of the trade as well as the wellbeing of its people and the communities that surround the business.

As such, the Board of Directors including the Chairman, is responsible to steward the Company, towards good governance in a responsible and an accountable manner. Collective responsibility for a well governed and sustainable Company therefore rests on the Board, as the apex body. The Board has also delegated functions for closer attention and working to Board subcommittees but retain the final decision-making responsibility on the Board, in line with business strategy and objectives.

## Corporate Governance Framework

Our Governance framework is supported by the Group Management Committee and the governance maturity of our parent company, the Hayleys Group.

The Company's 360 Sustainability Management Approach ensures that the ESG Agenda mandated by the Board through its strategy, permeates across all operational units and the estates under its purview.

As a plantation sector Company, we are cognizant of our responsibility that our operations should not in any way jeopardize the ecological balance in the environment, and our social responsibility towards the communities is maintained to a high degree.

Over and above the strong ESG framework within which we operate, are the many international sustainability and climate action standards we adopt and practice. These convey our commitment to ensuring the conservation of the planet, and preserving the wellbeing of all stakeholders for the long-term prosperity.

## Culture and Ethical Conduct

The Board of Directors plays a pivotal role in establishing an ethical culture that permeates throughout the entire organization. They set the tone from the top by exemplifying transparency, integrity and fairness in all their actions and decisions. The Board leads by example, demonstrating the highest standards of ethical conduct in executing their duties. This emphasis on ethics starts with the Board and filters down through the management ranks into the everyday operations. To further ingrain ethical behavior, the Board has implemented two key policies - the Group Code of Conduct, The Hayleys Way. These codes clearly delineate the fundamental ethical principles and rules of conduct that all employees and Directors must abide by. There are high standards set across a range of areas including conflicts of interest, anti-bribery, discrimination, and protection of confidential data and trade secrets.

## Whistle-blower Provision

To give employees a confidential avenue for reporting suspected misconduct, the Board has also adopted Hayleys Group whistle-blowing policy. This policy has been clearly communicated to all employees. The Audit Committee oversees the whistle-blower system to ensure all complaints are properly investigated and handled. The Board monitors ethical compliance by reviewing any violations of the Code of Conduct and whistle-blower complaints. They have not been made

aware of any material breaches of the Code of Conduct or received any whistle-blower complaints this past financial year. This demonstrates how the Board's strong governance and commitment to ethics has successfully translated into an ethical culture adopted company-wide. Their comprehensive policies, leading by example, and active oversight have together fostered high standards of integrity across the organization.

- ✿ Social and Environmental governance, refer pages 136 and 170.
- ✿ Basis of resource allocation, refer page 67.
- ✿ ESG Risk and Opportunity Management, refer page 54.
- ✿ Relevance of ESG factors to Business Model and strategy, refer pages 46 and 67.
- ✿ Our approach to Sustainability and ESG Reporting, refer pages 10 to 13.



# Corporate Governance Report

Appendices

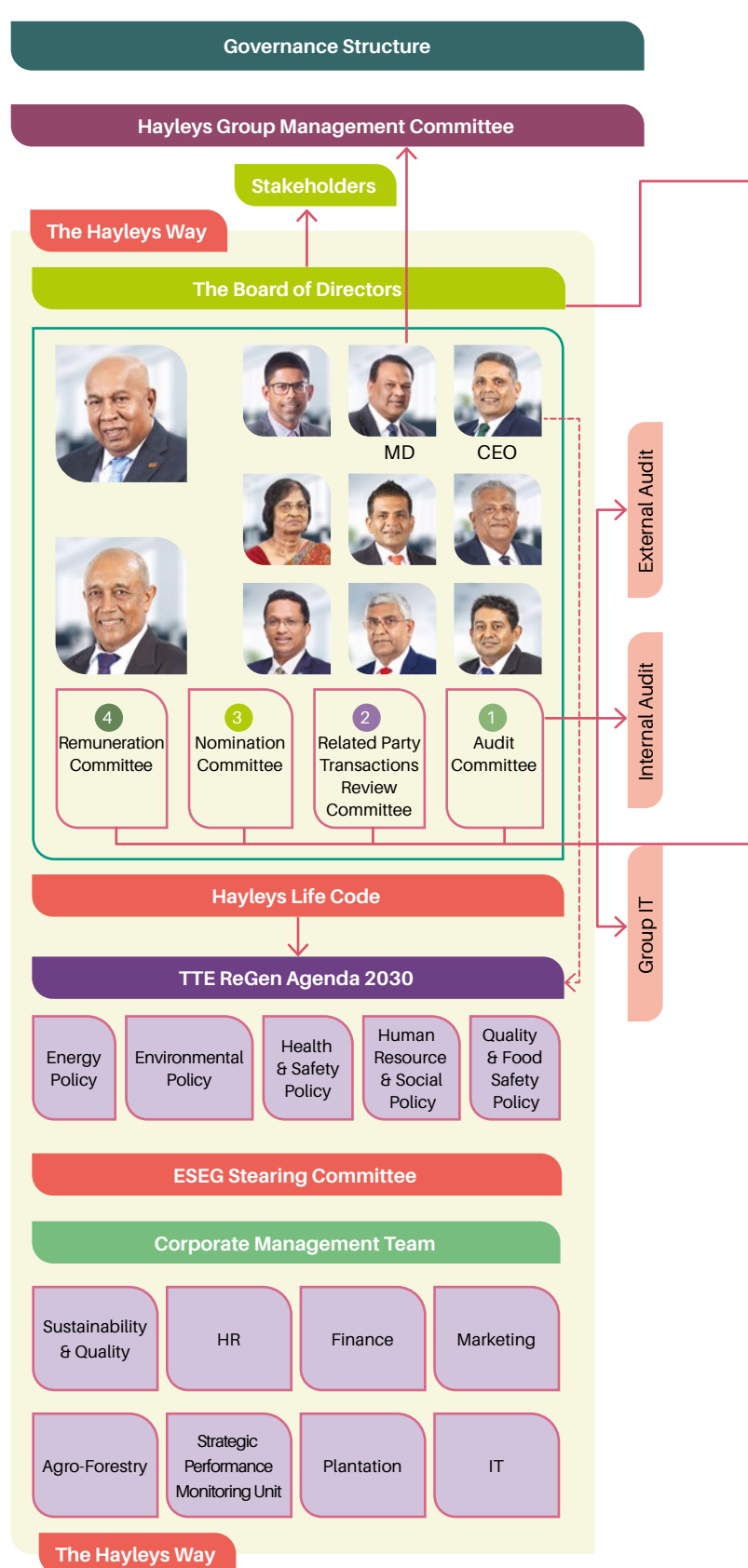
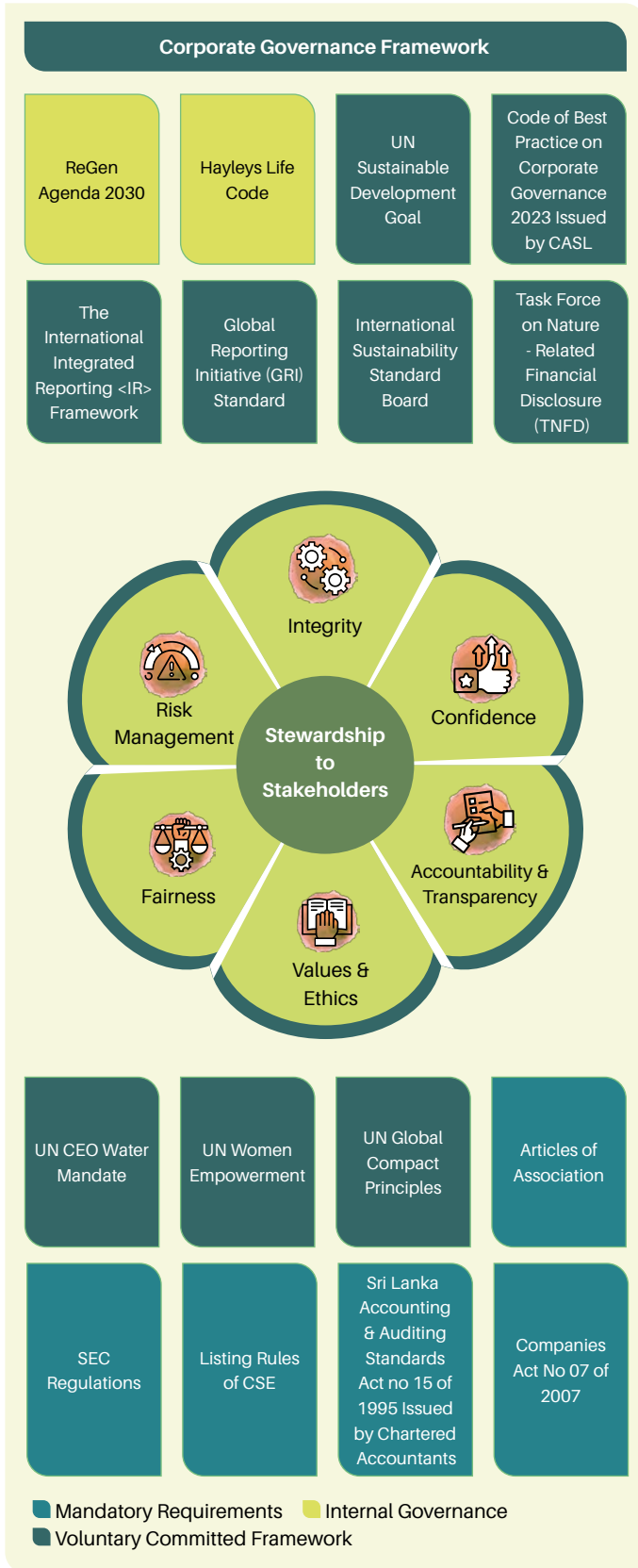
Financial Reports

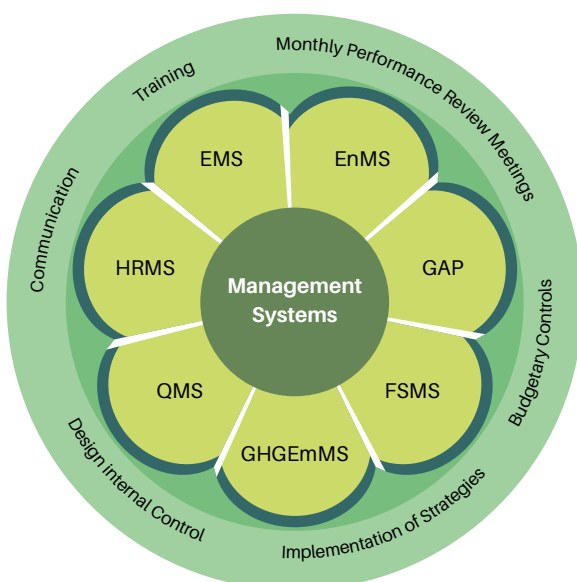
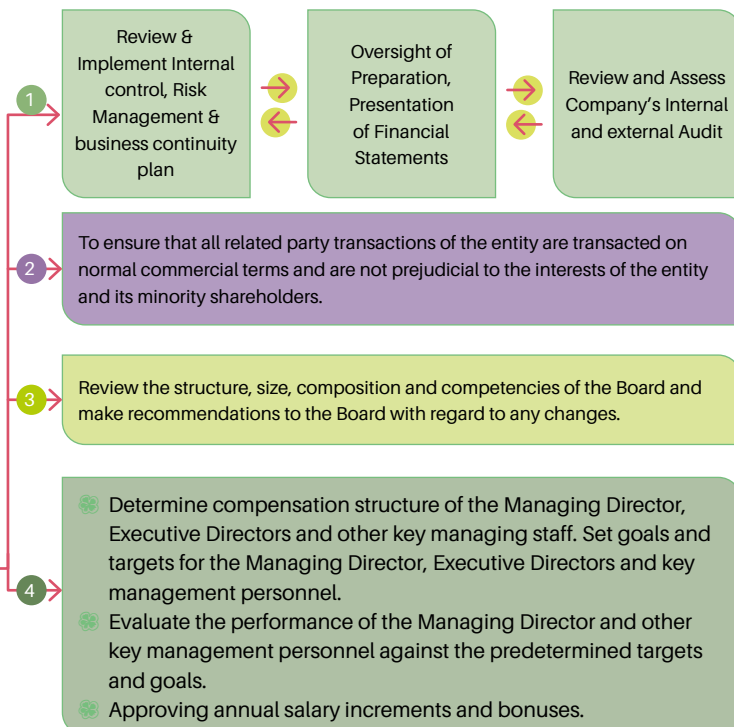
Statement of ESG Performance

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Overview





Value Creation Output		
Made Tea	5,719 MT Kg 2024	5,102 MT Kg 2023
Net Profit	Rs.1,643 Mn 2024	Rs. 2,578 Mn 2023
Total Assets	Rs. 9,857 Mn 2024	Rs. 9,145 Mn 2023
ROE %	25.80% 2024	41.80% 2023
Dividend Paid	Rs. 1,275 Mn 2024	Rs. 902 Mn 2023
Employee Payment	Rs. 3,684 Mn 2024	Rs. 3,115 Mn 2023
Income Tax	Rs. 352 Mn 2024	Rs. 335 Mn 2023
Investment in Community Development	Rs. 104 Mn 2024	Rs. 165 Mn 2023
Investment in Environmental Protection	Rs. 62 Mn 2024	Rs. 49 Mn 2023

# Corporate Governance Report

## Sustainability Governance

GRI 2-13 & 14

TTE greatly values its reputation as a responsible corporate citizen and places significant emphasis on preservation of the environment, strengthening and empowering our communities while upholding a culture of the highest standards of corporate governance and integrity. The Board provides oversight to ensure these principles are successfully internalized embody Environmental, Social and Governance (ESG) responsibility and had included metrics into the business model for the benefit of all stakeholders.

The Company has established a 360 Sustainability Management Approach, which coordinates horizontally between various business departments and estates at the organizational level and, vertically from subordinate units at the execution level to top management to manage impacts on the economy, environment, and people. The Board further acknowledges its responsibility to report to stakeholders on TTE's commitment to sustainable value creation through its Annual Report. The Hayleys Group's governance structures and under the supervision of The Group Management Committee also pave the way for sustainability considerations to embed into TTE's day to day operations. The Audit Committee reviews the principal risks relating to the Company, including those related to sustainability. The Hayleys Board holds overall responsibility of formulating the Group's aspirations, strategies, and policies relating to ESG and sustainable development. The ESEG Steering Committee, established last year continued with its agenda for sustainability in the following manner.

Provide oversight and monitor the execution of the Group's ESG Framework-Hayleys Lifecode including progress against environmental, social and governance targets in the short, medium and long-term

Identify ESG related risks, opportunities and impacts and recommend the implementation of appropriate measures to effectively address these dynamics.

Review emerging trends and issues in the ESG areas and assess potential impact on the Group.

Review and provide guidance on ESG related policies and programs required to drive the Group's ESG Framework and strategy.

Review and approve the Group's stakeholder engagement strategy which allows management to identify, understand and respond to stakeholders' legitimate concerns. Refer Key Stakeholder Engagement in Page 56 and materiality assessment refer page 66

ESEG Steering Committee of Talawakelle Tea Estates PLC chaired by CEO ensures that Sustainability-related risks & opportunities (SRROs) and climate-related risks & opportunities (CRROs) are monitored, managed, and overseen effectively and reports quarterly to the Board of Directors. Our strategic approach to managing these risks and opportunities includes assessing and prioritizing them in the context of our overall business strategy. We employ robust risk management processes to identify and mitigate the impact of Sustainability-related risks and climate-related risks, integrating them into our overall risk management. Finally, we measure and report on our performance against SRROs and CRROs targets, demonstrating our commitment to sustainability and providing stakeholders with transparent and reliable information about our progress towards a more sustainable future. Overall, the strategic oversight by the ESEG Steering Committee ensures SRROs and CRROs are handled with the rigor and urgency needed to deliver durable and sustainable value over the short, medium and long term.

## The Board of Directors

### Primary Roles and Responsibilities

GRI 2-11; 2-12; 2-13

The Board's primary responsibility is to formulate strategy, set the risk appetite, ensure ESG requires are fully met when operating, uphold Company values by implementing internal Policies through various business units, and meet stakeholder interests for a sustainable business.

**Steers and Sets Strategic Direction**  
Approves strategy, focuses on high ESG Standards

**Approves Policy and Capital Planning**  
Effecting strategy by directing, resource allocating within risk parameters

**Ensures Accountability**  
For organisational performance through reporting, disclosure and engagement

**Oversight and Monitoring**  
Overseeing the management and direction of the company and monitoring performance of the company

Board's Primary Governance Roles and Responsibilities



In carrying out its responsibilities, the Board encourages a culture of openness, productive dialogue and constructive dissent, facilitating an environment of employee empowerment and engagement in the Company's decision-making process.

Group MD is responsible for strategy and performance, supported by the Executive Management Team. As a Member of the Hayleys Group Management Committee, MD is responsible to ensure delivery of strategic goals for the plantation sector.

### The Board's Key Responsibilities

Strategy and Business	Risk and Oversight	Governance	Stakeholder Engagement	Financial Performance
<ul style="list-style-type: none"> <li>Approval of the corporate strategic plan</li> <li>Monitoring domestic and international macroeconomic trends that may impact the Company's business, and making timely decisions to navigate any uncertainties</li> <li>integrate sustainability considerations into the company's overall strategy</li> </ul>	<ul style="list-style-type: none"> <li>Review impacts from the operating environment</li> <li>Risk review</li> <li>Performance review of the Group</li> <li>Assets and liquidity management</li> </ul>	<ul style="list-style-type: none"> <li>Implement Hayleys Life Code Sustainability agenda</li> <li>Succession Planning</li> <li>Review Policy and Frameworks to be relevant and manage internal and external risks</li> </ul>	<ul style="list-style-type: none"> <li>Review of stakeholder communications and engagement initiatives, in setting strategy and building brand</li> <li>Dividend Planning</li> </ul>	<ul style="list-style-type: none"> <li>Financial impacts from adverse operating conditions</li> <li>Approve the budget for the new financial year</li> <li>Approval of 2023/24 Financials and the Disclosures in the Annual Report</li> <li>Approval of 2024/25 budget</li> </ul>

### Responsibilities of the Chairman and the Managing Director

Chairman	Managing Director
Leads the Board, retaining good corporate governance and ensures the Board works ethically, responsibly and in line with the Company's ESG Agenda.	Accountable for implementation of the Company's Strategic plan and driving performance and escalating any high-level risks/issues to the Board.
Setting an ethical tone for the Board and the Group for all dealings, internally and externally.	Succession Planning
Set up the Board's annual work plan and agendas in consultation with the Board Secretary and MD.	Developing the Company's Strategy and Budget for approval of the Board.
Maintaining stakeholder trust built over the years and further augmenting their confidence in the Company and the Board.	Monitoring and reporting to the Board on the Company's performance and compliance with laws and regulations.
Monitoring the effectiveness of the Board and encouraging openness to ensure effectiveness of the Board.	Monitor Risk appetite and working within the allowable risk.
	Ensure Group culture permeates across all operations.
<b>Board Secretary</b> Secretarial services to the Board are provided by Hayleys Group Services (Private) Limited. Secretaries and the Board apprise of all laws and regulations and compliance thereof. The Secretaries maintain Minutes of Board meetings which is open for inspection by the Board Directors at any time. Shareholders have access to the Board Secretaries for any clarifications and queries.	

# Corporate Governance Report

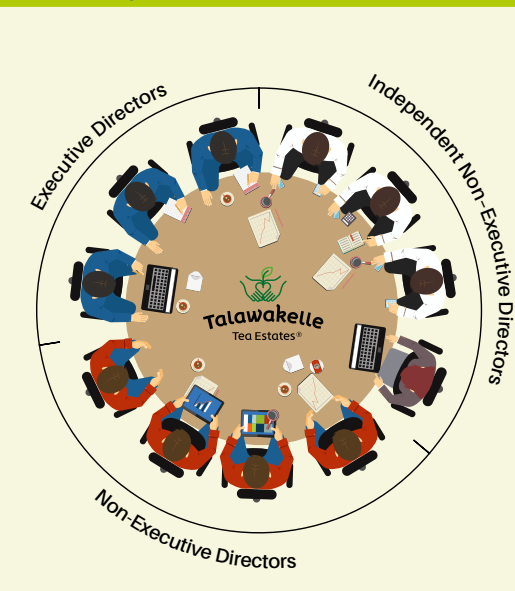
## Board Composition

GRI 2-9; 2-17

The Board is diverse in its skills, experiences, and years of engagement in business. Board composition is periodically reviewed to ensure the diversity of skill, knowledge, and experience are well represented to be in parallel with the requirements of the marketplace, accordingly, . Profiles of the Board members are set out on Pages on 35 to 38 and each individual is personally responsible to ensure that there are no potential conflicts of interests arising from any external associations or businesses.

### Corporate Governance Framework

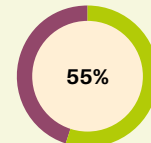
#### Board Composition



#### Expertise

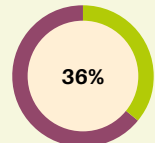
5		Agribusiness Management
4		ESG Expertise
5		Marketing & Branding
3		Accounting & Finance
2		Human Resource Management
1		Manufacturing and Engineering

#### Age Diversity



55%  
of the Board is  
below 60 Years

#### Independence



36%  
of the Board is  
Independent

#### Gender

Male	Female
91%	9%

#### Definition

Independence is determined against criteria as set out in the Listing Rules of the Colombo Stock Exchange and in compliance with Schedule C of the CA Sri Lanka Code of Best Practice on Corporate Governance 2023.

#### Assessment

Independent assessment of directors is conducted annually by the Board, based on annual declaration and other information submitted by Non-Executive Directors

The Board discusses the possibility of any impairment of Directors independence due to extended Board tenures, and collectively evaluates the re-election of such Board members

#### Outcome

Mr. Mohamed Hisham Jamaldeen and Ms. Minette Delicia Anne Perera were classified as Non-executive Directors on 3rd January 2024.

The Board is satisfied there are no relationships or any other circumstances likely to affect or appear to affect, directors' independence during the period under review.

## Board Refreshment

GRI 2-10

Periodically, the Board welcomes fresh talent due to retirement, resignation or any other exigency that prompts the exit of a current Board Member. Such new appointments infuses new talent and fresh ways of thinking, that is required for a business that is sustainable and for the long-term.

## Appointment, Re-election, Retirement and Resignation of Directors

<b>Appointment</b>	<ul style="list-style-type: none"> <li>Group Nomination and Governance Committee makes recommendations to the Board in this regard having considered the combined knowledge, experience and diversity of the Board in relation to the Group's strategic plans and any gaps thereof.</li> <li>Appointments are communicated to the Colombo Stock Exchange and shareholders through corporate disclosures and include a brief resume of the director.</li> </ul>
<b>Re-Election/Re-Appointment</b>	<ul style="list-style-type: none"> <li>One third of the Directors in office retire at each Annual General Meeting by rotation with the directors who have served for the longest period since their appointment/re-appointment retiring first. Retiring Directors are generally eligible for re-election. The provisions of the Articles of the Company do not require the Managing Director to retire by rotation.</li> <li>These Directors are eligible to stand for re-election by the Shareholders at the Annual General Meeting.</li> <li>The Nomination and Governance Committee of the Company assesses the Board's composition as a whole and reviews the participation, engagement and contribution of each Director prior to recommendation for Re-election.</li> <li>A director appointed by the Board to fill a casual vacancy arisen since the previous AGM, will offer himself for re-election at the next AGM</li> </ul>
<b>Resignation/Retirement</b>	<ul style="list-style-type: none"> <li>Resignations, retirement, or removal of any Director is promptly advised to the CSE.</li> </ul>

### Resignations, Retirement and Appointments in 2023/24

Mr. Merrill J Fernando, Non-Executive Director - it is with deep sadness, we record the demise of Mr Merrill J Fernando, a stalwart in the Tea Industry. We appreciate his untiring efforts over several decades to promote Ceylon Tea, in the global market and his input to the growth of TTE.

Mr. N Ekanayake and Mr. M C B Talwatte were appointed as Independent Non-Executive Directors to the Board on 03rd January 2024.

Mr. D C Fernando was appointed as a Non-Executive Director to the Board on 2nd August 2023. Mr. D.C. Fernando was the Alternate Director to Mr. Merrill J. Fernando until 20th July 2023.

Mr. A M J Fernando was appointed as the Alternate Director to Mr. D C Fernando on 25th August 2024.

Dr. N T Bogahalande, who served as an Independent Non-Executive Director, resigned from the Company on from 31st December 2023.

### The Board Seats held by each Director (excluding Directorships in the TTE Group) as of 31st March 2024

Name of Director	Directorship Status in TTEL	No of Board Seats in Listed Companies		No of Board Seats in Unlisted Companies	
		Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mr A M Pandithage	Chairman/Executive Director	11	1	146	10
Dr R Rajadurai	Managing Director	2	-	-	8
Mr S B Alawattagama	Chief Executive Officer	-	-	-	2
Lt Col J M Kariapperuma	Independent Non-Executive Director	-	-	-	-
Mr S L Athukorala	Independent Non-Executive Director	-	-	-	2
Ms M D A Perera	Non-Executive Director	-	4	-	8*
Mr M H Jamaldeen	Non-Executive Director	1	3	34	6
Mr Malik J Fernando	Non-Executive Director	1	8	41	18
Mr N Ekanayake	Independent Non-Executive Director	-	1	3	-
Mr M C B Talwatte	Independent Non-Executive Director	12	-	-	2
Mr D C Fernando	Non-Executive Director	1	6	42	13
Mr. A M J Fernando	Alternate Director to Mr. D C Fernando	-	-	1	4

\*Inclusive of one alternative directorship



# Corporate Governance Report

## Board Meetings

Board Meeting are held on a quarterly basis with the flexibility to increase the number of meetings, depending on urgent or exigent requirements.

Chairman sets the Meeting Agenda for each Board Meeting with the support of the Company Secretaries. This, together with Board Papers are sent to the members of the Board well in advance.

At the Meeting, the Board takes up Agenda items for discussion, evaluation and decision making.

Post the Board Meeting, Minutes of the Meeting are kept by the Company Secretaries, inserted to the Minutes Book, signed, and circulated to the Board Members within two weeks from the date on which the meeting was held.

Accordingly, every Director dedicates adequate time and effort to Board matters. The Directors who are also members of the Board Sub-Committees make a strong commitment to discharge their duties. Directors exercise independent judgement in the effective discharge of their duties and responsibilities in matters relating to the Board including strategy, performance, resource allocation, risk management, compliance and standard of business conduct.

## Attendance at Meetings

Directors	Status	Year of Appointment	Board	Audit Committee	Nomination and Governance Committee	Remuneration Committee	Related Party Transactions Review Committee
Mr A M Pandithage (Chairman)	ED	2009	4/4				
Dr W G R Rajadurai (MD)	ED	2013	4/4				
Mr S B Alawattegama (Director/CEO)	ED	2020	4/4				
Mr Malik J Fernando	NED	1998	2/4				
Mr D C Fernando	NED	2023	1/4				
Ms M D A Perera	NED	2012	4/4	4/4	2/2	1/1	4/4
Mr S L Athukorala	SID	2016	4/4	4/4	2/2	1/1	4/4
Mr M H Jamaldeen	NED	2017	4/4				
Lt Col J M Kariapperuma	INED	2020	4/4				
Mr Nandana Ekanayake	INED	2024	2/2	2/2	1/1	1/1	2/2
Mr M C B Talwatte	INED	2024	2/2	2/2	1/1	1/1	2/2
Dr. N T Bogahalande (Resigned on 31.12.2023)	INED	2013	2/2	2/2	1/1		2/2
Mr. Merril J Fernando (Deceased - 20.07.2023)							
ED – Executive Director : NED – Non Executive Director : INED – Independent Non Executive Director : SID Senior Independent Director							

## Board Directors Access to Information and Resources

GRI 2-16

Board Members received their Board Packs well in advance providing sufficient time for review. In addition, the Board Members have unrestricted access to any further information and resources as they deem necessary to make clear and informed decisions as necessary.

It is critical that all directors remain relevant and up-to-date with the skills and knowledge required to fulfill their roles and responsibilities as well as fulfill their fiduciary duties as a board of directors. Accordingly, all directors have access to company-paid learning, development and training opportunities. The annual self-assessment of directors also serves as an important source for identifying the training needs of directors. . Meanwhile, the formal induction was carried out during the year for new Directors covering essential training modules.

## Board Committees

GRI 2-10

The Committee	Areas of Oversight	Composition 2023/24	More Information
<b>Audit Committee (AC)</b>	<ul style="list-style-type: none"> <li>Financial Reporting</li> <li>Internal Control</li> <li>Internal Audit</li> <li>External Audit</li> </ul>	<ul style="list-style-type: none"> <li>Mr S L Athukorala (SI) Chairman</li> <li>Ms M D A Perera (NE)</li> <li>Mr N Ekanayake (INE)</li> <li>Mr M C B Talwatte (INE)</li> </ul>	AC Report on Page 215
<b>Nominations and Governance Committee (NC)</b>	<ul style="list-style-type: none"> <li>Appointment of Key Resource Personnel (KRPs) and Directors</li> <li>Succession Planning</li> <li>Monitoring and evaluating the effectiveness of the Board, its composition and its Committees</li> </ul>	<ul style="list-style-type: none"> <li>Mr S L Athukorala (SI) Chairman</li> <li>Ms M D A Perera (NE)</li> <li>Mr N Ekanayake (INE)</li> <li>Mr M C B Talwatte (INE)</li> </ul>	NGC Report on Page 213
<b>Remunerations Committee (RC)</b>	<ul style="list-style-type: none"> <li>Remuneration policy for KRPs</li> <li>Goals and Targets for KRPs</li> <li>Monitoring and evaluation of performance of MD and KRPs</li> <li>Approve annual salary increment and bonuses</li> </ul>	<ul style="list-style-type: none"> <li>Mr S L Athukorala (SI) Chairman</li> <li>Ms M D A Perera (NE)</li> <li>Mr N Ekanayake (INE)</li> <li>Mr M C B Talwatte (INE)</li> </ul>	RC Report on page 217
<b>Related Party Transactions Review Committee (RPTRC)</b>	<ul style="list-style-type: none"> <li>Review related party transactions</li> </ul>	<ul style="list-style-type: none"> <li>Mr S L Athukorala (SI) Chairman</li> <li>Ms M D A Perera (NE)</li> <li>Mr N Ekanayake (INE)</li> <li>Mr M C B Talwatte (INE)</li> </ul>	RPTRC Report on page 218

SI – Senior Independent      NE – Non Executive      INE – Independent Non Executive

## Internal Control Mechanisms for Good Governance

<b>Directors Interests, Related Party Transactions, Conflicts of Interest</b> GRI 2-15	<p>All Board Directors are expected to exercise the utmost good faith, honesty and integrity in all their dealings with or on behalf of the Company. They are required to always act in the TTE's best interests by disclosing real or perceived conflicts to the Board. As per the companies Act, all Directors on appointment and thereafter every quarter, are required to declare their direct, indirect, beneficial and non-beneficial interests in any contract or proposed contract. Such matters are recorded in the Directors' Interests Register, which is available for inspection as needed. Meanwhile, an affected Director is expected to excuse himself/herself from participating in any Board discussions and abstain from voting on matters where he/she has an interest are being discussed. Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed in Note 33 to the financial statements. The Related Party Transactions Review Committee considers all transactions that require approval in line with the Group's Related Party Transactions Policy and in compliance with the relevant regulations. Related party transactions applicable to the TTE Board are disclosed on page 292.</p>
<b>Board and Sub Committee Appraisal</b> GRI 2-18	<p>An annual evaluation is conducted to assess the effectiveness of the Board as a whole. The process, which is led by the Chairman and administered by the Company Secretaries, requires all Directors to assess the collective Board performance against selected criteria. Results are made available to the Nominations and Governance Committee for appropriate recommendations for improvement. Similarly, an annual assessment is conducted by each Sub-committee Chairman to assess effectiveness of the respective Committee under his / her purview. The findings of the 2023/24 evaluations indicated that the TTE Board and its Sub Committees were effective in discharging their roles during the year under review.</p> <p>Areas Covered: Degree of fulfillment of Board's requirements , Quality of the Board, Effectiveness of the Board processes and meetings.</p>

# Corporate Governance Report

<b>Appraisal of the Managing Director</b> <b>GRI 2-18</b>	<p>The Board assesses the performance of the Managing Director (MD) annually based pre-agreed targets established at the start of the year about the Company's short, medium and long-term objectives. In the interim period, the MD's performance is reviewed quarterly against the backdrop of the macroeconomic conditions. The Remuneration Committee assists in the Board by helping to determine appropriate performance-based rewards to recognize the performance achievement of the MD.</p>
<b>Responsible and Fair Remuneration</b> <b>GRI 2-19 &amp; 20</b>	<p>The Board strives to ensure that remuneration is fair, responsible and transparent. The Remuneration Committee is tasked with making recommendations to the Board regarding remuneration of the Executive Directors and KRP's.</p> <p><b>Hayley's Group Remuneration Policy -</b></p> <ul style="list-style-type: none"> <li>To attract and retain a highly qualified and experienced workforce</li> <li>Reward performance accordingly in the backdrop of industry norms.</li> <li>Provide compensation packages appropriate to each business within the group</li> <li>Compensation to commensurate with each employee's level of expertise and contributions, depending on the business' performance and shareholder returns.</li> </ul>
<b>Responsible and Fair Remuneration</b>	<p>TTE's remuneration packages are designed to attract and retain professionals with the requisite skills and experience. Accordingly, the Company offers industry competitive remuneration with due consideration of the performance and risk factors associated with the job role. In this regard, TTE's remuneration structures include a variable pay component tied to the achievement of TTE's sustainable business objectives including ESG metrics.</p> <p>Remuneration of Executive Directors are compliant with the provisions of Schedule G of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023.</p> <p>No special early termination clauses are included in the contract of employment of Executive Directors that would entitle them to extra compensation. However, such compensation, if any, would be determined at the discretion of the Board of Directors. The Board determines the remuneration of the NEDs. The aggregate remuneration paid to Executive and Non- Executive Directors in the Financial Year 2023/24 is Rs. 57.9 Mn.</p>
<b>Group Bribery and Anti Corruption Policy</b>	<p>The Group's bribery and anti-corruption policy emphasizes zero tolerance for bribery and corruption. The policy is applicable to the Board of Directors and all employees of Hayleys PLC, its subsidiaries and authorized persons acting on behalf of the Company, and includes guidelines on gifts, hospitality and promotional expenses, facilitating payments, political contributions and donations, charitable donations, commission payments to third parties and partner due diligence among others. The Board continuously monitors the implementation of the policy and periodically reviews and updates it as appropriate</p>
<b>Succession Planning</b>	<p>The Board, assisted by Remuneration Committee follows a formal Board Succession Procedure whereby potential KMP's are earmarked and on-boarded for further development. The Nominations and Governance Committee is responsible for reviewing Board succession.</p>
<b>Risk Management and Internal Control</b>	<p>The TTE Board is responsible for formulating and implementing effective risk management and internal control systems to safeguard stakeholder interests and the assets of the Company. Towards this end, with the assistant of executive level committee consisting of Department Heads and Regional General Managers, the Board has adopted the enterprise-wide approach to risk management to ensure all financial, operational and compliance risks are identified, assessed, managed and reviewed on an ongoing basis. For more details, please refer to the Risk Management Report on page 190.</p>
<b>Financial and Business Reporting</b>	<p>The Board provides oversight for ensuring that information regarding the Company's financial position is conveyed to stakeholders in a timely and accurate manner. The Annual Report is the primary tool that documents the relevant information and as required by CSE rules, quarterly reports are Published.</p> <p>Prior to publishing, Annual reports and quarterly financial reports are scrutinized by the Audit Committee and submitted to the Board for their approval.</p>



<b>Compliance</b>	TTE's commitment to compliance is underpinned by the Hayleys Group policy framework that facilitates compliance with regulatory requirements and the early adoption of new regulatory requirements. TTE remains compliant with all relevant statutory and regulatory requirements. There were no reported incidents of noncompliance recorded in the year under review.
<b>Assurance</b>	Internal Auditors assures the efficacy of the internal control environment while the external Auditors validates the integrity of the Company's financial position validating the integrity of the Company's decision-making process. The Board Audit Committee, on behalf of the Board reviews the plans and work output of both external and internal auditors, including coordinating activities to support the combined assurance model.
<b>Workforce Diversity and Gender Parity</b>	<p>A workforce with diverse skills, experiences, soft skills and business acumen, is a foundation for sustainable development of a business. The Company has implemented several policies to ensure diversity, equity and inclusion providing a healthy and safe workplace promoting the wellbeing of all its employees, across operational units and estates.</p> <p>In the year under review, the female representation is stood at 58% of the workforce and 13% in the senior management. Please refer Human Capital section for a detailed report on this aspect.</p>
<b>Responsible Branding and Stakeholder Communications</b>	The TTE Board is guided by the Hayleys Group marketing and communications policy in relation to branding and other external visibility initiatives. As stipulated by these guidelines, the Board works with the awareness that gender- stereotyped portrayals limits the aspirations, expectations, interests and participation of girls and women in society, contributing to negative outcomes in health and wellbeing. We do not engage in greenwashing in any of our communications.
<b>Communications with Shareholders</b>	The Board has established multiple channels to engage with shareholders including the Annual General Meeting (AGM), the annual report, interim financial statements, notification of key events through announcements in the CSE and a dedicated investor relations tab on the company's website. The annual report encourages shareholders to comment or make suggestions to the Board through the Secretaries, while the AGM serves as a platform to afford shareholders the opportunity to raise questions directly with the TTE Board and corporate management. The Shareholder and Investor Communications Policy has also been published on the company's website.
<b>Constructive use of AGM</b>	AGMs are conducted in a manner that adds value to the business and transparently disseminates information to the shareholders. The Board and the Audit are present to respond to any queries and clarify any grey areas. The process required to conduct a valid AGM are all addressed, pre and post the meetings and the outcome of the vote on each resolution is informed to the CSE, upon conclusion of the AGM.
<b>IT and Digital Governance</b>	<p>IT and Digital infrastructure are an absolute necessity in the current business environment for profitability, scalability and ability to the market. As such, investing in such is a priority for the Company. In doing so, the Company also takes note of the many pitfalls of cyber-attacks and hacking and has implemented several policies to ensure a stringent framework to protect the Company's intellectual property. Hayley's Group IT Department is responsible for implementing the Groups digital strategy including adopting IT policies and safeguarding against cyber threats.</p> <p>The Group Head of IT functions as the Chief Information Security Officer (CISO). Cybersecurity is a key agenda item in the monthly Group Management Committee meetings with matters escalated to the TTE Board where deemed necessary considering risk, impact and other prudential measures.</p>
<b>Group IT Policy</b>	Controls connectivity, access, data storage, recovery and responsible disposal of hardware
<b>Group Information Security Policy</b>	Protects data confidentiality, identifies risk issues and/or breaches, timely escalation and takes care of regulatory reporting and Business Continuity Plan
<b>Principles</b>	These dictate the ethical, responsible and confidential use of IT and digital platforms
<b>Guidelines for Corporate Website</b>	Dictates the crafting, designing, maintaining and contenting the Group's web

TTE is committed to ensuring a strong corporate governance structure and frameworks to remain profitable, operating within a robust ESG Agenda. As climate risks escalate and unprecedented climate events occur, the Company is fully committed to taking relevant climate action to reduce or alleviate the impacts of adversities.

## Statement by the Senior Independent Director

Appendices

Financial Reports

Statement of ESG Performance

Risk and Governance

Management Discussion and Analysis

Overview

Profile of Mr. S.L. Athukorala is given on page 38 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 1st 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 Talawakelle Tea Estates 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.



**S. L. Athukorala**  
*Senior Independent Director*

09th May 2024

# Nominations and Governance Committee Report

## Composition

The Nominations and Governance Committee of the Company which comprised three independent Non Executive Directors was reconstituted on 8th January 2024 with the appointment of two Independent Non Executive Directors Mr. N. Ekanayake and Mr. M.C.B. Talwatte, in order to comply with the revised Listing Rules of the Colombo Stock Exchange.

The composition and attendance at meetings is given below:

Director	Attendance
Mr. S.L. Athukorala*** - Chairman	2/2
Ms. M.D.A. Perera**	2/2
Mr. N. Ekanayake*** (appointed to the committee on 8th January 2024)	1/1
Mr. M.C.B. Talwatte*** (appointed to the committee on 8th January 2024)	1/1
Dr. N.T. Bogahalande*** (resigned on 31st December 2023)	1/1

\*\* Non-Executive Director

\*\*\* Independent 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.

## 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 manufacturing facilities to gain an understanding of the operations of the Company and its subsidiaries. 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.

In compliance with Section 9 of the Listing Rules, Ms. M.D.A. Perera who had served on the Board for over 9 years, was re-classified as a Non-Executive Director.

The fitness and propriety of the Directors were examined.



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### Re-Appointments / Re-election

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.L. Athukorala and Mr. S.B. Alawattagama 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. S.L. Athukorala was appointed to the Board in August 2016, and last re-appointed as a Director in June 2022. His directorships and other principal commitments are given in the profile on page 38.

Mr. S.B. Alawattagama was appointed to the Board in February 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 37.

Directors Mr. D.C. Fernando who was appointed on 4th August 2023, Mr. N. Ekanayake and Mr. M.C.B. Talwatte who were appointed to the Board on 3rd January 2024 will come up for re-election by the shareholders at the Annual General Meeting. Their profiles on page 39 set out their other principal commitments and directorships.

Due to the invaluable contribution made to the Board as a result of his experience, industry knowledge and business acumen, the Committee has recommended to reappoint Mr. A.M. Pandithage who is over seventy years and who retires 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 200 to 211.



**S. L. Athukorala**

*Chairman*

Nominations and Governance Committee

09th May 2024

# Audit Committee Report

## Composition

The Audit Committee, appointed by and responsible to the Board of Directors, comprises three Independent Non-Executive Directors and one Non-Executive Director;

The composition and attendance at meetings is given below:

Director	Attendance
<b>Mr. S.L. Athukorala***</b> (Chairman)	4/4
<b>Ms. M.D.A. Perera**</b>	4/4
<b>Mr. N. Ekanayake***</b> (appointed to the Committee on 8th January 2024)	2/2
<b>Mr. M.C.B. Talwatte***</b> (appointed to the Committee on 8th January 2024)	2/2
<b>Mr. N.T Bogahalande***</b> (resigned on 31st December 2023)	2/2

\*\* Non-Executive Director

\*\*\*Independent Non-Executive Director

Brief profiles of each member are provided on pages 35 to 38 of this Report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

The Chairman of the Audit Committee is a senior qualified Accountant and other members possess relevant knowledge, qualifications and experiences in financial reporting, control and regulatory requirements.

Hayleys Group Services (Private) Limited, the Secretaries of the Company, acts as the secretary to the committee. The Chairman of the Board, Managing Director, Chief Executive Officer, Director Finance, Group CFO and Head-Group Management Audit & System Review attend all the meetings of the Committee by invitation.

## Charter of the Audit Committee

The Audit Committee Charter is periodically reviewed and revised with the concurrence of Board of Directors to make sure that new developments relating to the function of the Committee are updated. The Charter of the Committee was last reviewed and approved by the Board in February 2024. The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee.

The 'Rules on Corporate Governance' under the Listing Rules of the Colombo Stock Exchange and 'Code of Best Practice on Corporate Governance' issued by Institute of Chartered Accountants of Sri Lanka in 2023, further regulate the composition, roles and functions of the Board Audit Committee.

## Meeting of the Audit Committee

The Committee met four times during the year. The attendance of the members at these meetings is given in this Report.

Other members of the Board and the Management Committee, as well as the External Auditors were presented at discussions where it was appropriate. The proceedings of the Audit Committee are regularly reported to the Board of Directors. Audit committee meeting papers, including agenda, minutes and related reports and documents are circulated to the committee members in advance.

## The Authority of the Audit Committee

- Recommend appointment, dismissal, service period and audit fee of the external auditors.
- The Audit Committee shall 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.

## Activities in 2023/24

### Financial Reporting System

The Committee reviewed the financial reporting system adopted by the Group 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 methodology included obtaining statements of compliance from Heads of Finance and Directors-in-charge of operating units. 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 recognized the adequacy of the content and quality of routine management information reports forwarded to its members.

Further, the Committee reviewed the procedures established by the Management to comply with regulatory requirements and is satisfied that the Company adheres to the financial reporting requirements under the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, and the Securities and Exchange Commission Act.

### Internal Audits

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.

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The Hayleys Group Management Audit & Systems Review Department reports on key control elements and procedures followed by the Company that are selected according to an annual audit plan. During the financial year 2023/24, 11 audits were performed. The Committee obtained significant findings and recommendations together with management's responses of the review of the internal controls carried out by internal auditors and provided recommendations for improvement.

As part of the internal Audits were outsourced in FY 2023/24 to leading audit firms in line with an agreed annual group audit plan. The Committee also invited representatives from the audit firms to make presentations on their observations and findings.

Follow up reviews were scheduled to ascertain that audit recommendations are being acted upon.

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 and Internal Controls

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.

The Audit Committee also conducted ESG risk assessments during the year, thereby identifying, prioritizing and monitoring sustainability-related risks and opportunities.

The Committee reviewed the risk management, internal controls, business continuity planning, information security system and potential cyber risks and appropriate remedial actions were recommended to the Management and the Board.

A review of the insurance policies and their adequacy were also carried out.

The Committee also reviewed the key audit observations made in respect of subsidiary companies.

## External Audits

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit and the Audit Management Letters of Group Companies. 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 actions were recommended wherever necessary. The Audit Committee has reviewed the other services provided by the External Auditors to the Group to ensure that their independence as Auditors has not been compromised.

The current auditors Messrs Ernst & Young was initially appointed as external auditors in 1998 and continue to hold that position at present. A partner rotation of the auditors takes place periodically. A rotation of partner took place in 2022.

## Appointment of External Auditors

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young continues as Auditors for the financial year ending 31st March 2025 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken up to the financial year 2023/24.

## Compliance

The Committee obtained representations from the MD/CEO and Director-Finance of the Company on the adequacy of provisions made for possible liabilities and reviewed reports tabled by Group Companies certifying their compliance with relevant statutory requirements. Further, the Committee obtained regular updates on Human Resource and Legal regarding compliance matters.

## Ethics and Good Governance

The Committee continuously emphasized on upholding ethical values of the staff members. In this regard, Internal Code of Business conduct and Ethics, policy

on Whistleblowing and Anti-Bribery and Corruption policies were put in place. The Policies were followed by 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

The Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Group companies and made recommendation to the Board of Directors.

## Progress of implementation of SLFRS:

The Committee continuously monitored the 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.

## 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.

## Evaluation of the Committee

An independent evaluation of the effectiveness of the Committee was carried out by the other members of the Board during the year. Considering the overall conduct of the Committee and its contribution on the overall performance of the Group, the Committee has been rated as highly effective.



**S. L. Athukorala**  
Chairman- Audit Committee

09th May 2024



# Remuneration Committee Report

## Composition

The Remuneration Committee of the Company which comprised three independent Non Executive Directors was reconstituted on 8th January 2024 with the appointment of two Independent Non Executive Directors Mr. N. Ekanayake and Mr. M.C.B. Talwatte, in order to comply with the revised Listing Rules of the Colombo Stock Exchange.

The composition and attendance at meetings is given below:

Director	Attendance
<b>Mr. S.L. Athukorala***</b> - Chairman	1/1
<b>Ms. M.D.A. Perera**</b>	1/1
<b>Mr. N. Ekanayake***</b> (appointed to the Committee on 8th January 2024)	1/1
<b>Mr. M.C.B. Talwatte***</b> (appointed to the Committee on 8th January 2024)	1/1
<b>Dr. N.T. Bogahalande***</b> (resigned on 31st December 2023)	-

\*\* Non-Executive Director

\*\*\* Independent Non-Executive Director

The Chairman of the Committee is an Independent Non- Executive Director.

The Chairman assists the Committee by providing relevant information and participating in its analysis and deliberations.

The Remuneration Committee has well defined Terms of Reference. The members of the Committee are Non-Executive Directors and are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgement.

## Responsibilities of the Remuneration 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 the Group and specifically include:

- ☘ Determining the compensation of the Managing Director, Executive Directors and the Management Committee.
- ☘ 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 Managing Director 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.

## Remuneration Policy

The remuneration policy of the Group 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 business 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 Group's short term and long-term strategy.

All Non-Executive Directors receive a fee for serving on the Board and serving on sub committees. They do not receive any performance related incentive payments.

## Activities in 2023/2024

During the year the committee reviewed and adopted the charter and policies of the Remuneration committee. The committee also reviewed the performance of the Managing Director and Executive Directors based on the targets set in the previous year at annual budgets. Their achievements were recognized and commended. The Committee took into consideration the various challenges faced by the industry and the plans of the Management to achieve set targets.

The aggregate remuneration of the Executive and Non Executive Directors for the Financial Year amounted to Rs. 57.9 Mn.



**S. L. Athukorala**  
Chairman  
Remuneration Committee

09th May 2024

# Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee, appointed by and responsible to the Board of Directors, comprises four Non-Executive Directors out of which three are Independent Directors.

## Composition

The Related Party Transactions Review Committee of the Company which comprised three independent Non Executive Directors was reconstituted on 8th January 2024 with the appointment of two Independent Non Executive Directors Mr. N. Ekanayake and Mr. M.C.B. Talwatte, in order to comply with the revised Listing Rules of the Colombo Stock Exchange.

The composition and attendance at meetings is given below:

Director	Attendance
<b>Mr. S.L. Athukorala***</b> - Chairman	4/4
<b>Ms. M.D.A. Perera**</b>	4/4
<b>Mr. N. Ekanayake***</b> (appointed to the Committee on 8th January 2024)	2/2
<b>Mr. M.C.B. Talwatte***</b> (appointed to the Committee on 8th January 2024)	2/2
<b>Dr. N.T. Bogahalande***</b> (resigned on 31st December 2023)	2/2

\*\* Non-Executive Director

\*\*\* Independent Non-Executive Director

The Chairman of the Committee is an Independent Non- Executive Director.

## The Duties of the Committee

- ☼ 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 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.
- ☼ To review the economic and commercial substance of both recurrent/non-recurrent related party transactions.

- ☼ 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.
- ☼ To ensure that there is an adequate and effective process in place to capture information which is relevant to its review function.

## Task of the Committee

The Committee reviewed the related party transactions and their compliance of Talawakelle Tea Estates PLC and communicated the same to the Board.

The Committee in its review process recognized the adequate content and quality of the information forwarded to its members by the management.

## Disclosures

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 33 & 34 to the financial statements given in pages 292 to 294 in this report.

## Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the Annual Report of the Board of Directors on page 219 of this Annual Report.



**S. L. Athukorala**

Chairman

Related Party Transactions Review Committee

09th May 2024

# Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Talawakelle Tea Estates PLC (the Company) have pleasure in presenting their Report on the affairs of the Company together with the audited Consolidated Financial Statements of the Group for the year ended 31st March 2024.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 (the Companies Act), the Listing Rules of the Colombo Stock Exchange, the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and are guided by recommended best accounting practices. The Financial Statements were reviewed and approved by the Board of Directors on 9th May 2024.

## Principal Activities

The principal activity of Talawakelle Tea Estates PLC is the cultivation and manufacture of black tea. The Company also cultivates rubber and cinnamon on a smaller scale. The fully owned subsidiaries of the Company, TTEL Hydro Power Company (Private) Limited and TTEL Somerset Hydro Power (Private) Limited are engaged in generating hydro power.

There were no significant changes in the nature of the principal activities of the Company or its subsidiaries during the year under review.

The Directors to the best of their knowledge and belief confirm that the Group has not engaged in any activities that contravene laws and regulations.

## Group Structure

The Group Structure is given on page 28.

## Vision, Mission and Corporate Conduct

The Company's vision, mission and purpose statement are given on page 45. The 'Group Code of Business Conduct and Ethics - Hayleys Way' provides the frame work for our corporate conduct. The Group is committed to conduct its

business operations with honesty, integrity, to comply with the laws and regulations of the country and with respect to the rights and interests of all stakeholders.

## Business Review/Future Development

A review of financial and operational performance and future business developments of the Group is contained in the Chairman's Statement (pages 20 to 23), Managing Director's Review (pages 24 to 27) and Management Discussion and Analysis (pages 114 to 185) of the Annual Report.

These reports, together with the audited financial statements, reflect the state of affairs of the Company and the Group.

## Financial Statements

The Financial Statements of the Company and the Group prepared in conformity with the Sri Lanka Accounting Standards (SLFRS/LKAS) as required by Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and comply with the requirements of the Companies Act.

The Financial Statements of the Company and the Group for the year ended 31st March 2024, have been duly signed by the Chief Financial Officer and two Directors of the Company. Refer page 246.

## Auditor's Report

The Company's Auditors Messrs. Ernst and Young, Chartered Accountants carried out an audit on the Financial Statements of the Company and the Group as at 31st March 2024, and their Report is given on pages 240 to 243.

## Accounting Policies

The Significant Accounting Policies adopted in the preparation of the Financial Statements of the Company and the Group are given on pages 250 to 265.

There were no material changes in the Accounting Policies adopted with those of the last year other than disclosed in note 2.3 to the financial statements.

## Group Revenue

The revenue of the Group during the year was Rs. 7,763.6 Mn (2022/23 Rs. 8,199.3 Mn). An analysis of the Group's revenue, profits and asset allocation relating to different segments are given in Note 6 to the Financial Statements.

In comparison to 2022/23, the contribution to revenue for the financial year 2023/24 from tea decreased by Rs. 485.7 Mn, contribution from rubber decreased by Rs. 30.1 Mn, contribution from Cinnamon decreased by Rs. 6.53 Mn and contribution from hydro power increased by Rs. 1.1 Mn.

Trade between Group Companies is conducted at fair market prices.

## Operational Results and Dividends

The Group profit before taxation, amounted to Rs. 2,134.6 Mn (2023 - Rs. 3,298.3Mn) during the period under review. After charging Rs. 491.2 Mn (2023 - Rs. 719.5 Mn) for taxation and a consolidation loss of Rs. 1.3 Mn (2023 - profit of Rs. 3.6 Mn) for non-controlling interests, the Group profit attributable to equity holders of the Company from operating activities for the period was Rs. 1,644.7 Mn (2023 - Rs. 2,575.2 Mn).

The first interim dividend of Rs. 3.50 (Rupees three fifty) per share was paid to the shareholders on 20th October 2023. The second interim dividend of Rs. 2.00 (Rupees two) per share was paid to the shareholders on 29th January 2024 and third interim dividend of Rs. 4.00 (Rupees four) per share was paid to the shareholders on 29th April 2024.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act for all dividends paid. Auditors' Solvency Certificates have been obtained as required.



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## Group Investment

Total capital expenditure of the Group including investments in field development during the year amounted to Rs. 496.71 Mn (2023 - Rs. 555.41 Mn).

The Company owned 51% of the ordinary share capital and 51% of the preference share capital in TTEL Somerset Hydro Power Company (Private) Limited. During the year, the Company acquired the balance 49% of above company at a consideration of Rs. 51.5 Mn.

The Company owned 51% of the ordinary share capital and 60% of the preference share capital in TTEL Hydro Power Company (Private) Limited. During the year, the Company acquired the balance 49% of the ordinary shares and 40% of the preference shares at a consideration of Rs. 39.3 Mn.

Refer Note 14 to the Financial Statement.

## Property, Plant & Equipment

Group investment on property, plant & equipment and capital work in progress during the year amounted to Rs. 256.82 Mn (2023 - Rs. 357.97 Mn) whilst that of the Company was Rs. 256.62 Mn (2023 - Rs. 357.97 Mn). The Company investment on replanting of tea and timber and other crops during the year amounted to Rs. 147.63 Mn. (2023 - Rs. 145.69 Mn) and Rs. 15.25 Mn (2023 - Rs. 16.65 Mn) and Rs. 77 Mn (2023 - Rs. 35.09 Mn) respectively.

Information relating to movement in property, plant & equipment an replanting is given in Notes 12 and 13 to the Financial Statements.

## Market Value of Properties

The Group does not possess any freehold land.

## Stated Capital and Reserves

The stated capital of the Company as at 31st March 2024 consists of 47,500,000 Ordinary Shares and one (01) Golden Share amounting to Rs. 350,000,010/-. There was no change in the stated capital during the year ended.

Total Group reserves at 31st March 2024 amounts to Rs. 6,019.5 Mn (2023 - Rs. 5,669.3 Mn) comprising retained earnings of Rs. 5,520.5 Mn. (2023 - Rs. 5,335.4 Mn), biological crop reserve of Rs. 22.6 Mn (2023- Rs. 22.9 Mn) and timber reserves of Rs. 476.4 Mn (2023 - Rs. 311 Mn). The movement in reserves during the period is shown in the Statement of Changes in Equity in the Financial Statements.

## Provision for Taxation

The profit of the Company is liable for income tax at varying rates. The profit earned on Agro Farming is exempt, Agro processing, Interest Income and Other source of income are liable at 30 % and Dividend Income is liable at 15%.

TTEL Hydro Power Company (Pvt) Ltd and TTEL Somerset Hydro Power (Pvt) Ltd liable at 20%, and the Interest income is liable at 30%.

The Group has also provided deferred tax on all known temporary differences under the liability method.

Information on the income tax and deferred tax of the Company and the Group is given in Note 10 to the Financial Statements.

## Interests Register

The Company, in compliance with the Companies Act, maintains an Interests Register. Shareholders of subsidiary Companies have unanimously agreed to dispense with the requirement to maintain an Interest Register.

## Directors' Interests in Transactions

The Directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act. Note 33 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

## Directors' Interests in Shares

Directors of the Company who have relevant interests in the shares of the Company have disclosed their shareholding and any acquisitions/ disposals to their Boards, in compliance with Section 200 of the Companies Act.

Merril J Fernando & Sons (Private) Limited hold 2,369,400 shares (4.99%) in which Mr. Malik J Fernando and Mr. D C Fernando are Directors.

No shares are held by the Directors in the subsidiaries of the Company.

## Directors' Shareholdings

The shareholdings of the Directors as at 31st March 2024 were as follows;

Name of the Director	As at 31/03/2024	As at 31/03/2023
Mr. A.M. Pandithage	-	-
Dr. W.G.R. Rajadurai	5,000	5,000
Mr. S.B. Alawattagama	-	-
Mr. Malik J. Fernando	-	-
Ms. M.D.A. Perera	-	-
Mr. S.L. Athukorala	-	-
Mr. M.H. Jamaldeen	-	-
Lt. Col. J.M. Kariapperuma	-	-
Mr. D.C. Fernando (appointed on 2nd August 2023)*	-	-
Mr. M.C.B. Talwatte (appointed on 3rd January 2024)	1,200	1,200
Mr. N. Ekanayake (appointed on 3rd January 2024)	-	-
Mr. A.M.J. Fernando (Alternate Director to Mr. D.C. Fernando - appointed on 25th August 2023)	-	-
Dr. N.T. Bogahalanda (Resigned on 31st December 2023)	-	-
Mr. Merrill J. Fernando (deceased - 20th July 2023)	-	-

## Insurance & Indemnity

The ultimate parent of the 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.

## Payment of Remuneration to Directors

Executive Directors' remuneration is determined within an established framework by the Board's Remuneration Committee to whom this task is entrusted.

The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration for Executive Directors for the year ended 31st March 2024 is Rs. 51.4 Mn (31.03.2023 - Rs. 39.4 Mn), which includes the value

of perquisites granted as part of terms of service and is formally approved. The total remuneration of Non-Executive Directors for the year ended 31.03.2024 is Rs. 6.5 Mn (2022/23 - Rs. 5.4 Mn) determined according to scales of payment decided upon by the Board previously. The Board is satisfied that the payment of remuneration is fair to the Company.

## Corporate Donations

The donations made during the year by the Company amounted to Rs. 254,800/- (2022/23 - Nil).

No donations were made for political purposes.

## Directorate

The names of the Directors who held office during the financial year are given below and their brief profiles appear on page 36 and 39.

## Executive Directors

Mr. A.M. Pandithage (Chairman)  
Dr. W.G.R. Rajadurai (Managing Director)  
Mr. S.B. Alawattagama (Chief Executive Officer)

## Non-Executive Directors

Mr. Malik J. Fernando  
Ms. M.D.A. Perera  
Mr. M.H. Jamaldeen  
Mr. D.C. Fernando (appointed on 2nd August 2023)  
Mr. A.M.J. Fernando (Alternate Director to Mr. D.C. Fernando - appointed on 25th August 2023)  
Mr. Merrill J. Fernando (deceased - 20th July 2023)

## Independent Non-Executive Directors

Mr. S.L. Athukorala (Senior Independent Director)  
Lt. Col. J.M. Kariapperuma  
Mr. M.C.B. Talwatte (appointed on 3rd January 2023)  
Mr. N. Ekanayake (appointed on 3rd January 2023)  
Dr. N.T. Bogahalanda (resigned on 31st December 2023)

\* Mr. D.C. Fernando was the Alternate Director of Mr. Merrill J. Fernando until 20th July 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.

## Resignations, New Appointments and Re-Elections to The Board

Mr. D.C. Fernando was appointed to the Board on 2nd August 2023, Mr. N. Ekanayake and Mr. M.C.B. Talwatte were appointed to the Board on 3rd January 2024. In terms of Article 28(2) of the Articles of Association of the Company, Shareholders will be requested to re-elect them at the Annual General Meeting.

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In terms of Article 30(1) of the Articles of Association of the Company, Mr. S.L. Athukorala and Mr. S.B. Alawattegama retire by rotation and being eligible offer themselves for re-election.

Notice has been given of the intention to propose ordinary resolutions in terms of Section 211 of the Companies Act for the re-appointment of Mr. A.M. Pandithage who is over seventy years of age, resolving that the age limit of seventy years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid director.

Mr. A.M.J. Fernando, Alternate Director to Mr. D.C. Fernando appointed to the Board on 25th August 2023.

In accordance with Rule 9.8.5 of the Listing Rules of CSE Independent Directors have submitted a signed and dated declaration as per the specimen given in Appendix 9C of continuing Listing Rules of CSE.

Directors of the subsidiaries are given on page 107.

## Management Fees

No management fee has been charged by Hayleys Plantation Services (Pvt) Ltd from financial year 2014/15 consequent to a board decision to waive off management fee.

## 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. The Corporate Governance Report on pages from 200 to 211 discusses this further.

Mr.S.L Athukorala was appointed as the Senior Independent Director on 1st 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 212.

The Directors and the CEO 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 during the financial year.

The Directors have declared all material interests in contracts involving the Company and the Group 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 nor the Group have engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company and the Group by the Government or any regulatory authority in any jurisdiction where the Group companies operate.

## Board Committees

The Board, while assuming the overall responsibility and accountability for the affairs in the management of the Company, has appointed an Audit Committee, Remuneration Committee, Nominations and Governance Committee and Related Party Transactions Review Committee with specific terms of reference. The Committee Reports are given on pages 213 to 218 of this report.

## Related Party Transactions

The related party transactions of the Company during the financial year have

been reviewed by the Related Party Transactions Review Committee of the Company and are in compliance with Section 09 of the CSE Listing Rules.

## Auditors

The Auditors Messrs Ernst & Young, Chartered Accountants were paid Rs. 6.65 Mn (31.03.2023 - Rs. 4.23 Mn) as audit fees and audit related work of the Company and Rs. 1.85 Mn (31.03.2023- Rs. 1.38 Mn) as audit fees by the two subsidiaries, TTEL Hydro Power Company (Private) Limited and TTEL Somerset Hydro Power (Private) Limited.

The Auditors of the company and its subsidiaries have confirmed that they do not have any relationship (other than that of an auditor) with, or interests in, the Company or any of its Subsidiaries other than those disclosed above.

Messrs Ernst & Young Chartered Accountants, have expressed their willingness to continue in office. In accordance with the Companies Act a resolution proposing the re-appointment of Messrs Ernst & Young, Chartered Accountants, as Auditors and to authorize the directors to determine their remuneration is being proposed at the Annual General Meeting.

## Share Information

Information relating to earnings, dividends, net assets, market value per share and share trading is given on pages 299 and 317.

## Golden Shareholder

Rights of the Golden Shareholder as given in the Articles of Association of the Company are as follows;

Definition of the 'Golden share' - a share allotted to the Secretary to the Treasury in his official capacity and not in his own name, for and on behalf of the state of the Democratic Socialist Republic of Sri Lanka, and or by any transferee permitted in terms of the Articles.



Definition of 'Golden shareholder' – The holder of the 'Golden Share'.

- ☼ The concurrence of the Golden Shareholder in writing shall be first obtained to amend the definition of the words 'Golden Share' and 'Golden Shareholder' and the Articles 5(1) to 5(17) of the Articles of Association of the Company which deals with the Golden shareholder.
- ☼ The Golden Share may be converted into an ordinary share with the concurrence of the Golden Shareholder and the concurrence of a majority of the shareholders.
- ☼ The Company shall obtain the written consent of the Golden Shareholder prior to sub-leasing, ceding or assigning its rights in part or all of the lands set out in the Article of Association of the Company.
- ☼ The Golden Shareholder shall be entitled to call upon the Board of Directors of the Company once in every three-month period if desired to meet with the Golden Shareholder and or his nominees, and the Directors if so called upon shall meet with the Golden Shareholder and or his nominees to discuss matters of the Company of interest to the State of the Democratic Socialist Republic of Sri Lanka.
- ☼ The Golden Share shall only be held by the Secretary to the Treasury in his official capacity and not in his own name, for and on behalf of the State of the Democratic Socialist Republic of Sri Lanka, or by a company in which the State of the Democratic Socialist Republic of Sri Lanka owns ninety-nine (99) per centum or more of the issued share capital.
- ☼ The Golden Shareholder and/or his nominee shall be entitled to inspect the books of accounts of the Company after giving two weeks written notice to the Company.

- ☼ The Company shall submit to the Golden Shareholder, within sixty 60 days of the end of each quarter, a quarterly report relating to the performance of the Company during the said quarter in a pre-specified format agreed to by the Golden Shareholder and the Company.
- ☼ The Company shall submit to the Golden Shareholder, within ninety 90 days of the end of each fiscal year, information relating to the Company in a pre-specified format agreed to by the Golden Shareholder and the Company.
- ☼ Golden shareholder has power to appoint not more than 03 persons as his proxies to attend on the same occasion at the General Meetings.

### Events Occurring After the Balance Sheet Date

No circumstances have arisen since the Balance Sheet date that would require adjustment, or disclosure, other than those disclosed in Note 32 to the Financial Statements on page 292.

### Human Resource

The number of persons employed by the Company at year end was 4,284 (31.03.2023 - 4,825) of which 4,244 (31.03.2023 - 4,793) are engaged in employment outside the District of Colombo.

### Shareholders

It is the Group's policy to endeavor to ensure equitable treatment to its shareholders.

### Statutory Payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on page 225.

### ESG Risk and Opportunities

The Group's efforts to conserve scarce and non-renewable resources, as well as its environmental objectives and key initiatives, are described in the Sustainability Report on pages 170.

The Group's business activities can have direct and indirect effects on the environment. It is the Group's policy to minimize any adverse effects its activities have on the environment and to promote co-operation and compliance with the relevant authorities and regulations.

### Internal Controls

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records, reliability of financial information generated and cyber security.

All internal controls which include financial controls, operational and compliance controls and risk management have been reviewed by the Board of Directors and they have obtained reasonable assurance of the effectiveness of the existing controls. The successful adherence to existing controls has been ascertained and improvements have been carried out where necessary. The Board is satisfied with the Group's adherence to and the effectiveness of these controls.

### Material Issues Pertaining to Employees and Industrial Relations

Details relating to material issues pertaining to employees and industrial relations are given in Human Capital on page 150.

### Exposure to Risk

The Group has a structures risk management process in place to support its operations. The Audit Committee plays a major role in the process. The risk management section referred in pages 190 to 199 elaborates these practices and risk factors.

# Annual Report of the Board of Directors on the Affairs of the Company

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## Going Concern

The Directors, after making necessary inquiries and reviews including reviews of the Group's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, going concern basis has been adopted in preparation of the Financial Statements.

## Ratios and Market Price Information

The ratios relating to equity and debt as required by the listing requirement of the Colombo Stock Exchange are given in pages 16, 14 and 317 of this report.

## SHAREHOLDING

As at 31st March, 2024, there were 14,814 (31.03.2023 - 14,521) registered shareholders. The percentage of shares held by the public was 20.26% (31.03.2023 - 20.26%) of the issued shares held by 14,808 shareholders (31.03.2023 - 14,517).

The twenty major shareholders as at 31st March 2024 are given on page 299.

## Policies

The Company has adopted the policies established by the 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 Annual General Meeting will be held on Monday, 24th June 2024 at 1.00 p.m. at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10. The Notice of the Annual General Meeting appears on page 324.

For and on behalf of the Board,



**A. M. Pandithage**  
Chairman



**Dr. W. G. R. Rajadurai**  
Managing Director



**Hayleys Group Services (Private) Limited**  
Secretaries

09th May 2024

## Statement of Directors' Responsibility

The Directors are responsible under Sections 150 (1), 151, 152 (1) and 153 of the Companies Act No. 07 of 2007 ('the Companies Act'), to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit and loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148 of the Companies Act to ensure that proper accounting records are kept to enable determination of the 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 judgments have been made so that the form and substance of transactions are properly reflected. They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards, 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 and the Group key operations and specific inquiries, that adequate resources exist to support the Company and the Group, 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 Group and, in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The Directors have confirmed that the Company satisfied the solvency test requirement under Section 56 of the Companies Act for all dividends paid.

The external Auditors, Messrs. Ernst & Young, Chartered Accountants who were reappointed in terms of Section 158 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 Report of the Auditors, shown on pages 240 to 243 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 and the Group, and its subsidiaries as at the Balance Sheet date have been paid or provided where relevant.

By Order of the Board,



**Hayleys Group Services (Private) Limited**  
Secretaries

09th May 2024



# Managing Director's, Chief Executive Officer's and Director- Finance's Responsibility Statement

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The Financial Statements of Talawakelle Tea Estates PLC and the Consolidated Financial Statements of the Group as at 31st March, 2024 are prepared and presented in compliance with the requirements of the following:

- ☘ Sri Lanka Accounting Standards issued by CA 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-2017 issued by CA Sri Lanka.

We confirm that the significant 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 significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our External Auditors.

We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect frauds as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by Group's internal auditors. 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 independent external auditors, Messers Ernst & Young, Chartered Accountants. Their report is given on pages 240 to 243 of the Annual 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 do not impair their independence.

We confirm that,

- ☘ the Company and its subsidiaries have complied with all applicable laws, regulations and prudential requirements;
- ☘ there are no material non-compliances; and
- ☘ there are no material litigations that are pending against the Group other than those disclosed in the Note 32 to the Financial Statements in this Annual Report.



**Dr. Roshan Rajadurai**  
Managing Director



**S B Alawattegama**  
Chief Executive Officer



**Ms. V A Perera**  
Director Finance

09th May 2024

## Directors' Statement on Internal Controls

The following statement fulfils the requirement to publish the Directors' Statement on internal control as per the section D.1.5 of the Code of Best Practice on Corporate Governance 2023 issued by Institute of Chartered Accountants 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 and Group. 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 various committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies, objectives and annual budget.

- The Management Audit and System Review Division (MA & SRD) to review and report on the internal control environment in the Company and Group. Audits are carried out on all subsidiaries 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. The minutes of the Audit Committee meetings are tabled at the Board meetings of Talawakelle Tea estates PLC.

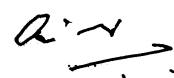
- The adoption of new SLFRS Sustainability Standards comprising SLFRS S1 and S2 in 2023, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.

- The comments made by External Auditors in connection with the internal control system during the financial year 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 objective and can only provide reasonable and not absolute assurance against material misstatements of loss.

By order of Board,



**Mohan Pandithage**  
Chairman



**Dr. Roshan Rajadurai**  
Managing Director



**S L Athukorala**  
Chairman, Audit Committee

09th May 2024

# Consolidated Statement of ESG Performance

	Note	2023/24	2022/23
<b>Environmental Performance</b>			
<b>Resources</b>			
Energy consumption (GJ)	2.1	214,663	201,664
Renewable energy generation (GJ)	2.2	26,937	30,767
Water consumption (m <sup>3</sup> )	2.3	2,026	1,742
Portion of renewable materials use of material mix (%)	2.4	86%	88%
<b>Waste</b>			
Total solid non-hazardous waste generated (Tonnes)	2.5	138	140
Total solid hazardous waste generated (Tonnes)	2.5	1	1
<b>Emission</b>			
Scope 1 (Direct) tCO <sub>2</sub> e	2.6	7,668	5,662
Scope 2 (Indirect) tCO <sub>2</sub> e	2.6	2,205	2,335
Scope 3 (Indirect) tCO <sub>2</sub> e	2.6	1,170	1,089
<b>Investment in environment and biodiversity conservation</b>			
Biodiversity conservation and protection (Rs. 000)	2.7	2,723	1,982
Environment friendly Agriculture practices (Rs. 000)	2.7	46,808	47,576
<b>Environmental compliance</b>			
Breaches of environmental regulatory	2.8	0	0
<b>Social performance</b>			
<b>Employees</b>			
Total employees	3.1	4,284	4,825
Employee turnover (%)	3.2	11.2%	8.6%
Employee Trust Index (%)	3.3	99%	97%
Frequency of occupational accidents (number per million working hours)	3.4	9.98	8.58
Average training hours per employee	3.5	2.3	2.5
Training Investment (Rs. Mn)	3.6	14.4	13.78
Gender in leadership positions (ratio men: women)	3.7	55:8	31:6
Gender in the Board of Directors (ratio men: women)	3.7	10:1	9:1
<b>Community</b>			
Investment on living environment (Rs. Mn)	3.8	8.2	5.7
Investment on capacity building (Rs. Mn)	3.8	24.5	20.1
Investment Youth Empowerment (Rs. Mn)	3.8	0.7	1.0
Investment on Health and Nutrition (Rs. Mn)	3.8	70.2	138.6
<b>Value chain</b>			
Customer satisfaction rate (%)	3.9	86%	86%
Customer rejections and complaints	3.9	5	6
Supplier assessment on ESG performance and compliance	3.10	84%	82%
<b>Social compliance</b>			
Breaches of laws and regulation	3.11	0	0
<b>Governance performance</b>			
<b>Board Quality</b>			
Board position (ratio Independent:Non independent)	4.1	4:7	1:1
<b>Code of conduct</b>			
Employees trained on code of conduct (Head Hours)	4.2	1,134	1,023
Number of whistle-blower cases reported and solved	4.3	0	0
<b>Management Systems</b>			
Number of management system standardize and certified	4.4	7 out of 7	7 out of 7
Major Nonconformities on system failure	4.5	0	0
Number of ESEG meeting conducted	4.6	3	1



# Notes to the Consolidated ESG Statement

## Section 01 – Basis of Preparation

### General Reporting Standards and Principles



Refer page 15

: ESG Report - 2023/24 of Talawakelle Tea Estates PLC, [www.talawakelleteas.com](http://www.talawakelleteas.com)

The Consolidated ESG Statement is prepared for Talawakelle Tea Estates PLC. This statement focuses on key indicators deemed material to the company and to key stakeholders with regard to environmental, social and governance (ESG) issues. The statement is prepared in accordance with current and best reporting practices, guidelines, and standards as set out below:

#### 1. Narrative Reporting

- ☼ International Integrated Reporting Framework <IR> - 2021
- ☼ Guidelines for Presentation of Annual Report by Chartered Accountants of Sri Lanka - 2022

#### 2. Sustainability Reporting

- ☼ GRI Sustainability Reporting Standards
- ☼ GRI 13: Agriculture, Aquaculture and Fishing Sector Standard 2022
- ☼ Agricultural Products - Sustainability Accounting Standard by Sustainability Accounting Standards Board of IFRS
- ☼ Non-Financial Reporting Guideline by Chartered Accountants of Sri Lanka -2022
- ☼ Communicating Sustainability: Six Recommendations for Listed Companies Version-02, Colombo Stock Exchange

#### 3. Greenhouse Gas (GHG) Emission Reporting

- ☼ ISO 14064-1:2018 Organisation Quantification and Reporting of Green House Gases

- ☼ Corporate Standard of Greenhouse Gas Protocol, World Resource Institute (WRI) and World Business Council for Sustainable Development (WBCSD)

#### 4. Climate Related Financial Disclosures

- ☼ SLFRS S 1 - General Requirements for Disclosure of Sustainability-related Financial Information
- ☼ SLFRS S 2 - Climate-related Disclosures & IFRS S2 - Industry-based Guidance on Implementing Climate-related Disclosures Volume 20-Agriculture product
- ☼ Recommendations of the Task Force on Climate-related Financial Disclosures by TCFD

#### 5. Governance

- ☼ Code of Best Practices on Corporate Governance, Issued by Chartered Accountants of Sri Lanka - 2017

Reporting principles as highlighted below are aligned with GRI standards, SLFRS Sustainability Standards S1 and S2, and SASB Framework, which ensure the quality of information presented.

- ☼ **Inclusivity:** The Company as a responsible corporate citizen, upholds a strong commitment to being accountable to stakeholders affected by its operations. Key stakeholder groups include end consumers, value chain players, the plantation community reliant on the sector, employee's business partners, suppliers and society as a whole. The Company diligently maps its stakeholders and implements processes to ensure the inclusion of their concerns and expectations.
- ☼ **Materiality:** The consolidated ESG statement entails disclosures that are critical to create sustainable value over short, medium, and long term. The materiality of these disclosures is ascertained through a robust process—continuous stakeholder engagement,

evaluating the Company's operating context, and a review of emerging trends. Key issues identified through this process are addressed through management programmes and action plans that have clear and measurable targets. The issues highlighted in the Integrated Annual Report are considered to have a significant impact on the company's ESG performance, as well as its future business performance.

- ☼ **Responsiveness:** The Integrated Annual Report serves as a reflection of the Company's approach to managing operations, taking into account and addressing concerns and interests of stakeholders. While the report caters primarily to investors, it also extends its reach to a diverse range of stakeholders. It is important to note that the Annual Report is just one facet of the company's overall interaction and communication with all its stakeholders.

- ☼ **Impact:** The Company places utmost importance on comprehending, quantifying, and effectively conveying societal and environmental consequences, both positive and negative, resulting from its operations, thereby, emphasising its ongoing commitment to responsible business practices.

- ☼ **Principles of Consolidation:** The comprehensive disclosure of ESG considerations encompasses all aspects of operations, including field and factory operations at estates, regional offices, head office and supportive divisions. Hence, the disclosed information provides a thorough overview of the organisation's practices and performance across the company, ensuring a holistic understanding of its environmental impact, social initiatives, and governance practices. By including these diverse operational areas, the disclosure aims to provide a complete and transparent picture of the company's commitment to ESG.

# Notes to the Consolidated ESG Statement

**Accuracy, completeness, and verifiability of data:** The independent internal verification through Hayleys Cube's Sustainability data management system guarantees the accuracy, completeness, and verifiability of information. This verification process includes two approvals and third-party audits for GRI-based sustainability data. (Refer: page 10)

**Comparability:** The consolidated ESG statement has been prepared using consistent application of comparability indicators for all the years included, unless specified below

## Section 02 - Environmental Performance

### 2.1 Energy Consumption

 Refer page 176

Total energy consumption stood at 214,663 GJ in the financial year (FY) 2023/24 representing a 6 percent increase vis-à-vis the previous year. Energy consumption includes direct and indirect energy usage accounting for 92 percent and 8 percent respectively.

#### Reporting Methodology

Energy consumption in operations cover electricity, thermal energy, and fuel. Thermal energy is sourced from firewood and briquettes, whilst fuel includes both diesel and gasoline. The data is gathered from meter-readings and electricity bills.

### 2.2 Renewable Energy

 Refer page 178

Renewable energy encompasses three mini-hydropower plants and 5 roof-top solar installations within estates. The total generation of renewable energy stood at 26,937 GJ in the year under review, corresponding to an decrease of 12 percent vis-à-vis 2022/23.

Unit	Type	Capacity
Radella	Mini Hydro (kW)	200
Somerset		1,100
Palmerston		800
Total		2,100
Bearwell	Solar Rooftop (kWp)	108.24
Moragalla		149.08
Dessford		113.95
Deniyaya		118.19
Calsay		109.68
Total		599.14

#### Reporting Methodology

The data on solar energy is sourced from meter-readings from the installed systems whilst data on hydropower was taken from the records of the two subsidiary companies, TTEL Hydropower Company (Pvt) Ltd and TTEL Somerset Hydropower Company (Pvt) Ltd.

### 2.3 Water Consumption

 Refer page 180

Water from the mains is required only for cleaning of factories. Water for field operations is entirely sourced from rainwater. In the FY 2023/24, the total water consumption reached 2026 cubic meters, representing a 25 percent increase compared to the FY 2022/23.

#### Reporting Methodology

Data on water consumption is taken from water bills, meter-readings and estimations in the case where water meters are not available.

### 2.4 Renewable Materials

 Refer page 173

The material mix is skewed towards renewable materials, accounting for 86 Percent, including green leaf and packing material. Non-renewable materials include fertilisers, dolomite, and agrochemicals—accounting for the balance 14 percent of the material mix.

#### Reporting Methodology

Data on material consumption is sourced from individual estate records as per usage. The share of renewable material is determined by calculating the ratio of renewable material consumption to the overall material consumption.

### 2.5 Waste

 Refer page 174

Waste management in the field and factories is well structured. Refuse tea is reprocessed to keep operational waste at its minimum. In the FY 2023/24, non-hazardous waste accounted for 97 percent of the total waste generated, whilst the balance 3 percent was hazardous waste.

#### Reporting Methodology

As part of the waste management process, each estate maintains a logbook with records on waste generated, disposal mechanisms along with relevant payments and information for recycling.

## 2.6 Emission

 Refer page 179

Greenhouse gas emissions covering all three scopes reached 11,045 tCO<sub>2</sub>e in the FY 2023/24—an increase of 22% percent over the FY 2022/23. Scope 1 emissions reached 7,669 tCO<sub>2</sub>e whilst scope 2 and 3 reached 2,205 and 1,170 tCO<sub>2</sub>e respectively.

### Reporting Methodology

GHG emissions are measured in accordance with relevant protocols— ISO 14064-1:2018 standard, GHG protocol by WRI & WBCSD and IPCC Guidelines. Emissions are calculated at the estate level along with the corporate office. Scope 3 emissions, which include indirect emissions from sources beyond the reporting organisation, are based on available activity data; where data on emission activities is unavailable, estimations are employed for the screening purposes.

Emission factors	Most relevant and latest factors
Energy factors	2006 IPCC AR5
Global warming potential	IPCC sixth Assessment Report, 2021 (AR6)

### GHG Inventory Calculation

GHG Scope 1 refers to direct GHG emissions	Land use and changes excluded
GHG Scope 2 refers to indirect GHG emissions from energy use	100% covered
GHG Scope 3 refers to indirect GHG emissions from other sources	
Purchased goods and service	Screening and Calculation
Capital goods	Screening
Fuel and energy-related activities	Calculation
Transportation and distribution of goods (Upstream)	Screening and Calculation
Waste management in operations	Screening and Calculation
Business travel	Calculation
Employee commuting	Screening and Calculation
Leased assets	Screening and Calculation
Transportation and distribution of goods (Downstream)	Screening and Calculation
Processing of sold products	Screening and Calculation
Use of sold products	Calculation
End-of-life treatment of sold products	Screening
Leased assets	Screening
Franchises	N/A
Investments	Screening

## 2.7 Environment and Biodiversity Conservation

 Refer page 181

The Company incurred a sum of Rs. 62 million in the FY 2023/24 to implement good agricultural practices, ecosystem conservation and restoration programmes. This represents a 29 percent increase compared to the previous year.

### Reporting Methodology

Investments in environmental and biodiversity conservation are reported through the financial statements of each estate. These reported expenditures are further verified and consolidated with the company-level financial statements.

## 2.8 Environmental compliance

 Refer page 126

No breaches of environmental laws and regulations have been reported in the FY 2023/24.

### Reporting Methodology

Instances of breaches of environmental laws and regulations are reported according to cases raised by the Central Environment Authority and other relevant authorities for all estates and other managing locations.

## Section 03 - Social Performance

### 3.1 Employees

 Refer page 150

The total cadre as at 31st March 2024 stood at 4,284, representing a 2 percent decrease compared to the position as at the previous year.

### Reporting Methodology

The number of employees is recorded as a total count of all personnel excluding external workers, temporary workers and interns.

### 3.2 Employee Turnover

 Refer page 149

The employee turnover rate for the FY 2023/24 reached 11 percent compared to 8 percent in the previous year.

### Reporting Methodology

The turnover rate is calculated by dividing the number of employees who left the company during the financial year, by the average number of employees. The calculation excludes temporary employees.



## Notes to the Consolidated ESG Statement

### 3.3 Employee Trust Index



Refer page 158

Employees Trust Index in the FY 2023/24 was calculated through the employee satisfaction survey conducted by an independent body, Great Place to Work (GPTW). The survey ascertained actual feedback from employees, impartially. The satisfaction rate stood at 99 percent.

#### Reporting Methodology

An annual employee satisfaction survey is conducted either internally or by an external independent body. This survey ensures that the feedback is collected from all employees across categories. The trust index, which is calculated using the "Great Place to Work – Global Model", is used to assess employee satisfaction and engagement.

### 3.4 Occupational Accidents



Refer page 165

In the FY 2023/24, the recorded number of occupational injuries and work-related illnesses stood at 89 resulting in 48 lost work-days. This represents a 16 percent increase compared to the previous year.

#### Reporting Methodology

Occupational accidents and work-related illnesses are assessed using the Lost Time Injury Frequency (LTIF), which measures the internally reported number of accidents resulting in absence per million nominal working hours. This calculation excludes contractors, visitors, interns, and any other non-employees. For an accident to be considered for the calculation of lost days, it must be a work-related incident that causes at least one day of absence in addition to the day of the accident.

### 3.5 Training Hours



Refer page 162

In the FY 2023/24, the average training hours per employee touched 2.2 hours,

representing a 10 percent reduction compared to the FY 2022/23.

#### Reporting Methodology

The calculation of training hours per employee is based on the total number of hours dedicated to training for each individual. The Human Resources department keeps records on employee training and the duration following the guidelines outlined by management systems.

### 3.6 Training Investment



Refer page 58

In the FY 2023/24, the training investment increased by 4.5 percent to Rs. 14.4 million. The training focused on improving productivity and enhancing employee skills and knowledge. The training programmes were well structured and entailed both internal and external resources.

#### Reporting Methodology

Expenditure associated with investments in employee training are reported in the financial statements of each estate. These statements are verified and consolidated at the company-level to ensure accuracy.

### 3.7 Gender Diversity



Refer page 160

Gender diversity in leadership is reported as a ratio of 55:8, while at the board level it is reported at a ratio of 10:1, indicating a higher representation of men. The company is strongly committed to improving diversity and aligning with the 2030 Regenerative Agenda to promote gender equality.

#### Reporting Methodology

Gender diversity is assessed by examining the percentage distribution of genders in leadership positions. The diversity on the Board of Directors is analyzed by considering the percentage split of genders among all board members.

### 3.8 Community Development



Refer page 203

The investment in community development in the FY 2023/24 stood at Rs. 103.6 million, representing a 37 percent decrease compared to the investment of Rs. 165.4 million in the previous year. This investment encompasses the 'Home for Every Plantation Worker' programme under which key initiatives are carried out to improve the living environment, enhance capacity building, empower youth, and promote health and nutrition.

#### Reporting Methodology

Each estate records its investments in community development, as per the planned initiatives under the 'Home for Every Plantation Worker' programme. These investments are funded through company accounts and supplemented by contributions and collaborative support from government agencies and non-governmental organisations.

### 3.9 Customer Satisfaction



Refer page 186

In the FY 2022/23, customer satisfaction recorded a notable increase, reaching 86 percent. Customer complaints and rejections of consignments were recorded at 5, representing an 17 percent decrease compared to the previous year.

#### Reporting Methodology

Customer satisfaction is assessed bi-annually using a web-based system, following ISO 9001:2015 standards. Customer complaints and rejections are recorded through a centralised registry and forwarded to respective estates for prompt corrective actions.

### 3.10 Supplier Assessment

 Refer page 228

In the FY 2023/24, supplier assessments were conducted, covering 84 percent of the Company's overall supplier base. The supplier assessment process incorporates an enhanced version aligned with the ESG framework, enabling the identification of areas for supplier development and performance improvements in ESG aspects.

#### Reporting Methodology

Both the estates and the head office carry out supplier assessments for their respective supplier base, ensuring the availability of documented evidence for evaluation purposes.

### 3.11 Laws and Regulations

 Refer page 51

No breaches of social-related laws and regulations reported during the FY 2023/24.

#### Reporting Methodology

Instances of non-compliance with social-related laws and regulations are reported based on cases raised by relevant authorities for all estates and other operational locations.

## Section 04 - Governance Performance

### 4.1 Board Quality

 Refer page 206

Board positions comprising the ratio of Independent to Non-independent members was maintained at 4:7 in the FY 2023/24.

#### Reporting Methodology

The Board quality was ascertained by considering the total number of board members, along with their respective roles, responsibilities and engagement in decision making.

### 4.2 Training on Code of Conduct

 Refer page 26

In the FY 2023/24, a total of 1,134 training hours were dedicated to create awareness and internalise the business code of conduct, ensuring comprehensive knowledge and adherence amongst employees at all levels.

#### Reporting Methodology

The number of training hours is recorded at the estate level and at each division within the corporate office. The data is then compiled and amalgamated at the Human Resources department for monitoring and evaluation purposes.

### 4.3 Whistle-blower Cases

 Refer page 168

Zero whistleblower cases were recorded in the FY 2023/24.

#### Reporting Methodology

As per the Group's whistleblower policy, all reported whistleblower cases are documented by 0 for the purpose of maintaining a record of evidence.

### 4.4 Management Systems

 Refer page 203

All 7 management systems in place are standardised and certified from accredited certification bodies to ensure continuity of the total management system approach.

#### Reporting Methodology

The management systems certified by accredited certification bodies are reported as the number of systems that have been certified out of the total number of management systems in the company.

### 4.5 System Failure

 Refer page 228

Zero major non-conformities recorded during the FY 2023/24, reflecting that there was no system failure issues within the total management system.

#### Reporting Methodology

Non-conformities identified during internal and external audits are recorded and communicated to the management committee and to the respective teams across estates. A centralised registry of non-conformities is regularly updated to track and address these issues.

### 4.6 ESEG Meetings

 Refer page 228

A steering committee for economic, social, environmental, and governance (ESEG) matters was established at the management level in the previous FY 2022/23. 3 meetings were conducted during the FY 2023/24 to deliberate on ESG matters.

#### Reporting Methodology

As per the ESEG Steering Committee Charter, the committee is required to meet quarterly to discuss strategic-level ESEG matters and ensure that minutes are documented for each meeting.

# Independent Assurance Report



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## Independent practitioner's assurance report to the Board of Directors of Talawakelle Tea Estates PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2023/24

### Scope

We have been engaged by Talawakelle Tea Estates 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 Talawakelle Tea Estates PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Talawakelle Tea Estates PLC's (the "Entity's") Integrated Annual Report/ Annual Report/ Sustainability 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 Talawakelle Tea Estates PLC

In preparing the Subject Matter, Talawakelle Tea Estates PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

- (GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022)
- CSE Sustainability Reporting Guide (version 3) issued by Colombo Stock Exchange (2023)
- Requirements of the frameworks given in the Non-Financial Reporting Guideline issued by Institute of Chartered Accountants of Sri Lanka (2022)
- Requirements of section III H.1 to H.5 of Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and Institute of Chartered Accountants of Sri Lanka (2023)

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

### Talawakelle Tea Estates PLC's Responsibilities

Talawakelle Tea Estates 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 Talawakelle Tea Estates PLC on 8th 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.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeevani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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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.

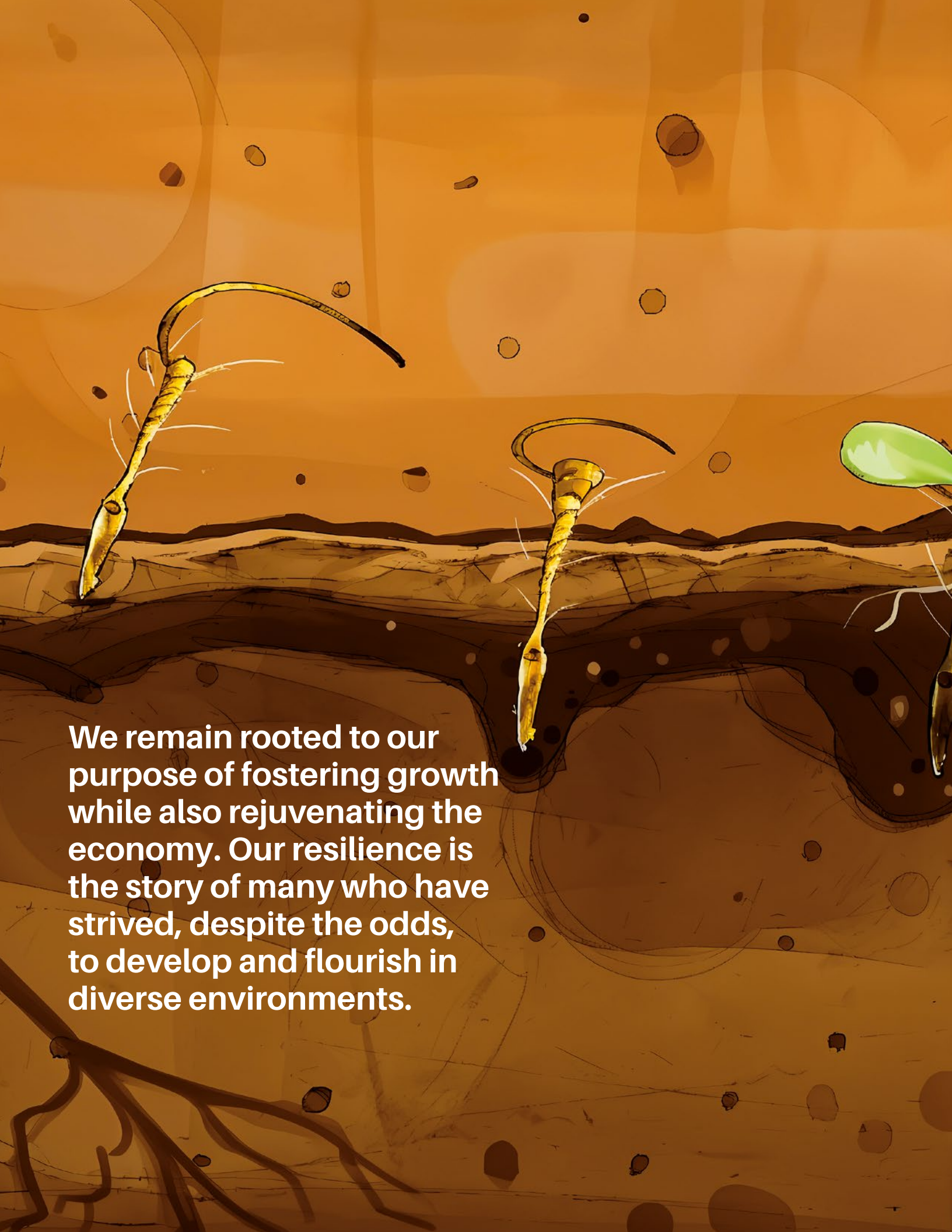
We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

### 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 Talawakelle Tea Estates PLC for the year ended 31 March 2024, in order for it to be in accordance with the Criteria.

*R. M. S. + J. S.*

09th May 2024  
Colombo



**We remain rooted to our purpose of fostering growth while also rejuvenating the economy. Our resilience is the story of many who have strived, despite the odds, to develop and flourish in diverse environments.**









## FINANCIAL CALENDAR-2023/2024

Dividend Calender	2023/2024
First Interim Dividends paid for 2023/24	20th October 2023
Second Interim Dividends paid for 2023/24	29th January 2024
Third Interim Dividends paid for 2023/24	26th April 2024

Annual General Meeting (AGM) Calender	2023/2024	2024/2025
Annual Report and Accounts for the year signed/to be signed	on 9th May 2024	in May 2024
Annual General Meeting to be held	on 24th June 2024	in June 2024

Interim Financial Statements Calendar-Submission to the Colombo Stock Exchange (CSE)	2023/2024 Submitted on	2024/2025 To be submitted on or before
For the three months ended/ending June 30 (unaudited)	August 4, 2023	August 15, 2024
For the six months ended/ending September 30 (unaudited)	October 31, 2023	November 15, 2024
For the nine months ended/ending December 31 (unaudited)	February 7, 2024	February 15, 2025
For the year ended/ending March 31 (audited)	May 10, 2024	May 31, 2025

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# Independent Auditors' Report



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TALAWAKELLE TEA ESTATES PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Talawakelle Tea Estates PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2024, and the statement of profit or loss, 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 policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2024, and of their financial performance and 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 Group 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.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

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Key audit matter	How our audit addressed the key audit matter
<p><b>Measurement of retirement benefit obligation</b></p> <p>As disclosed in Note 23 to the financial statements, the Group's retirement benefit obligation amounted to Rs. 932 Mn and represented 27% of the Group's total liabilities as of 31 March 2024. The value of the retirement benefit obligation was based on the actuarial valuation carried out by an external actuary engaged by the Group.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>the materiality of the reported retirement benefit obligation balance; and</li> <li>the degree of management judgements, assumptions and estimation uncertainties associated with measurement of the retirement benefit obligation.</li> </ul> <p>Key areas of significant assumptions, judgements and estimates used in assessing the value of the retirement benefit obligation included judgements involved in ascertaining the discount rate and future salary / wage growth rate as disclosed in Note 23 to the financial statements.</p>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>assessed the competence, capability and objectivity of the external actuary engaged by the Group</li> <li>Checked the completeness and accuracy of the data used in the valuation of retirement benefit obligations by agreeing key information to source documents and accounting records.</li> <li>read the external actuary's report and identified the key estimates made and the approach taken by the actuary in determining the value of the retirement benefit obligation.</li> <li>assessed the reasonableness of the significant judgements, assumptions and estimates made by the external actuary such as discount rate and future salary / wage growth rate in measuring the value of the retirement benefit obligation.</li> </ul> <p>We also assessed the adequacy of the disclosures made in note 23 to the financial statements.</p>
<p><b>Assessment of the carrying value of bearer biological assets</b></p> <p>As of 31 March 2024, the Group's bearer biological assets amounted to Rs. 2,048 Mn and represented 21% of the Group's total assets. Bearer Biological Assets comprised of Rs 542 Mn Immature Plantations and Rs 1,497 Mn of Mature plantations, as disclosed in Note 13.B. to the financial statements.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>the materiality of the reported bearer biological asset balance; and</li> <li>The degree of judgement involved in identification of costs to be capitalized as immature plantations, point at which transfers are to be made from immature plantations to mature plantations and identification of possible indicators of impairment, as disclosed in Note 13.B. to the financial statements.</li> </ul>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of management's expense allocation process and evaluated the design of relevant key controls over the identification of expenses to be capitalized in relation to immature plantations.</li> <li>Tested the significant expenses incurred by examining related invoices, capital expenditure authorisations and other corroborative evidence.</li> <li>Tested transfer of immature plants to respective matured plantation categories by examining ageing profile of immature plantations</li> <li>Assessed the reasonableness of depreciation provided on the matured plantations by performing independent computations.</li> <li>Inspected the ageing profile of the immature biological assets as of the reporting date to ensure that possible indicators of impairment have been identified, assessed for probable impairment charges/ losses accounted for in the financial statements.</li> </ul> <p>We also assessed the adequacy of the disclosures made in notes 13.B. and 3.7.7 to the financial statements.</p>

# Independent Auditors' Report

## Other information included in The Company's 2024 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance

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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

## 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:

- Classify 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 internal controls of the Company and the Group.
- 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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

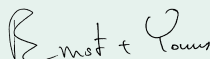
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken 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 M-2448.



09 May 2024  
Colombo



## Statement of Profit or Loss

For the year ended 31 March	Notes	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	6.1	7,763,611	8,199,353	7,694,650	8,131,507
Cost of Sales		(5,988,421)	(5,342,051)	(5,954,538)	(5,305,688)
<b>Gross Profit</b>		<b>1,775,190</b>	2,857,302	<b>1,740,112</b>	2,825,819
Change in Fair Value of Biological Assets	13 C.1	171,781	119,209	171,781	119,209
Other Income And Gains	7	46,195	66,720	48,976	66,720
Administrative Expenses		(421,708)	(336,178)	(406,771)	(317,039)
<b>Results from Operating Activities</b>		<b>1,571,458</b>	2,707,053	<b>1,554,098</b>	2,694,709
Finance Income	8.1	620,830	631,567	619,010	630,859
Finance Expenses	8.2	(627)	(1,218)	(627)	(1,218)
Interest Paid to Government and Other on Leases	8.3	(57,013)	(39,133)	(57,013)	(39,122)
Net Finance Income		563,190	591,216	561,370	590,519
<b>Profit Before Tax</b>	9	<b>2,134,648</b>	3,298,269	<b>2,115,468</b>	3,285,228
Income Tax Expense	10.1	(491,196)	(719,483)	(483,119)	(714,802)
<b>Profit for the Year</b>		<b>1,643,452</b>	2,578,786	<b>1,632,349</b>	2,570,426
<b>Attributable To:</b>					
Equity holders of the Parent		1,644,741	2,575,150	1,632,349	2,570,426
Non- Controlling Interest		(1,289)	3,636	-	-
		1,643,452	2,578,786	1,632,349	2,570,426
<b>Basic/Diluted Earnings Per Share (Rs.)</b>	11	<b>34.63</b>	54.21	<b>34.37</b>	54.11

The Accounting Policies and Notes on pages 250 to 298 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

## Statement of Comprehensive Income

For the year ended 31 March	Notes	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit for the Year		1,643,452	2,578,786	1,632,349	2,570,426
<b>Other Comprehensive Income</b>					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial Gain/(Loss) on Retirement Benefit Obligations	23	(124,830)	44,162	(124,996)	43,852
Income Tax Effect	10.2	37,466	(3,119)	37,499	(3,026)
<b>Other Comprehensive Income for the year, net of tax</b>		<b>(87,364)</b>	<b>41,043</b>	<b>(87,497)</b>	<b>40,826</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>1,556,088</b>	<b>2,619,829</b>	<b>1,544,852</b>	<b>2,611,252</b>
<b>Attributable to:</b>					
Equity holders of the Parent		1,557,377	2,616,087	1,544,852	2,611,252
Non- Controlling Interest		(1,289)	3,742	-	-
		<b>1,556,088</b>	<b>2,619,829</b>	<b>1,544,852</b>	<b>2,611,252</b>

The Accounting Policies and Notes on pages 250 to 298 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

## Statement of Financial Position

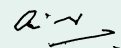
		Group		Company	
As at 31 March	Notes	2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS					
Non Current Assets					
Right-of-use Assets	12	404,089	288,298	404,024	288,230
Tangible assets other than Immature/Mature Plantations	13A	1,539,864	1,395,229	1,305,632	1,144,942
Bearer Biological Assets	13B	2,048,227	1,908,803	2,048,227	1,908,803
Consumable Biological Assets	13C	664,576	483,919	664,576	483,919
Intangible Assets	13D	11,651	13,058	10,776	12,242
Investments in Subsidiaries	14	-	-	225,792	134,933
Deferred Tax Asset	10.4	601	1,215	-	-
		4,669,008	4,090,522	4,659,027	3,973,069
Current Assets					
Produce on Bearer Biological Assets	15	22,598	22,931	22,598	22,931
Inventories	16	749,802	830,826	749,802	830,787
Trade and Other Receivables	17	453,856	489,834	442,914	430,276
Amounts due from Related Companies	18	5,528	24,627	8,447	12,566
Short Term Investments	19	3,924,891	3,513,695	3,852,557	3,513,695
Cash and Bank Balances		32,082	173,005	18,876	166,475
		5,188,757	5,054,918	5,095,194	4,976,730
TOTAL ASSETS		9,857,765	9,145,440	9,754,221	8,949,799
EQUITY AND LIABILITIES					
Equity					
Stated Capital	20	350,000	350,000	350,000	350,000
Revenue Reserves		6,019,537	5,669,312	5,915,925	5,646,448
Equity attributable to equity holders of the parent		6,369,537	6,019,312	6,265,925	5,996,448
Non-Controlling Interests	21	-	147,848	-	-
Total Equity		6,369,537	6,167,160	6,265,925	5,996,448
Non Current Liabilities & Deferred Income					
Interest Bearing Loans & Borrowings	22	-	2,619	-	2,619
Retirement Benefit Obligations	23	932,949	801,095	928,821	797,503
Deferred Tax Liability	10.4	645,084	544,333	645,084	544,333
Deferred Income	24	132,040	136,699	132,040	136,699
Lease Liability	25.3	392,831	259,263	392,753	259,184
		2,102,904	1,744,009	2,098,698	1,740,338
Current Liabilities					
Trade and Other Payables	26	992,916	918,724	996,589	899,539
Interest Bearing Loans & Borrowings	22	2,619	3,492	2,619	3,492
Lease Liability	25.3	14,055	15,355	14,050	15,350
Amounts due to Related Companies	27	218,665	83,745	225,808	81,982
Income Tax Payable		118,341	175,532	111,804	175,226
Bank Overdraft		38,728	37,424	38,728	37,424
		1,385,324	1,234,271	1,389,598	1,213,013
TOTAL LIABILITIES		3,488,228	2,978,280	3,488,296	2,953,351
TOTAL EQUITY AND LIABILITIES		9,857,765	9,145,440	9,754,221	8,949,799
Net Assets Per Share (Rs.)		134.10	129.83	131.91	126.24

The Accounting Policies and Notes on pages 250 to 298 form an integral part of the Financial Statements. Figures in brackets indicate deductions. These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



**Vindya Perera**  
Director-Finance

The Board of Directors is responsible for these Financial Statements.  
Signed for and on behalf of the Board by,



**Mohan Pandithage**  
Chairman/Director



**Dr. Roshan Rajadurai**  
Managing Director

09th May 2024  
Colombo.



## Statement of Changes in Equity

For the year ended 31 March	Attributable to equity holders of the parent						
	Revenue Reserves				Total	Non Controlling Interest	Total Equity
	Stated Capital	Retained Earnings	Biological Crop Reserve	Timber Reserve			
Group	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April 2022	350,000	3,708,170	17,438	230,115	3,955,725	144,106	4,449,831
Profit for the Year	-	2,575,150	-	-	2,575,150	3,636	2,578,786
Other Comprehensive Income	-	40,937	-	-	40,937	106	41,043
Transferred to the Timber Reserve	-	(113,717)	-	113,717	-	-	-
Transferred to Biological Crop Reserve	-	(5,493)	5,493	-	-	-	-
Realised Gain on Timber Sales	-	32,824	-	(32,824)	-	-	-
Dividend	-	(902,500)	-	-	(902,500)	-	(902,500)
<b>Balance as at 31 March 2023</b>	<b>350,000</b>	<b>5,335,371</b>	<b>22,931</b>	<b>311,008</b>	<b>5,669,312</b>	<b>147,848</b>	<b>6,167,160</b>
Profit for the Year	-	1,644,741	-	-	1,644,741	(1,289)	1,643,452
Other Comprehensive Income	-	(87,364)	-	-	(87,364)	-	(87,364)
Transferred to the Timber Reserve	-	(172,114)	-	172,114	-	-	-
Transferred to Biological Crop Reserve	-	333	(333)	-	-	-	-
Realised Gain on Timber Sales	-	6,711	-	(6,711)	-	-	-
Adjustments on change to non-controlling interest in Subsidiary	-	55,780	-	-	55,780	(146,559)	(90,779)
Distributed Dividend Write-Off	-	12,443	-	-	12,443	-	12,443
Dividend	-	(1,275,375)	-	-	(1,275,375)	-	(1,275,375)
<b>Balance as at 31 March 2024</b>	<b>350,000</b>	<b>5,520,526</b>	<b>22,598</b>	<b>476,411</b>	<b>6,019,537</b>	<b>-</b>	<b>6,369,537</b>

Company	Revenue Reserves				Total	Total Equity
	Stated Capital	Retained Earnings	Biological Crop Reserve	Timber Reserve		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April 2022	350,000	3,690,142	17,438	230,116	3,937,696	4,287,696
Profit for the year	-	2,570,426	-	-	2,570,426	2,570,426
Other Comprehensive Income	-	40,826	-	-	40,826	40,826
Transferred to the Timber Reserve	-	(113,717)	-	113,717	-	-
Transferred to Biological Crop Reserve	-	(5,493)	5,493	-	-	-
Realised Gain on Timber Sales	-	32,824	-	(32,824)	-	-
Dividend	-	(902,500)	-	-	(902,500)	(902,500)
<b>Balance as at 31 March 2023</b>	<b>350,000</b>	<b>5,312,508</b>	<b>22,931</b>	<b>311,009</b>	<b>5,646,448</b>	<b>5,996,448</b>
Profit for the year	-	1,632,349	-	-	1,632,349	1,632,349
Other Comprehensive Income	-	(87,497)	-	-	(87,497)	(87,497)
Transferred to the Timber Reserve	-	(172,114)	-	172,114	-	-
Transferred to Biological Crop Reserve	-	333	(333)	-	-	-
Realised Gain on Timber Sales	-	6,711	-	(6,711)	-	-
Dividend	-	(1,275,375)	-	-	(1,275,375)	(1,275,375)
<b>Balance as at 31 March 2024</b>	<b>350,000</b>	<b>5,416,915</b>	<b>22,598</b>	<b>476,412</b>	<b>5,915,925</b>	<b>6,265,925</b>

The Timber Reserve relates to change in fair value of managed trees which includes commercial timber plantations cultivated on estates.

The Biological Crop Reserve relates to change in fair value of harvestable produces growing on bearer biological assets.

The Accounting Policies and Notes on pages 250 to 298 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

# Statement of Cash Flows

For the year ended 31 March	Notes	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Profit Before Taxation		2,134,647	3,298,269	2,115,468	3,285,228
ADJUSTMENTS FOR					
Provision for Retirement Benefit Obligations	23	203,319	170,159	202,380	169,384
Depreciation/Amortisation	9	226,087	222,822	210,779	207,510
Amortisation of Grants	24	(5,634)	(5,496)	(5,634)	(5,496)
Dividend Income	7	-	-	(3,741)	-
Finance Costs	8.2	627	1,218	627	1,218
Government & Other Lease Interest	8.3	57,013	39,132	57,013	39,122
Profit on disposal of Property, Plant & Equipments	7	-	(135)	-	(135)
Profit on Sale of Trees	7	(9,301)	(27,851)	(9,301)	(27,851)
Field Development Written-off	13B	-	8,082	-	8,082
Debtors/Stocks write off		12,443	1,157	-	1,157
Gains on Fair Value of Biological Assets	13C.1	(171,781)	(119,209)	(171,781)	(119,209)
Operating Profit before Working Capital Changes		2,447,421	3,588,148	2,395,810	3,559,010
(Increase)/Decrease in Inventories		81,024	(347,790)	80,985	(347,790)
(Increase)/Decrease in Trade and Other Receivables		35,978	(195,358)	(12,639)	(167,435)
Increase/(Decrease) in Trade and Other Payables		(62,844)	336,844	(39,685)	330,708
(Increase)/Decrease in Amounts due from Related Companies		19,100	112,964	4,120	125,895
Increase/(Decrease) in Amounts due to Related Companies		134,920	58,482	143,826	63,252
Cash Generated from Operations		2,655,599	3,553,290	2,572,417	3,563,640
Finance Costs Paid	8.2	(627)	(1,218)	(627)	(1,218)
Payment of Taxes		(461,554)	(192,132)	(461,554)	(192,132)
Retirement Benefit Obligations Paid	23	(196,294)	(196,218)	(196,058)	(196,096)
Net Cash from Operating Activities		1,997,124	3,163,722	1,914,178	3,174,194
CASH FLOWS FROM INVESTING ACTIVITIES					
Grant Received	24	975	5,551	975	5,551
Proceeds from Sale of Trees		16,012	60,675	16,012	60,675
Proceeds from Disposal of Property, Plant & Equipments		-	150	-	150
Field Development Expenditure (Note A)	13B/13C	(239,897)	(197,441)	(239,897)	(197,441)
Purchase of Property, Plant & Equipment (Note B)		(256,816)	(357,969)	(256,623)	(357,969)
Dividend Income Received	7	-	-	3,741	-
Investment of Subsidiary Companies		(90,859)	-	(90,859)	-
Net Cash used in Investing Activities		(570,585)	(489,034)	(566,651)	(489,034)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend Paid		(1,085,375)	(885,305)	(1,085,375)	(885,305)
Payment of Government lease rentals		(53,540)	(39,195)	(53,540)	(39,195)
Payment of Other lease rentals		(15,161)	(14,760)	(15,161)	(14,760)
Repayment of loans		(3,492)	(7,642)	(3,492)	(7,642)
Net Cash used in Financing Activities		(1,157,568)	(946,902)	(1,157,568)	(946,902)
Net Increase in Cash & Cash Equivalents		268,971	1,727,785	189,959	1,738,258
Cash & Cash Equivalents at the beginning of the year (Note C)		3,649,275	1,921,490	3,642,746	1,904,488
Cash & Cash Equivalents at the end of the year (Note D)		3,918,246	3,649,275	3,832,705	3,642,746

The Accounting Policies and Notes on pages 250 to 298 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

For the year ended 31 March	Group					
	Tea	Rubber	Cinnamon	Others	Hydro	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>NOTE A: Investment in Field Development Expenditure</b>						
Investment in Immature Plantations 2024	147,636	2,506	49,808	39,947	-	239,897
Investment in Immature Plantations 2023	145,693	5,181	14,406	32,161	-	197,441
<b>NOTE B: Investment in Property, Plant &amp; Equipment</b>						
Investment in Property, Plant & Equipment 2024	256,623	-	-	-	193	256,816
Investment in Property, Plant & Equipment 2023	357,969	-	-	-	-	357,969

For the year ended 31 March	Company					
	Tea	Rubber	Cinnamon	Others	Hydro	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>NOTE A: Investment in Field Development Expenditure</b>						
Investment in Immature Plantations 2024	147,636	2,506	49,808	39,947	-	239,897
Investment in Immature Plantations 2023	145,693	5,181	14,406	32,161	-	197,441
<b>NOTE B: Investment in Property, Plant &amp; Equipment</b>						
Investment in Immature Plantations 2024	256,623	-	-	-	-	256,623
Investment in Immature Plantations 2023	357,969	-	-	-	-	357,969

For the year ended 31 March	Notes	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
NOTE C					
Cash & Cash Equivalents at the beginning of the year					
Cash & Bank Balances		173,005	29,529	166,475	24,136
Short Term Investments		3,513,695	1,901,796	3,513,695	1,886,931
Bank Overdrafts		(37,424)	(9,834)	(37,424)	(6,579)
		3,649,275	1,921,491	3,642,746	1,904,488
NOTE D					
Cash & Cash Equivalents at the end of the year					
Cash & Bank Balances		32,082	173,005	18,876	166,475
Short Term Investments		3,924,891	3,513,695	3,852,557	3,513,695
Bank Overdrafts		(38,728)	(37,424)	(38,728)	(37,424)
		3,918,245	3,649,275	3,832,705	3,642,746

The Accounting Policies and Notes on pages 250 to 298 form an integral part of the Financial Statements. Figures in brackets indicate deductions.



# Significant Accounting Policies

## 1. REPORTING ENTITY

Talawakelle Tea Estates PLC was incorporated on 22 June 1992 under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government-Owned Business Undertakings into Public Companies under Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No. 400, Deans Road, Colombo 10, and Plantations are situated in the planting districts of Talawakelle, Nanuoya, Galle and Deniyaya. All companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka.

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

The Consolidated Financial Statements of Talawakelle Tea Estates PLC comprises the Company and its fully owned Subsidiaries namely TTEL Hydro Power Co (Pvt) Ltd and TTEL Somerset Hydro Power (Pvt) Ltd (together referred to as the 'Group').

### 1.1 Principle Activities and Nature of the Operations

During the year, the principal activities of the company were the producing and processing of Black Tea.

Principal activities of other companies in the Group are as follows.

Company	Nature of the Business	Registered Office
TTEL Hydro Power Co (Pvt) Ltd	Generating hydropower	No. 400, Deans Road, Colombo 10
TTEL Somerset Hydro Power (Pvt) Ltd	Generating hydropower	No. 400, Deans Road, Colombo 10

### 1.2 Holding Company

The Company is a subsidiary of Hayleys Plantation Services (Pvt) Ltd which is a subsidiary of Dipped Products PLC whose ultimate parent enterprise is Hayleys PLC.

### 1.3 Date of Authorization for issue

The financial statements of Talawakelle Tea Estates PLC for the year ended 31 March 2024 were authorized for issue by the Board of Directors on 09 May 2024.

### 1.4 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 and the Group comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow together with Accounting Policies and Notes to the Financial Statements (the "Consolidated Financial Statements") have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which

requires compliance with the Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CASL) and with the requirements of the Companies Act No. 07 of 2007. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

### 2.2 Basis of Measurement

These Consolidated Financial Statements have been prepared in accordance with the historical cost convention other than following items in the Financial Statements.

- Managed consumable biological assets are measured at fair value.
- Harvested Agricultural Produce growing on bearer biological assets are measured at fair value less cost to sell.

Where appropriate, the specific policies are explained in the succeeding Notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

### 2.3 New Accounting Standards, Interpretations and Amendments Adopted by the Group

The following amendments and improvements do not have a significant impact on the Company's financial statements during the year ended 31st March 2024.

- SLFRS 17 – Insurance contracts
- Amendments to LKAS 8 - Definition of Accounting Estimates
- Amendments to LKAS 12 Taxation - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to LKAS 1 - Disclosure of Accounting Policies

- Amendments to LKAS 1 - Classification of Liabilities as Current or Non-current

## 2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Group's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest rupee, unless stated otherwise.

## 2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

### 3.1 Going Concern

The Consolidated Financial Statements have been prepared on the assumption that The Company is a going concern. The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future. Furthermore, board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern and they do not intend either to liquidate or to cease operations of Group. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

### 3.2 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31st March 2024. Control is achieved when the Group

is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the

Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

At the Company level investments in subsidiaries are recognized at cost.

### 3.2.1 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any Non-Controlling Interest in the acquiree. For each business combination, the Group elects whether it measures the Non-Controlling Interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition - related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

## Significant Accounting Policies

Appendices

Financial Reports

Statement of ESG Performance

Risk and Governance

Management Discussion and Analysis

Overview

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### 3.3 Current Versus non-current Classification

The Group presents assets and liabilities in statement of financial position based on current/ non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period.

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period.

Or

- It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3.4 Fair Value Measurement

The Group measures financial instruments and non-financial assets at fair value at each statement of financial position date. Fair value related disclosures for financial

instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the following notes:

- Managed Consumable Biological Assets Note 13C
- Produce Growing on Bearer Biological Assets Note 15

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. The fair value measurement 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 for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair



value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as managed biological assets. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 3.5 Foreign Currencies

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### 3.6 Cash Dividend and non-cash Distribution to Equity Holders of the Parent

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

### 3.7 Property, Plant & Equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its assets which are held for and use in the provision of the services, for rental to other or for administration purpose and are expected to be used for more than one year.

#### 3.7.1 Basis of Recognition

Property Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

#### 3.7.2 Measurement

Items of Property, Plant & Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

##### 3.7.2.1 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

## Significant Accounting Policies

ready for its intended use or sale are capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognised 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 capitalisation 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 capitalised as a part of the cost of the relevant immature plantation. The capitalisation will cease when the crops are ready for commercial harvest.

### 3.7.3 Owned Assets

The cost of Property, Plant & Equipment includes expenditures that are directly attributable to the acquisition of the asset. Such costs includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalized as a part of that equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual assets (major components) with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are

recognised in the statements of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

### 3.7.4 Leases

The Group assesses at the contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Group recognises lease liability to make lease payments and right to use of assets representing the right to use the underlying assets.

#### 3.7.4.1 Right of Use Assets

The Group recognises right to use of assets at the commencement date of a lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right to use of assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentive received.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transferred to the Group at the end of the lease period or the cost reflect the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### 3.7.4.2 Lease Liabilities

At the commencement date of the lease, the Group recognises 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 include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflect the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised 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 Group uses its incremental borrowing rate at the lease commencement date because of the interest rate implicit in the lease is not readily determinable. 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.

### 3.7.5 Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset

(calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit or loss when the asset is derecognized.

### 3.7.6 Land Development Cost

Permanent land development costs are those costs incurred in making major infrastructure development and building new access roads on leasehold lands.

These costs have been capitalised and amortized over the remaining lease period.

Permanent impairments to land development costs are charged to the Statement of Profit or Loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

### 3.7.7 Biological Assets

Biological assets are 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 specification. Tea, rubber, other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets includes tea and rubber plants, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognize 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.

#### 3.7.7.1 Bearer Biological Asset

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – “Property, Plant & Equipment”.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, 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. The expenditure incurred on bearer biological assets (Tea, Rubber, Cinnamon etc ) which comes into bearing during the year, is transferred to mature plantations.

#### 3.7.7.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Statement of profit or loss in the year in which they are incurred

#### 3.7.7.3 Consumable Biological Asset

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is 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. 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 timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 13C.

The main variables in DCF model concerns.

Variable	Comment
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company.
Economic useful life	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 fulfill in bringing the trees in to saleable condition.
Planting cost	Estimated costs for the further development of immature areas are deducted.



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The gain or loss arising on initial recognition of consumable biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in profit or loss for the period in which it arises.

Permanent impairments to Biological Asset are charged to the Statement of profit or loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

### 3.7.7.4 Nursery Plants

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

### 3.7.8 Depreciation and Amortization

#### (a) Depreciation

Depreciation is recognised in the Statement of profit or loss or on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this is most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets held under leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

	No. of Years
Buildings	22.25 (Over the remaining lease period)
Roads	5
Plant & Machinery	20
Electronic Machinery	13
Solar System	15
Hydro Power Plant	30
Motor Vehicles-Utility	10
Motor Vehicles-Supervisory	5
Green House	5
Equipment	20
Equipment	4
Furniture & Fittings	10
Computer Accessories	4

#### Mature Plantations (Replanting and New Planting)

	No. of Years
Mature Plantations Tea	22.25 (Over the remaining lease period)
Rubber	20
Cinnamon	20

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is derecognized. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less.

No depreciation is provided for immature plantations.

#### (b) Amortization

The leasehold rights of assets taken over from SLSPC are amortized in equal amounts over the shorter of the remaining lease period and the useful lives as follows:

	No. of Years
Right of Use land	22.25 (Over the remaining lease period)
Improvements to land	22.25 (Over the remaining lease period)
Right of Use Building	05
Buildings	22.25 (Over the remaining lease period)
Machinery	20
Development Cost	15
ERP System	10

### 3.7.9 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

### 3.7.9.1 Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when

development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

A summary of the policy applied to the Group

### Development Cost

Useful lives	Finite
Amortisation Method Used	Amortised Straight line over the right to generate hydro power.
Period of amortisation	15 Years
Internally generated or acquired	Acquired

## 3.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### 3.8.1 Financial Assets

#### 3.8.1.1 Initial Recognition & Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, investments and trade and other receivables.

#### 3.8.1.2 Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### a) Financial Assets at Amortized Cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial instruments at amortized cost comprise of trade receivables, amounts due from related parties, deposits, advances and other receivables.

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### **b) Financial Assets at Fair Value Through OCI (Debt Instruments)**

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost.

The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. The Group does not have any debt instruments at fair value through OCI.

### **c) Financial Assets at Fair Value Through OCI**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which

case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

### **d) Financial Assets at Fair Value Through Profit or Loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

#### **3.8.1.3 Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### **3.8.1.4 Impairment of Financial Assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.



ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

### 3.8.2 Financial Liabilities

#### 3.8.2.1 Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

#### 3.8.2.2 Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

##### (a) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

##### (b) Financial Liabilities at Amortized Cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the Profit or Loss Statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Financial liabilities comprise interest bearing loans and borrowings, trade payables, other payables, income tax payables and amounts due to related parties.

#### 3.8.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### 3.8.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial risk management objectives and policies have been disclosed under Note 35.

### 3.9 Harvestable Agricultural Produce on Bearer Biological Assets

In accordance with LKAS 41, company recognise agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognized in profit or loss at the end of each reporting period.

For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further 50% of the crop in that harvesting cycle considered for the valuation.

For the valuation of the harvestable agricultural produce, the company uses the following price formulas.

- Tea – Bought Leaf rate (current month) less cost of harvesting & transport

### 3.10 Inventories

#### Finished Goods Manufactured from Agricultural Produce of Biological Assets.

These are valued at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

#### Input Material, Spares and Consumables

At actual cost on weighted average basis.

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### Agricultural Produce Harvested from Biological Assets

Agricultural produce harvested from biological asset 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 the agricultural produce.

### 3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the Statements of Cash Flow.

### 3.12 Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset 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 a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation

multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31st March 2024 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### 3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

### 3.14 Employees Benefits

#### (a) Defined Contribution Plans - Provident Funds and Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/ Estate Staff 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.

#### **(b) Defined Benefit Plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the Reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as in retained earnings through other comprehensive income. Past service costs are recognised immediately in statement of profit or loss.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19, Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 23.

### **3.15 Capital Commitments and Contingencies**

Capital commitments and contingent liabilities of the Group have been disclosed in the respective Notes to the Financial Statements.

### **3.16 Events Occurring After the Reporting Date**

All material events after the Statement of Financial Position Date have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

### **3.17 Earnings per Share**

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### **3.18 Deferred Income**

#### **3.18.1 Grants and Subsidies**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Statement of profit or

loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant. Assets are amortised over their useful lives as follows.

Grants related to Property, Plant & Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant & Equipment as follows: Assets are amortised over their useful lives or unexpired lease period, whichever is less.

Buildings	22.25 years (Over the remaining lease period)
Roads	5 Years

Grants received for forestry are initially deferred and credited to income once when the related blocks of trees are harvested.

### **3.19 Statements of Profit or Loss**

For the purpose of presentation of statement of profit or loss, the function of expenses method is adopted, as it represents fairly the elements of the Group's performance.

#### **3.19.1 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation.



## Significant Accounting Policies

The Group is in the business of cultivation, manufacture and sale of black tea, rubber, other crops and hydro (Plantation Produce). Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to customer.

### 3.19.1.1 Revenue from Contracts with Customers

#### Sale of Plantation Produce

Revenue from sale of plantation produce is recognized at the point in time when the control of the goods are transferred to the customer. Black tea produce are sold at the Colombo tea Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of other crops are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

There is no element of financing present as the Group's sale of plantation produce are either on cash terms (Immediate payment or advance payment not exceeding 30 days) or on credit terms ranging from 7 to 15 days.

#### Rendering of Services

Service income from Group comprised with sale of hydro energy to the Ceylon Electricity Board (CEB). Revenue from sale of hydro energy recognized at the point of hydro energy releases to the national grid at a pre-determined unit price.

### 3.19.1.2 Other Source of Income

Revenue recognition criteria for the other source of income as follows;

- **Rental Income**

Rental income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

- **Dividend Income**

Dividend income is recognized when the right to receive payment is established.

- **Interest Income**

Interest income is recognized based on effective interest method.

Interest income on financial assets at FVTPL is recognized as part of net gains or losses on these financial instruments.

Interest income of financial assets at amortized cost is calculated by using the effective interest method and is recognized as other income.

### 3.19.2 Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit or loss for the period.

#### 3.19.2.1 Finance Income and Finance Cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### 3.19.2.2 Taxes

#### 3.19.2.2.1 Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### 3.19.2.2.2 Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

### 3.20 Statement of Cash Flows

The Statement of Cash Flow has been prepared using the 'indirect method'. Interest paid is classified as operating cash flows, while dividends paid and Government grants received are classified as financing and investing cash flows, for the purpose of presenting the Statement of Cash Flow.

### 3.21 Segment Reporting

Segmental information is provided for the different business segments of the Group. An operating segment is a component of the Group 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 Group's other components.

Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical segmentation has no material impact.

The activities of the segments are described on Note 6.2 in the Notes to the Financial Statements.

Revenue and expenses directly attributable to each segment are allocated to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilisation, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible. Unallocated items comprise mainly interest bearing loans, borrowings, and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## 4. USE OF ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised,

## Significant Accounting Policies

if the revision affects only that period and any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

### 4.1 Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No.45 of 2022, Agro Farming is exempt from income tax for a period of 5 years effective from 01 April 2019 and Agro processing is liable at 30%. Accordingly, where applicable, the Group has separated its income and expenses as Agro farming and Agro Processing and applied the respective tax rates.

### 4.2 Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Significant judgement was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements. The Group recognized assets and liabilities for

current deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

### 4.3 Measurement of Retirement Benefit Obligation

The present value of the retirement benefit obligation determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rate and expected future salary increase rates of the Company.

Further details about Retirement benefit obligations are provided in Note 23.

### 4.4 IFRIC Interpretation 23 Uncertainty Over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. It assessed whether the Interpretation had an impact on its financial statements. The Company determined that it is probable that its tax

treatments will be accepted by the taxation authorities.

### 4.5 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted method using various financial and nonfinancial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the Note 13C.

### 4.6 Bearer Biological Assets

A mature plantation is an area of land developed with crops such as tea, rubber and other crops which has been brought into bearing ready for commercial harvesting. Hence, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting which depends on growth of plants, weather patterns and soil condition. Therefore, immature to mature transfer require significant management judgment in determining the point at which a plant is deemed ready for commercial harvesting.

### 4.7 Leases - Estimating the Incremental Borrowing Rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is



required to make certain entity-specific estimates (such as the company's stand-alone credit rating).

## 5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

### 5.1 Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements. The amendments are effective for annual periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Group financial statement.

### 5.2 Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash

changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Group financial statement.

### 5.3 Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered after the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Group financial statement.

### 5.4 SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Group financial statement.

### 5.5 International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Group financial statement

# Notes to the Financial Statements

## 6. REVENUE

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>6.1 Summary</b>				
<b>Sale of Goods</b>				
Tea	7,414,949	7,900,636	7,414,949	7,900,636
Rubber	29,593	59,709	29,593	59,709
Cinnamon	28,856	35,388	28,856	35,388
Mini Hydro Power	68,961	67,846	-	-
Others	221,252	135,774	221,252	135,774
	7,763,611	8,199,353	7,694,650	8,131,507
<b>6.2 Segment Information</b>				
<b>a) Segment Revenue</b>				
<b>Tea</b>				
Revenue	7,414,949	7,900,636	7,414,949	7,900,636
Revenue Expenditure	(5,520,213)	(4,898,715)	(5,520,213)	(4,898,715)
Depreciation	(174,246)	(168,918)	(174,246)	(168,918)
Other Non Cash Expenditure	(202,380)	(169,384)	(202,380)	(169,384)
Segment Results	1,518,110	2,663,619	1,518,110	2,663,619
<b>Rubber</b>				
Revenue	29,593	59,709	29,593	59,709
Revenue Expenditure	(51,315)	(61,812)	(51,315)	(61,812)
Depreciation	(6,384)	(6,859)	(6,384)	(6,859)
Other Non Cash Expenditure	-	-	-	-
Segment Results	(28,106)	(8,962)	(28,106)	(8,962)
<b>Cinnamon</b>				
Revenue	28,856	35,388	28,856	35,388
Revenue Expenditure	(17,477)	(20,449)	(17,477)	(20,449)
Depreciation	(1,748)	(1,367)	(1,748)	(1,367)
Other Non Cash Expenditure	-	-	-	-
Segment Results	9,631	13,572	9,631	13,572
<b>Mini Hydro Power</b>				
Revenue	68,961	67,846	-	-
Revenue Expenditure	(17,635)	(20,276)	-	-
Depreciation	(15,308)	(15,312)	-	-
Other Non Cash Expenditure	(939)	(774)	-	-
Segment Results	35,079	31,484	-	-
<b>Others</b>				
Revenue	221,252	135,774	221,252	135,774
Revenue Expenditure	-	-	-	-
Depreciation	-	-	-	-
Other Non Cash Expenditure	-	-	-	-
Segment Results	221,252	171,162	221,252	171,162
<b>Total</b>				
Revenue	7,763,611	8,199,353	7,694,650	8,131,507
Revenue Expenditure	(5,589,163)	(4,980,804)	(5,571,528)	(4,960,527)
Depreciation	(195,938)	(191,089)	(180,630)	(175,777)
Other Non Cash Expenditure	(203,319)	(170,159)	(202,380)	(169,384)
Segment Results	1,775,191	2,857,301	1,740,112	2,825,819

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Change in Fair Value of Biological Assets	171,781	119,209	171,781	119,209
Other Income & Gains	46,194	66,720	48,976	66,720
Administrative Expenses	(421,708)	(336,178)	(406,771)	(317,039)
Finance Income	620,830	631,567	619,010	630,859
Finance Expense	(627)	(1,218)	(627)	(1,218)
Interest Paid to Government and Other Leases	(57,013)	(39,132)	(57,013)	(39,122)
<b>Profit Before Tax</b>	<b>2,134,648</b>	<b>3,298,269</b>	<b>2,115,468</b>	<b>3,285,228</b>
<b>b) Segment Assets</b>				
Non Current Assets				
Tea	3,586,978	3,266,523	3,586,978	3,266,523
Rubber	83,761	87,694	83,761	87,694
Cinnamon	97,920	49,860	97,920	49,860
Mini Hydro Power	235,774	252,386	-	-
Investment	-	-	225,792	134,933
Consumable Biological Asset	664,576	483,919	664,576	483,919
	<b>4,669,009</b>	<b>4,090,522</b>	<b>4,659,027</b>	<b>3,973,069</b>
<b>Current Assets</b>				
Tea	5,088,300	4,976,727	5,088,300	4,976,727
Rubber	6,893	3	6,893	3
Mini Hydro Power	93,564	78,188	-	-
	<b>5,188,757</b>	<b>5,054,918</b>	<b>5,095,193</b>	<b>4,976,730</b>
<b>Total Assets</b>	<b>9,857,766</b>	<b>9,145,440</b>	<b>9,754,220</b>	<b>8,949,799</b>
<b>c) Segment Liabilities</b>				
<b>Non Current Liabilities and Deferred Income</b>				
Tea	2,098,698	1,740,338	2,098,698	1,740,338
Mini Hydro Power	4,207	3,670	-	-
	<b>2,102,905</b>	<b>1,744,008</b>	<b>2,098,698</b>	<b>1,740,338</b>
<b>Current Liabilities</b>				
Tea	1,389,598	1,213,012	1,389,598	1,213,012
Mini Hydro Power	(4,270)	21,260	-	-
	<b>1,385,328</b>	<b>1,234,272</b>	<b>1,389,598</b>	<b>1,213,012</b>
<b>Total Liabilities</b>	<b>3,488,233</b>	<b>2,978,280</b>	<b>3,488,296</b>	<b>2,953,350</b>
<b>d) Segment Capital Expenditure</b>				
Cost				
Tea	404,259	503,663	404,259	503,663
Rubber	2,506	5,181	2,506	5,181
Cinnamon	49,809	14,406	49,809	14,406
Others	24,692	32,161	39,947	32,161
Mini Hydro Power	193	-	-	-
	<b>437,531</b>	<b>555,411</b>	<b>436,338</b>	<b>555,411</b>



## Notes to the Financial Statements

### 7. OTHER INCOME AND GAINS

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit on Sale of Trees	9,301	27,851	9,301	27,851
Amortisation of Capital Grants	5,634	5,496	5,634	5,496
Profit on Disposal of Property, Plant & Equipments	-	135	-	135
Dividend Income	-	-	3,741	-
Lease of Land for Towers	4,520	8,117	4,520	8,117
Lease of Land for Vegetable Cultivation	14,090	14,965	14,090	14,965
Profit/(Loss) on Strawberry & Other Projects	(619)	(3,581)	(1,579)	(3,581)
Solar Income	13,269	13,737	13,269	13,737
	46,195	66,720	48,976	66,720

### 8. FINANCE INCOME/ EXPENSE

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>8.1 Finance Income</b>				
Interest Income	620,830	631,326	619,010	630,618
Exchange Gain	-	241	-	241
	620,830	631,567	619,010	630,859
<b>8.2 Finance Expenses</b>				
Overdraft Interest	(269)	(687)	(269)	(687)
Exchange Loss	(73)	-	(73)	-
Term Loan Interest	(285)	(531)	(285)	(531)
	(627)	(1,218)	(627)	(1,218)
<b>8.3 Interest Paid To Government and Other Leases</b>				
Interest paid to Government on Lease	(50,542)	(36,598)	(50,542)	(36,587)
Interest paid to Other on Lease	(6,471)	(2,535)	(6,471)	(2,535)
	(57,013)	(39,133)	(57,013)	(39,122)
Net Finance Income	563,190	591,216	561,370	590,519

**9. PROFIT BEFORE TAX IS STATED AFTER CHARGING**

year ended	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Directors Emoluments	57,976	44,822	57,976	44,822
Emoluments of Other Key Management	30,504	20,712	30,504	20,712
Auditors Fees	5,974	5,370	5,369	5,370
Depreciation/Amortisation	226,088	222,822	210,779	207,510
Defined Benefit Plan Costs	203,319	170,159	202,380	169,384
Worker Related Other Costs	1,446,397	1,073,892	1,446,397	1,073,892
Defined Contributions Plan Costs - EPF & ETF	190,592	172,522	189,432	171,931
Workers/Staff Costs	1,755,108	1,633,016	1,740,785	1,616,600

**10. INCOME TAX EXPENSE**

The major component of income tax expenses for the period are as follows :

year ended	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>10.1 Income Statement</b>				
<b>Income Tax Expense</b>				
Current Income Tax Charge	364,513	335,404	356,839	334,074
Under/(over) provision in respect of previous year	(11,970)	(315)	(11,970)	(688)
	352,543	335,089	344,869	333,386
<b>Deferred Tax Expense</b>				
Deferred Taxation Charge/(Reversal)	138,653	384,394	138,250	381,416
	138,653	384,394	138,250	381,416
Total Tax Expense	491,196	719,483	483,119	714,802
<b>10.2 Statement of Comprehensive Income</b>				
<b>Deferred tax related to items charged or credited directly to OCI during the year;</b>				
Net (gain)/loss on actuarial retirement benefit obligation	(37,466)	3,119	(37,499)	3,026
Income tax charged directly to other comprehensive income	(37,466)	3,119	(37,499)	3,026

## Notes to the Financial Statements

### 10. INCOME TAX EXPENSE (Contd.)

#### 10.3 Reconciliation Between Tax Expenses and the Product Of Accounting

Profit multiplied by the Statutory Effective tax rates are as follows:

year ended	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Profit Before Tax	2,134,647	3,298,269	2,115,468	3,285,228
Aggregate Disallowable Expenses	471,993	444,249	471,993	425,255
Aggregate Tax deductible Expenses	(734,844)	(644,296)	(734,844)	(643,372)
Total statutory income	1,871,796	3,098,222	1,852,617	3,067,111
Tax exempt income from Agro Farming	663,153	1,590,005	663,153	1,590,005
Taxable income from Agro Procesing	551,844	823,519	551,844	823,519
Taxable income from subsidiaries	37,555	30,403	-	-
Other sources of Income	637,620	654,295	637,620	653,587
Total statutory income	1,892,082	3,098,222	1,852,617	3,067,111
Tax losses Claimed during the year	(2,094)	(16,139)	-	-
Tax exempt Income	(663,153)	(1,590,005)	(663,153)	(1,590,005)
Total Taxable Income	1,226,835	1,492,078	1,189,464	1,477,106
Income Tax @ 14%	-	58,722	-	57,418
Income Tax @ 20%	6,895	-	-	-
Income Tax @ 22.5%	-	93,012	-	93,013
Income Tax @ 24%	-	49,759	-	49,732
Income Tax @ 30%	357,618	133,911	356,839	133,911
Income tax on current year profit	364,513	335,404	356,839	334,074

#### Effect of Changes in Tax Rate in Current Year

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, Agro Farming is exempt from income tax for a period of 5 years effective from Y/A 2019/20 to 2023/24.

Herewith mentioned the applied tax rates of the company.

Taxable Income Source	Description	Effective tax rate (%)
Agro farming	Exempted	
Agro processing	Tax on taxable income at normal rate	30.00%
Business Income-Hydro Companies	Tax on taxable income at normal rate	20.00%
Interest Income	Tax on taxable income at normal rate	30.00%
Other Investment Income	Tax on balance taxable income at normal rate	30.00%



## 10.4 Deferred Tax (Assets) and Liabilities

Group	2024		2023	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
As at 1 April	1,810,332	543,118	1,503,361	157,173
Amount originating during the year	336,942	101,365	306,971	385,945
<b>As at 31 March</b>	<b>2,147,274</b>	<b>644,483</b>	1,810,332	543,118
Temporary difference of Right-of-use asset	404,089	121,220	264,795	79,439
Temporary difference of Property, Plant and Equipment	484,254	144,951	382,382	114,715
Temporary difference of Bearer Biological Assets	2,048,227	614,468	1,828,711	548,613
Temporary difference of Consumable Biological Assets	664,576	199,373	423,919	127,176
Temporary difference of Produce on Bearer Biological Assets	22,598	6,779	22,931	6,879
Temporary difference of Unrealized Exchange Gain	-	-	241	72
Temporary difference of Inventory	(2,113)	(423)	(3,253)	(976)
Temporary difference of Bad Debt Provisions	(2,437)	(731)	(1,992)	(598)
Temporary difference of Retirement Benefit Obligation	(932,949)	(279,472)	(701,573)	(210,472)
Temporary difference of Deferred Income	(132,040)	(39,612)	(131,203)	(39,361)
Carried Forward Tax Losses	-	-	(2,246)	(630)
Temporary difference of Lease Liability	(406,931)	(122,070)	(272,380)	(81,739)
<b>As at 31 March</b>	<b>2,147,274</b>	<b>644,483</b>	1,810,332	543,118
<b>Company</b>				
As at 1 April	1,814,443	544,333	1,522,774	159,891
Amount originating during the year	335,838	100,751	291,669	384,442
<b>As at 31 March</b>	<b>2,150,281</b>	<b>645,084</b>	1,814,443	544,333
Temporary difference of Right-of-use asset	404,025	121,207	264,728	79,418
Temporary difference of Property, Plant and Equipment	480,991	144,297	378,836	113,651
Temporary difference of Bearer Biological Assets	2,048,227	614,468	1,828,711	548,614
Temporary difference of Consumable Biological Assets	664,576	199,373	423,919	127,176
Temporary difference of Produce on Bearer Biological Assets	22,598	6,779	22,931	6,879
Temporary difference of Unrealized Exchange Gain	-	-	241	72
Temporary difference of Inventory	-	-	(1,366)	(410)
Temporary difference of Bad Debt Provisions	(2,437)	(731)	(1,992)	(598)
Temporary difference of Retirement Benefit Obligation	(928,821)	(278,646)	(697,982)	(209,394)
Temporary difference of Deferred Income	(132,040)	(39,612)	(131,203)	(39,361)
Temporary difference of Lease Liability	(406,838)	(122,051)	(272,380)	(81,714)
<b>As at 31 March</b>	<b>2,150,281</b>	<b>645,084</b>	1,814,443	544,333

## Notes to the Financial Statements

### 10. INCOME TAX EXPENSE (Contd.)

year ended	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred Tax Assets	(601)	(1,215)	-	-
Deferred Tax Liabilities	645,084	544,333	645,084	544,333
	644,483	543,118	645,084	544,333

### 11. EARNINGS PER SHARE

#### 11.1 Basic Earnings Per Share

The calculation of the basic earnings per share is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the year.

#### 11.2 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.

Basic/diluted earning per share calculated as follows.

year ended	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Amounts used as the Numerator :				
Net profit attributable to equity holders of the parent	1,644,739	2,575,150	1,632,348	2,575,150
Amounts used as the Denominator :				
Weighted average number of ordinary shares of the parent	47,500,000	47,500,000	47,500,000	47,500,000
Basic/Diluted Earnings Per Share (Rs.)	34.63	54.21	34.37	54.11

### 12. RIGHT OF USE ASSETS

	Notes	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Right-of-use asset-Land	12.1	311,758	226,752	311,693	226,684
Right-of-use asset-Building	12.2	44,122	11,068	44,122	11,068
Right-of-use asset-Immovable estate assets	12.3	48,209	50,478	48,209	50,478
		404,089	288,298	404,024	288,230

## 12.1 Right-of-use asset-land

This Right-of-use asset-land is amortized over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non-current assets. An adjustment to the "Right-of-use asset-land" could be made to the extent that the change relate to the future period on the reassessment of lease liability. The lease liability as at 01 April 2019 has been reassessed under the provisions of SLFRS 16 and both "Right-of-use asset-land" and "Lease Liability" has been enhanced. "Right-of-use asset-land" have been executed for all estates for a period of 53 years. The Unexpired period of the lease as at the statement of Financial Position date is 22.25 years.

year ended	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Cost</b>				
As at 1st April	236,929	246,180	236,849	246,100
Transferred in Due to Reassessment of Lease Liability	(10,165)	(10,132)	(10,165)	(10,132)
Adjustment on Reassessment of lease Liability as at 01st April	99,677	881	99,677	881
As at 31st March	326,441	236,929	326,361	236,849
<b>Amortisation</b>				
As at 1st April	10,177	10,142	10,165	10,132
Transferred in Due to Reassessment of Lease Liability	(10,165)	(10,132)	(10,165)	(10,132)
Amortisation charge for the year	14,671	10,167	14,668	10,165
As at 31st March	14,683	10,177	14,668	10,165
<b>Written Down Value</b>	<b>311,758</b>	226,752	<b>311,693</b>	226,684

## 12.2 Right-of-use asset-Building

Talawakelle Tea Estates PLC (Head Office) as a tenant, occupying a building which belongs to Hayleys PLC (Ultimate Parent) and which was previously accounted as an operating lease under LKAS 17. Since, the SLFRS 16 supersedes LKAS 17 Leases, The Company adopted SLFRS 16 using the modified retrospective method of adoption to above lease arrangement. The effect to the Statement of Financial Position and depreciation of building to 31 March 2024 are as follows:

year ended	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Cost</b>				
As at 1st April	49,937	49,937	49,937	49,937
Transferred in Due to reassessment of lease liability	(38,869)	-	(38,869)	-
Adjustment on Reassessment of Lease Liability as at 01st April	44,279	-	44,279	-
As at 31st March	55,347	49,937	55,347	49,937
<b>Depreciation</b>				
As at 1st April	38,869	16,735	38,869	27,802
Transferred in Due to reassessment of lease liability	(38,869)	-	(38,869)	-
Depreciation charge for the year	11,225	11,067	11,225	11,067
As at 31st March	11,225	38,869	11,225	38,869
<b>Written Down Value</b>	<b>44,122</b>	11,068	<b>44,122</b>	11,068



## Notes to the Financial Statements

### 12. RIGHT OF USE ASSETS (Contd.)

#### 12.3 Right-of-use assets-Immovable Estate Assets

	Group/Company					
	Improvement to Land Rs.'000	Mature Plantations Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	2024 Total Rs.'000	2023 Total Rs.'000
<b>Cost/ Revaluation</b>						
*Revaluation as at 22.06.1992	9,084	243,838	63,826	12,007	328,755	328,755
As at 31 March	9,084	243,838	63,826	12,007	328,755	328,755
<b>Accumulated Amortisation</b>						
As at 1st April	7,711	194,732	63,826	12,007	278,276	276,007
Amortisation charge for the year	62	2,208	-	-	2,270	2,270
As at 31 March	7,773	196,940	63,826	12,007	280,546	278,277
<b>Written Down Value</b>	1,311	46,898	-	-	48,209	50,478

\*Revaluation amount is arrived at after adjusting for assets handed over to Tea Smallholdings Development Authority.

#### 13. A. TANGIBLE ASSETS OTHER THAN IMMATURE / MATURE PLANTATIONS

	Group			Company				
	Balance as at 01.04.2023 Rs.'000	Additions for the Year Rs.'000	Disposals during the Year Rs.'000	Balance as at 31.03.2024 Rs.'000	Balance as at 01.04.2023 Rs.'000	Additions for the Year Rs.'000	Disposals during the Year Rs.'000	Balance as at 31.03.2024 Rs.'000
<b>Cost</b>								
Buildings	509,738	-	-	509,738	509,738	-	-	509,738
Motor Vehicles	395,953	14,055	(1,452)	408,556	395,953	14,055	(1,452)	408,556
Plant & Machinery	1,252,492	4,246	(1,703)	1,255,035	766,792	4,246	(1,703)	769,335
Furniture & Fittings	14,666	7,553	(652)	21,567	14,666	7,553	(652)	21,567
Equipment & Tools	212,305	20,265	(17,524)	215,046	211,344	20,072	(17,524)	213,892
	2,385,154	46,119	(21,331)	2,409,942	1,898,493	45,926	(21,331)	1,923,088

	Group			Company				
	Balance as at 01.04.2023 Rs.'000	Charge for the Year Rs.'000	Accumulated depreciation on disposals Rs.'000	Balance as at 31.03.2024 Rs.'000	Balance as at 01.04.2023 Rs.'000	Charge for the Year Rs.'000	Accumulated depreciation on disposals Rs.'000	Balance as at 31.03.2024 Rs.'000
<b>Accumulated Depreciation</b>								
Buildings	214,548	13,823	-	228,371	208,333	13,823	-	222,156
Motor Vehicles	264,523	37,742	(1,452)	300,813	264,523	37,742	(1,452)	300,813
Plant & Machinery	753,716	45,501	(1,703)	797,514	524,464	29,311	(1,703)	552,072
Furniture & Fittings	11,393	906	(652)	11,647	11,393	906	(652)	11,647
Equipment & Tools	180,122	14,207	(17,522)	176,807	179,215	14,149	(17,522)	175,842
	1,424,302	112,179	(21,329)	1,515,152	1,187,928	95,931	(21,329)	1,262,530
<b>Written Down Value</b>	960,852			894,790	710,565			660,558

	Group			Company				
	Balance as at 01.04.2023 Rs.'000	Additions for the Year Rs.'000	Capitalised during the Year Rs.'000	Balance as at 31.03.2024 Rs.'000	Balance as at 01.04.2023 Rs.'000	Additions for the Year Rs.'000	Capitalised during the Year Rs.'000	Balance as at 31.03.2024 Rs.'000
Capital Work in Progress	434,377	210,697	-	645,074	434,377	210,697	-	645,074
<b>Total Written Down Value</b>	1,395,229	-		1,539,864	1,144,942			1,305,632

Note : The assets shown above are those movable assets vested in the Company by Gazette Notification at the date of formation of the Company (22nd June 1992) and all investments in tangible assets by the Company since its formation. The assets taken over by way of estate leases are set out in Notes 12.

No borrowing costs have been capitalised into Capital Work-in-Progress.

The cost of fully depreciated Property, Plant & Equipment of the Company which are still in use as at the date of the Statement of Financial Position is Rs.741.7 Mn (2022/23-Rs. 606.2 Mn).

### 13. B. BEARER BIOLOGICAL ASSETS

	Group/Company					
	Permanent Land Development Cost Rs.'000	Roads Rs.'000	Immature Plantations Rs.'000	Mature Plantations Rs.'000	2024 Total Rs.'000	2023 Total Rs.'000
<b>Cost</b>						
*As at 1st April	23,172	83,025	398,996	2,487,163	2,992,356	2,819,651
Additions	-	-	224,643	-	224,643	180,788
Write off for the year	-	-	-	-	-	(8,082)
Transfers	-	-	(81,975)	81,975	-	-
<b>As at 31st March</b>	23,172	83,025	541,664	2,569,138	3,216,999	2,992,357
<b>Accumulated Amortisation</b>						
As at 1st April	13,818	83,025	-	986,710	1,083,554	1,003,459
Amortisation charge for the year	420	-	-	84,799	85,219	80,095
<b>As at 31st March</b>	14,238	83,025	-	1,071,509	1,168,773	1,083,554
<b>Written Down Value</b>	8,934	-	541,664	1,497,629	2,048,227	1,908,803

\*The figures above are stated after adjusting for assets handed over to Tea Smallholdings Development Authority.

These are investments in immature/ mature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Notes 12. Further investment in immature plantations taken over by way of these leases are shown in the above note. When such plantations become mature, the additional investments, since initial investment to bring them to maturity, will be moved from immature to mature under this note.

The borrowing costs were not capitalized during the period under Immature Plantations (2022/2023- Nil).

## Notes to the Financial Statements

### 13. C. CONSUMABLE BIOLOGICAL ASSETS

#### Timber Plantations - Managed Trees

As at 31 March	Group/Company	
	2024	2023
	Rs.'000	Rs.'000
As at 1 April	483,919	386,372
Increase due to development	15,254	16,654
Gain/(loss) arising from changes in fair value less cost to sell attributable to physical change	172,114	113,717
Decrease due to harvest	(6,711)	(32,824)
<b>As at 31 March</b>	<b>664,576</b>	<b>483,919</b>

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

The carrying amount of biological assets pledged as securities for liabilities as at the date of the statement of financial position is nil (2022/2023 - nil).

The fair value of matured managed trees were ascertained in accordance with SLFRS 13. The valuation was carried by Messer's KPMG Real Estate & Valuation Services (Pvt) Ltd, chartered valuation surveyors, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber, a physical verification was carried out covering all the estates.

#### 13. C.1.CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS

As at 31 March	Group/Company	
	2024	2023
	Rs.'000	Rs.'000
Change in fair value of consumable biological assets (Note 13 C)	172,114	113,717
Change in fair value of produce on bearer biological assets (Note 15)	(333)	5,492
	<b>171,781</b>	<b>119,209</b>

#### 13. C. 2.Information about Fair Value Measurements using Significant Unobservable Inputs (Level 3)

Non Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average.)		Relationship of Unobservable Inputs to Fair Value
			2024	2023	
Consumable Managed Biological Assets	DCF	Discounting Rate	15.00%	19.50%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	15-25 Years	15-25 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	25-190 cu.ft	25-140 cu.ft	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs. 60/- to Rs. 2,300/-	Rs. 80/- to Rs. 6,000/-	The higher the price per cu. ft., the higher the fair value



Other key assumptions used in valuation

1. The harvesting is approved by the PMMD and the Forest Department based on the Forestry Development Plan.
2. The prices adopted are net of expenditure.
3. Though the replanting is a condition precedent for harvesting yet the costs are not taken in to consideration.

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable. It does, nevertheless, concern the Directors that no estimate can ever be completely accurate. Moreover, in the case of the Group's biological assets, small differences in valuation assumptions can have quite disproportionate effect on results. Therefore, the Board of Directors is of the opinion that the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the SLFRS 13 / LKAS 41 valuations as included in the consolidated accounts against his own assumptions.

#### Sensitivity Variation Sales Price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	Rs.'000	Rs.'000
Managed Timber	10%	-10%
As at 31 March 2024	57,334	(57,334)
As at 31 March 2023	41,257	(41,257)

#### Sensitivity Variation Discount Rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that a rise or decrease by 1% of the discount rate has the following effect on the net present value of biological assets:

	Rs.'000	Rs.'000
	1%	-1%
As at 31 March 2024	(4,176)	4,489
As at 31 March 2023	(1,091)	1,211

## Notes to the Financial Statements

### 13. C. CONSUMABLE BIOLOGICAL ASSETS (Contd.)

### 13.D. INTANGIBLE ASSETS

Group	Development Cost Rs.'000	ERP System Rs.'000	2024 Total Rs.'000	2023 Total Rs.'000
<b>Cost</b>				
As at 1st April	18,297	14,668	32,965	32,965
Acquisition during the year	-	-	-	-
As at 31 March	18,297	14,668	32,965	32,965
<b>Accumulated Amortisation</b>				
As at 1st April	17,361	2426	19,907	17,621
Amortization charge for the year	60	1,467	1,407	2,286
As at 31 March	17,421	3,892	21,314	19,907
<b>Written Down Value</b>	876	10,776	11,651	13,058

Company	Development Cost Rs.'000	ERP System Rs.'000	2024 Total Rs.'000	2023 Total Rs.'000
<b>Cost</b>				
As at 1st April	-	14,668	14,668	14,668
Acquisition during the year	-	-	-	-
As at 31 March	-	14,668	14,668	14,668
<b>Accumulated Amortisation</b>				
As at 1st April	-	2425	2425	959
Amortization charge for the year	-	1,467	1,467	1467
As at 31 March	-	3,892	3,892	2,426
<b>Written Down Value</b>	-	10,776	10,776	12,242

### 14. INVESTMENTS IN SUBSIDIARIES

Talawakelle Tea Estates PLC holds 3,519,000 (51%) ordinary shares of TTEL Hydro Power Company (Pvt) Ltd, and 3,060,000 (51%) ordinary shares of TTEL Somerset Hydro Power (Pvt) Ltd., and 14% redeemable cumulative preference shares of Rs. 10/- each of TTEL Hydro Power Company (Pvt) Ltd. and TTEL Somerset Hydro Power (Pvt) Ltd. amounting to Rs. 53,108,300/= and Rs. 16,034,400/= respectively redeemable at the option of the investee.

In 08th August 2023, the company acquired the remaining 49% stake in TTEL Hydro Power Company (Pvt) Ltd and TTEL Somerset Hydro Power (Pvt) Ltd for the considerations of Rs. 39,365,512/- mn and Rs. 51,491,761/- mn respectively.

As at 31 March	Company		Company	
	2024	2024	2023	2023
	Number of Shares	Rs.'000	Number of Shares	Rs.'000
<b>Ordinary Shares</b>				
TTEL Hydro Power Company (Pvt) Ltd	3,519,000	35,190	3,519,000	35,190
Acquisition during the year	3,381,000	39,366	-	-
	6,900,000	74,556	3,519,000	35,190
TTEL Somerset Hydro Power (Pvt) Ltd	3,060,000	30,600	3,060,000	30,600
Acquisition during the year	2,940,000	51,492	-	-
	6,000,000	82,092	3,060,000	30,600
		156,648		65,790
<b>Preference Shares</b>				
TTEL Hydro Power Company (Pvt) Ltd	5,310,830	53,108	5,310,830	53,108
Acquisition during the year	3,577,000	1	-	-
	8,887,830	53,109	5,310,830	53,108
TTEL Somerset Hydro Power (Pvt) Ltd	1,603,440	16,034	1,603,440	16,034
Acquisition during the year	1,540,560	1	-	-
	3,144,000	16,035	1,603,440	16,034
		69,144		69,143
<b>Total Investment</b>		225,792		134,933

Subsidiaries	Principle Activity
TTEL Hydro Power Company (Pvt) Ltd	Generates Hydro Power
TTEL Somerset Hydro Power (Pvt) Ltd	Generates Hydro Power

## 15. PRODUCE ON BEARER BIOLOGICAL ASSETS

As at 31 March	Group/Company	
	2024	2023
	Rs.'000	Rs.'000
At the beginning of the year	22,931	17,438
Change in fair value less cost to sell	(333)	5,493
	22,598	22,931

Level 2 inputs were used when arriving above figures.



## Notes to the Financial Statements

### 16. INVENTORIES

As at 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Biological Assets - Nurseries	20,738	21,035	20,738	21,035
Biological Assets -Harvested Crop	480,183	574,709	480,183	574,709
Input Stocks, Consumables & spares	248,881	238,335	248,881	236,409
	749,802	834,079	749,802	832,153
Less : Provision for Slow Moving Stocks	-	(3,253)	-	(1,366)
	749,802	830,826	749,802	830,787

### 17. TRADE AND OTHER RECEIVABLES

As at 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Produce Debtors	191,288	220,430	184,803	171,409
Advances, Prepayments & Deposits	118,997	98,928	116,219	89,854
Investment Interest Receivables	91,858	111,166	91,858	111,166
Other Debtors	52,471	59,623	52,471	59,839
Income Tax Receivable	1,679	1,679	-	-
	456,293	491,826	445,351	432,268
Less: Provision for Doubtful Debt	(2,437)	(1,992)	(2,437)	(1,992)
	453,856	489,834	442,914	430,276

#### 17.1 Movement in the Provision for Trade and Other Receivables

As at 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 01 April	(1,992)	(6,069)	(1,992)	(1,557)
Charge for the period	(1,421)	(1,131)	(1,421)	(1,132)
Reverse during the period	976	5,208	976	697
As at 31 March	(2,437)	(1,992)	(2,437)	(1,992)

#### 17.2 The Aging Analysis of Trade Receivables is as Follows

	Neither Past Due nor impaired					
	Total	0-60	61-120	121-180	181-365	> 365
	Rs.'000	days	days	days	days	days
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Company	442,914	272,115	107,284	62,094	1,421	-
Group	453,857	272,115	107,284	73,037	1,421	-

**18. AMOUNTS DUE FROM RELATED COMPANIES**

As at 31 March	Relationship	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Hayleys Power Ltd	Related Company	-	500	-	-
TTEL Hydro Power Company (Pvt) Ltd	Subsidiary Company	-	-	1,500	1,320
TTEL Somerset Hydro Power Company (Pvt) Ltd	Subsidiary Company	-	-	1,419	1,313
Dipped Products PLC	Related Company	-	3	-	3
Horana Plantations PLC	Related Company	883	3,134	883	3,134
Kelani Valley Plantations PLC	Related Company	4,645	6,796	4,645	6,796
Bhagya Hydro Power (Pvt) Ltd	Related Company	-	9,594	-	-
Neluwa Hydro Power (Pvt) Ltd	Related Company	-	4,600	-	-
		5,528	24,628	8,447	12,566

**19. SHORT TERM INVESTMENT**

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Unit Trust	936,458	30,563	936,458	30,563
Saving Accounts	75,634	56,882	75,634	56,882
Repo	125,334	574,000	53,000	574,000
Fixed Deposits	1,493,967	1,019,078	1,493,967	1,019,078
Treasury Bills and Bonds	1,293,498	1,833,172	1,293,498	1,833,172
	3,924,891	3,513,695	3,852,557	3,513,695

**20. STATED CAPITAL**

As at 31 March	Group/Company	
	2024	2023
	No. of Shares	No. of Shares
Issued and Fully Paid Ordinary Shares		
Number of ordinary shares including one golden share held by the Treasury which has special rights	47,500,001	47,500,001
	Rs.'000	Rs.'000
Stated Capital including one Golden Share held by the Treasury which has special rights	350,000	350,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Special rights of the Golden share are given in the Annual Report to the Board of Directors on the Affairs of the Company.

## Notes to the Financial Statements

### 21. NON-CONTROLLING INTEREST

	Group	
	2024	2023
	Rs.'000	Rs.'000
TTEL Hydro Power Company (Pvt) Ltd	-	78,663
TTEL Somerset Hydro Power (Pvt) Ltd	-	69,185
	-	147,848

#### 21.1 Material Partly Owned Subsidiaries

Summarised financial information of subsidiaries that have material non-controlling interest, reflecting amounts before inter-company eliminations, is set out below.

	TTEL Hydro Power Company (Pvt) Ltd		TTEL Somerset Hydro Power (Pvt) Ltd	
	2024	2023	2024	2023
Non-Controlling Interests in %	-	49	-	49

	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Accumulated Balance of Non-Controlling Interest	-	78,663	-	69,185

Summarised statement of profit or loss for the year ended 31 March	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	36,049	35,379	32,912	32,465
Cost of sales	(20,068)	(21,626)	(14,754)	(16,548)
Administrative expenses	(6,913)	(8,471)	(8,024)	(9,766)
Finance Income	1,693	238	1,127	470
Finance Cost	(0)	(7)	(0)	(4)
Profit/(loss) before tax	10,720	5,514	11,261	6,587
Income Tax	(6,825)	(2,048)	(3,656)	(2,956)
<b>Profit/(loss) after tax</b>	<b>3,894</b>	<b>3,465</b>	<b>7,605</b>	<b>3,631</b>
Attributable to owners	6,843	1,932	8,389	1,852
Attributable to non-controlling interests	(544)	1,857	(745)	1,779
<b>Total Comprehensive income</b>	<b>6,299</b>	<b>3,789</b>	<b>7,644</b>	<b>3,631</b>
Dividend paid to non-controlling interest	-	-	-	-



Summarised statement of financial position as at 31 March	TTEL Hydro Power Company (Pvt) Ltd		TTEL Somerset Hydro Power (Pvt) Ltd	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Assets	59,194	50,805	52,409	50,448
Non Current Assets	137,536	148,159	98,244	104,291
Current Liabilities	8,801	27,261	8,194	17,211
Non Current Liabilities	2,396	2,296	1,811	1,374
Total Equity	185,534	169,407	139,767	136,154
Attributable to:				
Equity holders of parent	185,534	86,398	139,767	69,439
Non-controlling interests	-	83,010	-	66,715

Summarised statement of cash flows for the year ended 31 March	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Operating cash flows	42,304	(2,537)	41,302	(8,405)
Investing cash flows	(97)	-	(97)	470
Financing cash flows	-	-	(4,402)	-
Net increase/(decrease) in cash & cash equivalents	42,208	(2,537)	36,803	(7,935)

## 22. INTEREST BEARING LOANS AND BORROWINGS

Group/Company	2024					2023				
	Repayable within 1 year	Repayable after one year less than five years	Repayable after five years	Sub Total over one year	Total as at 31.03.2024	Repayable within 1 year	Repayable after one year less than five years	Repayable after five years	Sub Total over one year	Total as at 31.03.2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
22.1 National Development Bank PLC	2,619	-	-	-	2,619	3,492	2,619	-	2,619	6,111
	2,619	-	-	-	2,619	3,492	2,619	-	2,619	6111

## Notes to the Financial Statements

### 22. INTEREST BEARING LOANS AND BORROWINGS (Contd.)

#### 22.1 National Development Bank PLC

Group/Company	Repayable within one year	Repayable after one year less than five years	Repayable after five years	Sub Total over one year	Total as at 2024	Total as at 2023	Rate of Interest	Terms of Repayment
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	%	
Solar Project	2,619	-	-	-	2,619	6,112	6.3	72 Monthly installments commencing from April-2019
	2,619	-	-	-	2,619	6,112		

### 23. RETIREMENT BENEFIT OBLIGATIONS

As at 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Provision for Retirement Benefit Obligations				
At the beginning of the year	801,095	871,316	797,503	868,067
Interest Cost	160,147	125,042	159,500	124,564
Current Service Cost	43,172	45,116	42,880	44,820
Gratuity Payments for the year	(196,295)	(196,218)	(196,058)	(196,096)
Actuarial (Gain) / Loss due to changes in experience	(17,574)	(82,504)	(17,408)	(82,195)
Actuarial (Gain) / Loss due to changes in financial assumptions	142,404	38,343	142,404	38,343
At the end of the year	932,949	801,095	928,821	797,503

According to the actuarial valuation report issued by the Actuarial & Management Consultants (Pvt) Ltd As at 31 March 2024, the actuarial present value of promised retirement benefits amounted to Rs. 932,949,150/-. If the Group had provided for gratuity on the basis of 14 days wages & half months salary for each completed year of service, the liability would have been Rs. 1,338,797,361 /-.

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods using the Projected Unit Credit Method and discount that benefit in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

The key assumptions used by actuary include the following.

	2024	2023
(i) Rate of Discount	12% (per annum)	20% (per annum)
(ii) Rate of Salary Increase		
Workers	10% (per annum)	15% (per annum)
Staff	11% (per annum)	16% (per annum)
(iii) Retirement Age		
Workers	60 years	60 years
Staff	60 years	60 years

The actuarial Present Value of Retirement Benefit Obligation is carried on annual basis.

The weighted average duration of the Retirement Benefit Obligation at the end of the reporting period is 5.9 years and 6.5 years for staff and workers respectively.

The following payments are expected from the Retirement Benefit Obligation in future years.

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Within the next 12 months	124,479	72,328	123,686	71,912
Between 1-5 years	358,182	340,559	356,137	339,039
Between 5-10 years	240,099	234,920	239,362	234,391
Beyond 10 years	210,189	153,288	209,636	152,161
<b>Total</b>	<b>932,949</b>	<b>801,095</b>	<b>928,821</b>	<b>797,503</b>



## Notes to the Financial Statements

### Sensitivity Analysis - Salary/ Wage Escalation Rate

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used. The sensitivity was carried for both the rate of wage increment and the salary increment. Simulation made for retirement benefit obligation show that a rise or decrease by 1% of the rate of wage and salary has the following effect on the retirement benefit obligation.

Group	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rate of wage/salary increment in every two years / per annum	-1%	1%	-1%	1%
As at 31 March 2024	(37,209)	40,762	(11,416)	12,427
As at 31 March 2023	(30,847)	33,431	(10,976)	12,026

Company	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rate of wage/salary increment in every two years / per annum	-1%	1%	-1%	1%
As at 31 March 2024	(37,209)	40,762	(11,216)	12,209
As at 31 March 2023	(30,847)	33,431	(7,601)	8,193

### Sensitivity Analysis - Discount Rate

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used. The sensitivity was carried for the discount rate. Simulation made for retirement benefit obligation show that a rise or decrease by 1% of the rate of the discount rate has the following effect on the retirement benefit obligation.

Group	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rate of discount	-1%	1%	-1%	1%
As at 31 March 2024	44,080	(39,546)	12,210	(11,019)
As at 31 March 2023	35,510	(32,309)	11,669	(10,573)

Company	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rate of discount	-1%	1%	-1%	1%
As at 31 March 2024	44,080	(39,546)	12,010	(10,838)
As at 31 March 2023	35,510	(32,309)	7,853	(7,182)

**24. DEFERRED INCOME**

As at 31 March	Group/Company	
	2024	2023
	Rs.'000	Rs.'000
Deferred Grants and Subsidies		
Balance at the beginning of the year	136,699	136,644
Add : Grants received during the year	975	5,551
Less : Amortisation for the year	(5,634)	(5,496)
<b>Balance at the end of the year</b>	<b>132,040</b>	<b>136,699</b>

The Company has received funding from Tea Board during the year and received fundings in prior years are included under the relevant classification of property, plant & equipment and the grant component is reflected under Deferred Grants and Subsidies. Grants are amortised over the life of the assets for which they are being deployed or leased period.

**25. LEASE LIABILITY**

As at 31 March	Notes	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Lease liability on Right-of-Use asset- Land	25.1	358,089	261,422	358,018	261,338
Lease liability on Right-of-Use asset- Building	25.2	48,785	13,196	48,785	13,196
		<b>406,874</b>	<b>274,618</b>	<b>406,803</b>	<b>274,534</b>
<b>25.1 Lease liability on Right-of-Use asset-Land</b>					
Balance at the beginning of the year		261,422	260,540	261,338	260,458
Reassessment Adjustment		99,677	881	99,677	881
Accretion of Interest		50,542	38,488	50,542	38,476
Transferred to accrued Liability		(12)	(10)	-	-
Repayment during the year		(53,540)	(38,477)	(53,540)	(38,477)
<b>Balance as at end of the year</b>		<b>358,089</b>	<b>261,422</b>	<b>358,018</b>	<b>261,338</b>

## Notes to the Financial Statements

### 25. LEASE LIABILITY (contd.)

As at 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Gross Liability</b>				
Balance as at the 31st March	885,241	828,882	884,973	828,604
Reassessment Adjustment as at 01st April	292,901	94,846	292,901	94,846
Repayment during the year	(53,540)	(38,477)	(53,540)	(38,477)
Transferred to accrued Liability	(12)	(10)	-	-
<b>Gross Liability as at 31st March</b>	<b>1,124,590</b>	<b>885,241</b>	<b>1,124,334</b>	<b>884,973</b>
<b>Finance cost allocated to future periods</b>				
Balance as at the 31st March	(623,819)	(568,342)	(623,635)	(568,146)
Reassessment Adjustment as at 01st April	(193,224)	(92,076)	(193,224)	(92,076)
Accretion of Interest during the year	50,542	36,599	50,542	36,587
Finance cost allocated to future periods as at 31st March	(766,501)	(623,819)	(766,317)	(623,635)
<b>Net Liability as at 31st March</b>	<b>358,089</b>	<b>261,422</b>	<b>358,018</b>	<b>261,338</b>

As at 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>25.1.2 Maturity analysis of lease liability as follows,</b>				
<b>Payable within one year</b>				
Gross liability	53,555	38,492	53,540	38,477
Finance cost allocated to future periods	(50,133)	(36,333)	(50,122)	(36,323)
Net liability transferred to current liabilities	3,422	2,159	3,418	2,154
<b>Payable within two to five years</b>				
Gross liability	160,665	115,478	160,619	115,431
Finance cost allocated to future periods	(147,261)	(107,026)	(147,220)	(106,984)
Net liability	13,404	8,452	13,399	8,447
<b>Payable after five years</b>				
Gross liability	910,382	731,272	910,175	731,065
Finance cost allocated to future periods	(569,107)	(480,461)	(568,974)	(480,328)
Net liability	341,275	250,811	341,201	250,737
Net liability payable after one year	354,679	259,263	354,600	259,184

The base rental payable per year Rs. 53,539,713/-.



Maturity analysis of Gross lease liability are shown under Note 35.3.

	Group Rs.'000	Company Rs.'000
Gross Liability	1,124,590	1,124,334
Finance Charge	(766,501)	(766,316)
Net Liability	358,089	358,018

## 25.2 Lease Liability on Right-of-Use asset- Building

	Group/Company 2024 Rs.'000	2023 Rs.'000
As at 01st April	13,196	25,670
Reassessment Adjustments	44,279	-
Accretion of Interest	6,471	2,535
Payments during the year	(15,161)	(15,009)
<b>Balance as at 31st March</b>	<b>48,785</b>	<b>13,196</b>
Current Liability	10,633	13,196
Non Current Liability	38,152	-
<b>Total Lease Liability as at 31st March</b>	<b>48,785</b>	<b>13,196</b>

## 25.3 Lease Liability

	Group 2024 Rs.'000	Company 2024 Rs.'000
Current Liability	14,055	14,050
Non Current Liability	392,831	392,753
<b>Total Lease Liability as at 31 March</b>	<b>406,886</b>	<b>406,803</b>

## Notes to the Financial Statements

### 26. TRADE AND OTHER PAYABLES

As at 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade Creditors	167,316	148,398	167,316	148,398
Payable to Employees	161,816	139,593	161,816	139,593
Statutory Payables	18,517	194,586	18,517	194,279
Provisions	333,783	331,738	333,783	331,738
Others	161,807	169,654	161,807	169,654
Accrued Expenses	149,677	110,360	153,350	91,175
	992,916	1,094,329	996,589	1,074,837
Less: Provision for Creditors	-	(73)	-	(73)
	992,916	1,094,256	996,589	1,074,764

### 27. AMOUNTS DUE TO RELATED COMPANIES

As at 31 March	Relationship	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Hayleys PLC	Ultimate Parent	11,398	22,140	10,581	14,405
Hayleys Plantation Services (Pvt) Ltd	Parent Company	120,700	-	120,700	-
TTEL Hydro Power Co. (Pvt) Ltd	Subsidiary Company	-	-	4,825	13,009
TTEL Somerset Hydro Power Company (Pvt) Ltd	Subsidiary Company	-	-	3,155	4,544
Hayleys Power Ltd	Related Company	-	10,736	-	-
Neluwa Hydro (Pvt) Ltd	Related Company	-	800	-	-
Hayleys Business Solutions International (Pvt) Ltd	Related Company	352	361	332	315
Mabroc Teas (Pvt) Ltd	Related Company	-	611	-	611
Kelani Valley Plantations PLC	Related Company	2,203	4,273	2,203	4,273
Logiwiz Ltd	Related Company	46	29	46	29
Hayleys Agro Fertilizer Limited	Related Company	62,116	27,479	62,116	27,479
Fentons Limited	Related Company	17,550	455	17,550	455
Hayleys Consumer Products Limited	Related Company	10	9	10	9
Advantis Freight (Pvt) Limited	Related Company	32	39	32	39
Hayleys Aviation & Projects (Pvt) Limited	Related Company	1,407	16,813	1,407	16,813
Singer (Sri Lanka) PLC	Related Company	1,629	-	1,629	-
Puritas (Pvt) Ltd	Related Company	26	-	26	-
Energynet (Pvt) Ltd	Related Company	1,196	-	1,196	-
		218,665	83,745	225,808	81,982

**28. DIVIDEND PAID**

	Company	
	2024	2023
	Rs.'000	Rs.'000
Dividend paid during the year		
Final dividend for 2021/22-Rs 5.00/- per share	-	237,500
First Interim dividend for 2022/23-Rs 3.00/- per share	-	142,500
Second Interim dividend for 2022/23-Rs 5.00/- per share	-	237,500
Third Interim dividend for 2022/23-Rs 6.00/- per share	-	285,000
Final dividend for 2022/23-Rs 18.35/- per share	824,125	-
First Interim dividend for 2023/24-Rs 3.50/- per share	166,250	-
Second Interim dividend for 2023/24-Rs 2.00/- per share	95,000	-
	1,085,375	902,500

**29. ASSETS PLEDGED**

Following assets have been pledged as security for liabilities.

Bank	Nature of Assets	Nature of Liability	2023/2024	
			Facility Amount Rs. Mn	Outstanding Amount Rs. Mn
National Development Bank PLC	Fixed Deposits of Rs. 24 Mn.	Solar Loan	21	2.6
Sampath Bank PLC	Hypothecation bond over stock for Rs. 45 Mn. Overdraft agreement for Rs. 40 Mn	Over Draft	40	13.4
The Hongkong & Shanghai Banking Co.Ltd	Concurrent mortgage over stocks and debtors for Rs. 65 Mn.	Over Draft	15	3.6
Commercial Bank of Ceylon PLC	Concurrent mortgage over stocks and debtors for Rs. 165 Mn.	Over Draft	160	17.5



## Notes to the Financial Statements

### 30. CAPITAL COMMITMENTS

Followings are the capital commitments as at the Statement of Financial Position date

	Company	
	2023/2024	2022/2023
	Rs. Mn	Rs. Mn
Approved by the Board & Contracted for	-	-
Approved by the Board & not Contracted for	692	535
	692	535

### 31. COMMITMENTS AND CONTINGENCIES

No circumstances have arisen since the Statement of Financial Position date, which would require adjustments to the interim Financial statements.

### 32. EVENTS AFTER THE REPORTING PERIOD

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 pending the final wage rate determination, the Company is not able to determine the financial effects of this proposal on the financial statements for the year ended 31 March 2024.

### 33. RELATED PARTY DISCLOSURES

Transactions with related parties were made at terms equivalent to those that prevail in arm's length transactions. Details of Significant Related Party Disclosures are as follows.

#### 33.1 Recurrent Transactions with the Parent and Ultimate Parent Company

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2023/2024	2022/2023
Hayleys PLC	Ultimate Parent	Mr. A M Pandithage	Data Processing Services Secretarial Services, Office Rent & Management Salaries	164,267	134,525
			Settlements	(158,514)	(129,582)
Hayleys Plantation Services (Pvt) Limited	Parent	Mr. A M Pandithage Mr. Merrill J Fernando Mr. Malik J Fernando Dr. W G R Rajadurai	Managing Agent's Fee (5% from Earnings before Interest, Tax, Depreciation and Amortisation.)	2,348	3,962
			Reimbursement of Administration Expenses		
			Settlements	(2,348)	(3,962)

The managing agent Hayleys Plantation Services (Pvt) Limited has waived the management fee hereafter with effect from 01/04/2014.

### 33.2 Transactions with the Subsidiaries

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2023/2024	2022/2023
TTEL Hydro Power Company (Pvt) Limited	Subsidiary	Mr.A M Pandithage	Preference Share Dividends	-	-
		Mr. Malik J. Fernando	Electricity Capacity Charges	25,912	13,910
		Dr. W. G. R. Rajadurai	Settlements	(32,010)	(8,036)
		Mr. S. B. Alawattegama			
		Mrs. V. A. Wijeweera			
TTEL Somerset Hydro Power (Pvt) Limited	Subsidiary	Mr.A M Pandithage	Preference Share Dividends	3,741	-
		Mr. Malik J. Fernando	Electricity Capacity Charges	14,900	1,793
		Dr. W. G. R. Rajadurai	Lent Labour Charges	2,482	802
		Mr. S. B. Alawattegama	Settlements	(14,900)	(1,793)
		Mrs. V. A. Wijeweera			

### 33.3 Recurrent Transactions with Other Related Companies

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2023/2024	2022/2023
Dipped Products PLC	Ultimate Parent	Mr. A.M. Pandithage	Proceeds on latex supplies	-	28
			Settlements	-	-28
Hayleys Agriculture Holdings Limited.	Affiliates	Mr. A.M. Pandithage	Purchase of Equipment & Chemicals	1,486	12,348
			Settlements	(1,486)	(12,348)
Hayleys Agro Fertilizers (Pvt) Limited.	Affiliates	Mr. A.M. Pandithage	Purchase of Fertilizer	494,297	475,519
			Settlements	(432,181)	(475,519)
Kelani Valley Plantations PLC	Affiliates	Mr. A.M. Pandithage	Share of Head office maintenance cost		
		Dr. W. G. R. Rajadurai	Receipts	8,304	26,346
			Share of Head office maintenance cost		
			Receipts	15,883	13,243
Hayleys Business Solutions International (Pvt) Ltd.	Affiliates	Mr. A.M. Pandithage	Settlements	(10,012)	(26,346)
			Payroll/ FA processing cost	4,671	3,722
Logiwiz Ltd	Affiliates	Mr. A.M. Pandithage	Settlements	(4,323)	(3,696)
			Providing of document Storing Service	643	709
Hayleys Agro Farms (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Settlements	(626)	(734)
			Purchase of Chemicals	-	8
Hayleys Consumer Products (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Settlements	-	(8)
			Purchase of Accessories	123	100
			Settlements	(122)	(99)

## Notes to the Financial Statements

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2023/2024	2022/2023
Horana Plantations PLC	Affiliates	Mr. A.M. Pandithage	Reimbursement of Administration Expenses	403	389
		Dr. W. G. R. Rajadurai	Receipts	6,577	444
			Settlements	(375)	(444)
Hayleys Aventura (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Hydro Share Consideration Charges & Generator Repaire Charges	343	-
			Settlements	(343)	-
Mabroc Teas (Pvt) Limited	Affiliates	Mr. A.M. Pandithage	Supply of Packing Materials	968	4,726
		Dr. W. G. R. Rajadurai	Tea Firing Charges	-	1,125
			Settlements	(968)	(4,744)
Hayleys Advantis Freight (Pvt) Limited	Affiliates	Mr. A.M. Pandithage	Payment of Freight Cost	193	322
			Settlements	(200)	(283)
Hayleys Aviation Projects (Pvt) Limited	Affiliates	Mr. A.M. Pandithage	Project Management Fees (KG Factory)	6,822	16,813
			Settlements	(22,228)	-
Fentons Limited	Affiliates	Mr. A.M. Pandithage	Purchase of Solar Panels	88,976	84,308
			Settlements	(71,881)	(83,853)
Singer (Sri Lanka) PLC	Affiliates	Mr. A.M. Pandithage	Purchase of Computer Item	6,355	4,436
		Mr. M.H. Jamaldeen	Settlements	(4,727)	(4,436)
Uni - Dil Packaging Solutions Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Packing Materials	26,120	44,596
			Settlements	(26,120)	(44,596)
The Kingsbury PLC	Affiliates	Mr. A.M. Pandithage	AGM Expenses	2,639	2,593
			Settlements	(2,639)	(2,593)
Puritas Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Masks	216	107
			Settlements	(190)	(107)
Advantis Project & Engineering (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Construction Work	145	25,016
			Settlements	(145)	(25,534)
Hayleys Travels (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Air Tickets & Visa Charges	7,361	5,810
			Settlements	(7,361)	(5,810)
Hayleys Power Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Perference Shares of Hydro Company	90,857	-
			Settlements	(90,857)	-
Energy (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Lighting Protecting System	3,562	-
			Settlements	(2,366)	-

### 33.4 Transactions with the Key Management Personnel of the Company or Parent

There were no material transactions with the Key Management Personnel of the Company and its parent other than those disclosed in Notes 9 & 33.1 to the Financial Statements.

Details of Directors and their spouses share holdings are given in the Annual Report of the Board of Directors of the Affairs of the Company.



### 34. RELATED PARTY TRANSACTIONS

There are no related party transactions other than those disclosed in Notes 9, 14, 18, 27 & 33 to the financial statements.

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.

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. Accordingly the Group has exposure to namely Credit Risk, Liquidity Risk, Currency Risk and Market Risks from its use of financial instruments.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

#### 35.1 Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the group's financial Risk Management framework which includes developing and monitoring the Group's financial Risk Management policies.

The Group financial Risk Management policies are established to identify, quantify and analyze the financial risks faced by the Group, to set appropriate risk limits and controls and to monitor financial risks and adherence to limits. Financial Risk Management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The TTE PLC Audit Committee oversees how management monitors compliance with the Group's financial Risk Management policies and procedures and reviews the adequacy of the financial Risk Management framework in relation to the risks faced by the Group.

#### 35.2 Credit Risk

Credit Risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Group's receivable from customers and from its financing activities including deposits with banks and financial institutions foreign exchange transactions and other financial instruments.

##### 35.2.1 Trade and Other Receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The Group's credit policy is monitored at the Board level. The new customers are analysed individually for credit worthiness before Group's standard payment and delivery terms and conditions are offered. Group review includes external ratings, when available and in some cases, bank references, purchases limit etc. which also subject to under review on quarterly basis. The past experience of the Management is considered when revisions are made to terms and conditions.

TTE PLC has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea and Rubber auction systems.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs.191.3Mn (2023 - Rs.220.4 Mn).

##### 35.2.2 Investments

Credit risks from invested balance with the financial institutions are managed by the Board of Directors. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to them. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

The Group held short term investments of Rs. 3924.8 Mn as at 31st March 2024 (2023 - Rs.3513.6 Mn) which represents the maximum credit exposure on these assets.

## Notes to the Financial Statements

### 35.2.3 Cash and Cash Equivalents

The Group held cash at bank and in hand of Rs. 32.0 Mn as at 31st March 2024 (2023 - Rs. 173.0 Mn) which represents its maximum credit exposure on these assets.

- ☼ Sampath Bank PLC - A (lka)
- ☼ Hatton National Bank PLC -A (lka)
- ☼ Bank of Ceylon - A (lka)
- ☼ Hong Kong and Shanghai Banking Corporation Ltd - AA-(lka)
- ☼ Union Bank Colombo PLC - BBB- (lka)
- ☼ Seylan Bank PLC - A- (lka)
- ☼ DFCC Bank PLC - A-(lka)
- ☼ National Development Bank PLC - A-(lka)
- ☼ Commercial Bank PLC - A (lka)

### 35.3 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group does not concentrate on a single financial institution, thereby minimizing the exposure to liquidity risk through diversification of funding sources. The Group aims to fund investment activities of the individual and Group level by funding the long-term investment with long term financial sources and short term investment with short term financing. Where necessary the Group consults the Treasury Department and Strategic Business Development Unit in Parent Company for scrutinizing the funding decisions.

The Table below summarizes the maturity profile of the Groups financial liabilities based on contractual undiscounted payments.

As at 31st March 2024	On Demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	2 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
<b>Group</b>						
Lease liability on Right-of-Use asset- Land	-	13,389	40,166	160,665	910,382	1,124,602
Lease liability on Right-of-Use asset- Building	-	3,870	11,610	42,570	-	58,050
Interest bearing loans & borrowing	-	873	1,746	-	-	2,619
Bank Overdraft	38,728	-	-	-	-	38,728
	38,728	18,132	53,523	203,235	910,382	1,223,999
<b>Company</b>						
Lease liability on Right-of-Use asset- Land	-	13,385	40,155	160,620	910,175	1,124,335
Lease liability on Right-of-Use asset- Building	-	3,870	11,610	42,570	-	58,050
Interest bearing loans & borrowing	-	873	1,746	-	-	2,619
Bank Overdraft	38,728	-	-	-	-	38,728
	38,728	18,128	53,511	203,190	910,175	1,223,732

As at 31st March 2023	On Demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	2 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
<b>Group</b>						
Lease liability on Right-of-Use asset- Land	-	9,619	28,858	153,908	654,111	846,496
Lease liability on Right-of-Use asset- Building	-	3,299	9,897	-	-	13,196
Interest bearing loans & borrowing	-	965	2,812	2,679	-	6,456
Bank Overdraft	37,423	-	-	-	-	37,423
	37,423	13,883	41,567	156,587	654,111	903,571
<b>Company</b>						
Lease liability on Right-of-Use asset- Land	-	9,619	28,858	153,908	654,111	846,496
Lease liability on Right-of-Use asset- Building	-	3,299	9,897	-	-	13,196
Interest bearing loans & borrowing	-	965	2,812	2,679	-	6,456
Bank Overdraft	37,423	-	-	-	-	37,423
	37,423	13,883	41,567	156,587	654,111	903,571

### 35.4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk & other price risk such as equity price risk. Financial instrument affected by market risk include loans & borrowings, deposits, available for sale investment & derivative financial instruments.

#### 35.4.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group has not engaged in any interest rate swap agreements.

The Group do not hold long term borrowings with floating interest rates of Nil (2023-Nil) which represents its maximum credit exposure on these liabilities.



## Notes to the Financial Statements

### Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the group's Profit Before Tax is affected through the impact on floating rate borrowings as follows:

	Increase/ decrease in Interest rate	Effect on profit before tax Rs.'000
Group		
2024	1%	6,208
	-1%	(6,208)
2023	1%	6306
	-1%	(6306)
Company		
2024	1%	6,190
	-1%	(6,190)
2023	1%	854
	-1%	(854)

### 35.4.2 Equity Price Risk

The Group's listed & unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt & equity securities in its investment portfolio based on market indices. Material investment within the portfolio are Managed on an individual basis and all buy and sell decision are approved by the Board. Equity price risk is not material to the financial statements. However, company does not hold any quoted shares as at the reporting date.

### 35.4.3 Capital Management

The Group's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retain earning & non-controlling interest of the Group. The Board of Directors monitors the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Interest bearing borrowings</b>				
Current portion	2,619	3,492	2,619	3,492
Payable After one year	-	2,619	-	2,619
<b>Liability to make Lease Payment</b>				
Current portion	14,055	15,355	14,050	15,350
Payable After one year	392,831	259,263	392,753	259,184
Bank Overdraft	38,728	37,423	38,728	37,423
	448,233	318,152	448,150	318,068
Equity	6,369,534	6,019,311	6,265,924	5,996,448
Equity & debts	6,817,767	6,337,463	6,714,074	6,314,516
Gearing ratio	7%	5%	7%	5%

## Appendices

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## Investor Information

### 1. STOCK EXCHANGE

Interim Financial Statements of the fourth Quarter, for the year ended 31st March 2024, have been submitted to the Colombo Stock Exchange as required by the Listing Rules.

### 2. COMPOSITION OF THE ORDINARY SHAREHOLDERS AS AT 31ST MARCH 2024

Number of shareholders as at 31st March 2024 is 14,814 (31st March 2023 - 14, 521)

NO. OF SHARES HELD	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	14,234	4,133,402	8.70	12	5,112	0.01	14,246	4,138,514	8.71
1,001 - 10,000	487	1,480,177	3.12	6	33,107	0.07	493	1,513,284	3.19
10,001 - 100,000	63	1,776,516	3.74	1	17,925	0.04	64	1,794,441	3.78
100,001 - 1,000,000	9	2,184,361	4.60	-	-	-	9	2,184,361	4.60
Over 1,000,000	2	37,869,400	79.72	-	-	-	2	37,869,400	79.72
	14,795	47,443,856	99.88	19	56,144	0.12	14,814	47,500,000	100.00
<b>CATEGORY</b>									
Individuals	14,696	7,673,510	16.15	19	56,144	0.12	14,715	7,729,654	16.27
Institutions	99	39,770,346	83.73	-	-	-	99	39,770,346	83.73
	14,795	47,443,856	99.88	19	56,144	0.12	14,814	47,500,000	100.00

Of the issued ordinary share capital, 99.88%, is held by residents of Sri Lanka.

### 3. PUBLIC HOLDING

Percentage of shares held by the public is 20.26% (2023-20.26%) held by 14,808 ordinary shareholders (2023-14,517).

### 4. MARKET VALUE

The market value of an ordinary shares of Talawakelle Tea Estates PLC during the year;

	12 months ended 31.03.2024 Rs.	12 months ended 31.03.2023 Rs.
Highest	130.50 (25th July 2023)	113.00 (7th September 2022)
Lowest	81.40 (3rd April 2023)	37.10 (27th April 2022)
Year end	113.75	82.50

Float-adjusted market capitalization - Rs. 1,094,673,125/-

The Company complies with option 5 of the Listing Rules 7.13.1 (i) (a) - which requires a minimum public holding of 20% for a company having a float adjusted market capitalization of less than Rs. 2.5 Bn.



## 5. DIVIDEND PAYMENTS

	Date of Payment
First Interim Dividend for 2023/24	20th October 2023
Second Interim Dividend for 2023/24	29th January 2024
Third Interim Dividend for 2023/24	26th April 2024

## 6. SHARE TRADING

	12 months ended 31.03.2024	12 months ended 31.03.2023
No. of transactions	16,661	13,282
No. of shares traded	4,933,032	8,295,457
Value of shares traded (Rs.)	519,142,635.25	693,143,800

	As at 31/03/2024	As at 31/03/2023
Mr. A.M. Pandithage		
Dr. W.G.R. Rajadurai	5,000	5,000
Mr. S.B. Alawattegama	-	-
Mr. Malik J. Fernando	-	-
Ms. M.D.A. Perera	-	-
Mr. S.L. Athukorala	-	-
Mr. M.H. Jamaldeen	-	-
Lt. Col. J.M. Kariapperuma	-	-
Mr. D.C. Fernando (appointed on 2nd August 2023) *	-	-
Mr. M.C.B. Talwatte (appointed on 3rd January 2024)	1,200	1,200
Mr. N. Ekanayake (appointed on 3rd January 2024)	-	-
Mr. A.M.J. Fernando (Alternate Director to Mr. D.C. Fernando - appointed on 25th August 2023)	-	-
Dr. N.T. Bogahalande (resigned on w.e.f. 31st December 2023)	-	-
Mr. Merrill J. Fernando (Deceased - 20th July 2023)	-	-

\* Mr. D.C. Fernando was the Alternate Director of Mr. Merrill J. Fernando until 20th July 2023

## Investor Information

### 7. TWENTY MAJOR SHAREHOLDERS

Name of the Shareholder	No.of Shares as at 31.03.2024	%	No.of Shares as at 31.03.2023	%
1. Hayleys Plantation Services (Private) Limited	35,500,000	74.74	35,500,000	74.74
2. Merrill J Fernando & Sons (Pvt) Limited	2,369,400	4.99	2,369,400	4.99
3. Hatton National Bank PLC/K.K. Shujeevan	729,826	1.54	735,481	1.55
4. MSS Investments (Private) Limited	307,328	0.65	-	-
5. Mr. A. S. Ratnayake	228,508	0.48	-	-
6. Mr. N.A. Withana	224,200	0.47	224,200	0.47
7. Alliance Finance Company PLC	154,765	0.33	-	-
8. Mr. C. B. Welagedara	146,000	0.31	118,000	0.25
9. Dedunu Capital (Private) Limited	142,668	0.30	98,400	0.21
10. Mrs. U. D. D. N. Perera	133,366	0.28	117,066	0.25
11. Cocoshell Activated Carbon Company (Private) Limited	117,700	0.25	122,298	0.26
12. PMF Finance PLC/S. Weerathunga	96,622	0.20	97,450	0.21
13. Mr. R. Senthilnathan	91,496	0.19	82,996	0.17
14. Mr. P. Somadasa	83,331	0.18	89,480	0.19
15. Mrs. A. S. Amalraj	75,100	0.16	-	-
16. Mr. A. J. M. Jinadasa	70,000	0.15	70,000	0.15
17. Mr. W.A.S.N. Milton	64,179	0.14	64,179	0.14
18. Dialog Finance PLC/Ceylon Investment & Securities Group (Pvt) Ltd	55,681	0.12	79,420	0.17
19. Mrs. D. R. Costa	52,283	0.11	-	-
20. Mr. H. M. H. Bandara	50,000	0.11	-	-
	40,692,453	85.67	39,768,370	83.72
Others	6,807,547	14.33	7,731,630	16.28
Total	47,500,000	100.00	45,500,000	100.00

# Code of Best Practice on Corporate Governance and Listing Rules

## APPENDIX I: STATEMENT OF COMPLIANCE PERTAINING TO COMPANIES ACT NO. 7 OF 2007

### Mandatory Provisions - Fully Compliant

Section	Requirement	Complied	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change thereof	Yes	About Us	28
168 (1) (b)	Signed financial statements of the Company and the Group	Yes	Financial Statements	246
168 (1) (c)	Auditors' Report on financial statements	Yes	Independent Auditor's Report	240
168 (1) (d)	Accounting policies and any changes therein	Yes	Note 2.3 to the Financial Statements	250
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors	219
168 (1) (f)	Remuneration and other benefits paid to Directors of the Group	Yes	Note 9 to the Financial Statements	269
168 (1) (g)	Corporate donations made by the Group	Yes	Annual Report of the Board of Directors on the Affairs of the Company	219
168 (1) (h)	Information on the Directorate of the Group and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of the Board of Directors on the Affairs of the Company Our Story of Subsidiaries	219 106
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Note 9 to the Financial Statements	269
168 (1) (j)	Auditors' relationship or any interest with the Group and its Subsidiaries	Yes	Report of the Audit Committee	215
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Annual Report of the Board of Directors	219

## APPENDIX II- STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURES

### Mandatory Provisions - Fully Compliant

Section	Requirement	Complied	Reference (within the Report)	Page
(i)	Names of persons who were Directors of the Entity	Yes	Annual Report of the Board of Directors	219
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	About Us	28
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held	Yes	Investor Information	299
(iv)	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement	Yes	Investor Information	299
(v)	A statement of each Director's holding in shares of the Entity at the beginning and end of each financial year	Yes	Annual Report of the Board of Directors	219
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk & Opportunity Management	54 & 190
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Human Capital Report	150
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Note 13 A - Property plant and Equipment to the Financial Statements	274



## Code of Best Practice on Corporate Governance and Listing Rules

Section	Requirement	Complied	Reference (within the Report)	Page
(ix)	Number of shares representing the Entity's stated capital	Yes	Note 20 - Stated Capital to the Financial Statements Investor Information	281 299
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Investor Information	299
(xi)	Financial ratios and market price information	Yes	Ten Year Summary	317
(xii)	Significant changes in the Group's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Note 13A - Property plant and Equipment to the Financial Statements	274
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Not Applicable		
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Not Applicable		
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Yes	Corporate Governance Report	200
(xvi)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	Note 33 - Related Party Transactions, to the Financial Statements	292

### COMPLIANCE WITH SECTION 9 OF THE LISTING RULE OF THE COLOMBO STOCK EXCHANGE

Rule Ref	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.1.3	A statement confirming compliance with Corporate Governance Rules	Compliant	The statement has includes in report of Annual Report of Board of Directors
9.2.1	Policies	In progress	The Company has established and continues to maintain the policies on Board Committees, Corporate Governance, Nominations, Remuneration, Internal Code of Business Conduct, Risk Management and Internal Control, Relations with Shareholders and Investors, Environment, Social Governance and Sustainability, Whistle-blowing and Anti Bribery and Corruption.
9.3	Board Committees	Compliant	The Company has established Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board
9.4.1	Meeting Procedures	Complaint	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with shareholders	Complaint	The Company has a Shareholder Communication and Relations policy and it is published on the corporate website. The contact person is mentioned. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders.
9.5.	Policy on matters relating to the Board of Directors	Complaint	The Company maintains a Policy on Matters relating to the Board of Directors.
9.6. 2	Chairperson and CEO	Complaint	The position of Chairperson and CEO are held by separate individuals.

Rule Ref	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.6.3	Senior Independent Director	Complaint	The Company has a Senior Independent Director (SID).
9.6.3. (b)	Senior Independent Director	Complaint	The SID holds a meeting once a year with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company.
9.6.3. (c)	Senior Independent Director	Complaint	The SID holds a meeting once a year with the Non Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3. (e)	Senior Independent Director	Complaint	The SID has made a disclosure demonstrating the effectiveness of duties of the SID in page 212.
9.7.1 9.7.2	Fitness of Directors and CEO	Complaint	The Company ensures that the persons recommended by the Nominations and Governance Committee fulfill the assessment criteria set out in the Listing Rules
9.7.4	Fitness of Directors and CEO	Complaint	The Directors and the CEO has provided the declaration confirming that they satisfy the Fit and Proper Assessment Criteria during the financial year and as at the date of such confirmation.
9.8.1	Minimum number of Directors	Compliant	The Board consisted of 11 Directors up to 31st March 2024.
9.8.2	Independent Directors	Compliant	Four Directors are Independent
9.8.3	Independent Directors	Compliant	All NEDs have submitted their confirmations on Independence as per the criteria set by the Company, which is in line with the regulatory requirements.
9.8.5	Disclosure relating to Directors	Compliant	Each ID signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by the Director.
9.9	Appointment of Alternate Directors	Compliant	Mr. A M J Fernando was appointed as Alternate Director to Mr. D C Fernando.
9.10.(1)	Disclosure relating to Directors		The maximum number of directorships a director can hold in listed companies is twenty.
9.10.2	Disclosure relating to Directors	Compliant	Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board.
9.10.3	Disclosure relating to Directors	Compliant	Please refer pages 34 to 39 for the brief resume of each Director. All changes to Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosure relating to Directors	Compliant	Pages 34 to 39 of the Annual Report contains the relevant information
9.11.1-3	Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 213.
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprises 3 Independent Non Executive Directors and one Non Executive Director.
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on page 213.

## Code of Best Practice on Corporate Governance and Listing Rules

Rule Ref	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.12	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 217. The remuneration paid to Directors is given in note 09 to the financial statements on page 269.
9.13	Audit Committee	Compliant	Refer Audit Committee Report on page 215.
9.14. 1	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	RPTRC comprises 4 Directors out of which 3 Directors are Independent. Please see the Report of the Related Party Transactions Review Committee in page 218.
9.12.2	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transaction Review Committee in page 218.
9.12.4	RPTRC Meetings	Compliant	RPTRC met 04 times during the Financial year 2023/24.
9.14.7	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Compliant	No such transaction during the year.
9.14.8	The Report by the Related Party Transaction Review Committee	Compliant	Please refer the Report of the Related Party Transaction Review Committee on page 218.
9.14.8 (4)	An affirmative declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on page 219.
9.16	Additional Disclosures	Compliant	Please refer the Report of the Board of Directors on page 219.

### COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA IN 2023

Code Ref	Requirement	Complied	Reference with the Report	Page
<b>A</b>	<b>Directors</b>			
A.1	An effective Board should direct, lead and control the Group	Yes	The Board of Directors	204
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Yes	Board Meeting	208
A.1.2	Role and Responsibilities of the Board	Yes	The Board Directors	204
A.1.3	Act in accordance with laws of the Country Independent professional advice	Yes	Compliance Board Directors Access to Information and Resources	208
A.1.4	Access to advice and services of the Group Secretary	Yes	Board Secretary	205
A.1.5	Independent judgment	Yes	Board Meetings	208
A.1.6	Dedicate adequate time and effort to matters of the Board and the Group	Yes	Board Meetings	208
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Yes	Board Meetings	208
A.1.8	Board induction and Training	Yes	Board Directors Access to Information and Resources	208
A.2	Chairman and CEO	Yes	Responsibilities of the Chairman and the Managing Director	205
A.3	Chairman's role in preserving good corporate governance	Yes	Responsibilities of the Chairman and the Managing Director	205
A.4	Availability of financial acumen	Yes	Board Composition	206



Code Ref	Requirement	Complied	Reference with the Report	Page
A.5	Board Balance	Yes	Board Composition	206
A.5.1	The Board should include sufficient number of NEDs	Yes	Board Composition	206
A.5.2.8 A.5.3	Independence of Directors	Yes	Independence	206
A.5.4	Annual declaration of independence by Directors	Yes	Independence	206
A.5.5	Annual determination of independence of NEDs	Yes	Independence	206
A.5.6	Alternate Directors	Yes	Board Profiles	36
A.5.7	Senior Independent Director (SID)	Yes	Statement by the Senior Independent Director	212
A.5.8	The SID should make himself available for confidential discussions with other directors Report from SID	Yes	Statement by the Senior Independent Director	212
A.5.9	Annual meeting with NEDs	Yes	Chairman meets with NEDs on an informal basis	
A.5.10	Recording of dissent in minutes	Yes	Board Meetings	208
A.6	Supply of Information	Yes	Board Directors Access to Information and Resource	208
A.7.1	Establishing a Nominations and Governance Committee, Chairman and Terms of Reference	Yes	Nominations and Governance Committee Report on page 213.	
A.7.2	Annual assessment of Board composition	Yes	Board Refreshment	206
A.7.3	Disclosures on appointment of new directors	Yes	Board Refreshment	206
A.8	Directors to submit themselves for re-election	Yes	Board Refreshment	206
A.9	Appraisal of Board and sub-Committee Performances	Yes	Board and Sub Committee Appraisal	209
A.10	Annual Report to disclose specified information regarding Directors	Yes	Board Profiles Meetings and Attendance Directors Interests, Related Party Transactions & Conflicts of interest	36 208 209
A.11	Appraisal of the Managing Director	Yes	Appraisal of Managing Director (MD)	210
<b>B</b>	<b>Directors Remuneration</b>			
B.1	Establish process for developing policy on executive and director remuneration.	Yes	Responsible and Fair Remuneration	210
B.2	Level and Make Up of Remuneration	Yes	Responsible and Fair Remuneration	210
B.3	Disclosures related to remuneration in Annual Report Remuneration Policy statement Aggregate Board remuneration paid	Yes	Responsible and Fair Remuneration Note 9 to Financial Statements Remuneration Committee report	210 269 213
<b>C</b>	<b>Relation with Shareholders</b>			
C.1	Constructive use of the AGM & Other General Meetings	Yes	Constructive use of the Annual General Meeting (AGM)	211
C.2	Communication with shareholders	Yes	Communication with Shareholder	211
C.3	Disclosure of major and material transactions	Yes	There were no major or material transactions during the year, which materially affected the net asset base of Group.	

# Code of Best Practice on Corporate Governance and Listing Rules

Code Ref	Requirement	Complied	Reference with the Report	Page
<b>D</b>	<b>Accountability and Audit</b>			
D.1	Present a balanced and understandable assessment of the Group's financial position, performance, and prospects	Yes	Financial and Business Reporting	210
D.1.1	The board should present an annual report including financial, prepared in accordance with the relevant laws and regulations	Yes	Annual Report of the Board of Directors on the Affairs of the Company	219
D.1.2	Balanced and understandable communication	Yes	Financial Calender	239
D.1.4	CEO/CFO declaration	Yes	Managing Director's, Chief Executive Officer's and Director- Finance's Responsibility Statement	226
D.1.4	Directors Report declarations	Yes	Annual report of the Board of Directors on the Affairs of the Group	219
D.1.5	Financial reporting -statement on board responsibilities, Statement on internal control	Yes	Statement of Directors' Responsibility Directors' Statement on Internal Controls	225 227
D.1.6	Management Discussion & Analysis	Yes	Respective Capital Reports	114 - 187
D.1.7	In the event the net assets of the Company fall below 50% of the value of the Company's shareholders' funds, the directors shall forthwith summon an extraordinary general meeting of the company to notify shareholders of the position and of remedial action being taken	Yes	There has been no serious loss of capital to convene an EGM in terms of the Companies Act No. 7 of 2017.	
D.1.8	Related Party Transactions	Yes	Notes 33 to Financial Statements	292
D.2	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Group's assets	Yes	Risk Management and Internal control Report of the Audit Committee Directors' Statement of Internal Control Risk & Opportunity Management	215 227 54 & 190
D.3	Audit Committee	Yes	Audit Committee Report	215
D.4	Risk Committee	Yes	Audit Committee Report	215
D.5	Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee report	218
D.6	Code of Business Conduct and Ethics	Yes	Culture and Ethical Conducts	201
D.7	Corporate Governance Disclosures	Yes	Corporate Governance Report	200
	<b>Shareholders</b>			
E&F	Institutional and other investors	Yes	Communications with Shareholders Constructive use of AGM	211
G	Internet of Things & Cyber security	Yes	Information Technology & Cyber Security Governance	211
H	Principals of Sustainability Reporting	Yes	About the Report	10
I	Policies relating to its governance	Yes	About the Report	10

# GRI Content Index

<b>Statement of use</b>	Talawakelle Tea Estates PLC has reported the information cited in this GRI content index for the period 01 April 2023 to 31 March 2024 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	Agriculture, Aquaculture, and Fishing

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	IBC				
	2-2 Entities included in the organization’s sustainability reporting	10				
	2-3 Reporting period, frequency and contact point	10, 13				
	2-4 Restatements of information	11				
	2-5 External assurance	12				
	2-6 Activities, value chain and other business relationships	29, 143				
	2-7 Employees	154				
	2-8 Workers who are not employees	154				
	2-9 Governance structure and composition	202-203				
	2-10 Nomination and selection of the highest governance body	206, 209				
	2-11 Chair of the highest governance body	204				
	2-12 Role of the highest governance body in overseeing the management of impacts	204				
	2-13 Delegation of responsibility for managing impacts	204				
	2-14 Role of the highest governance body in sustainability reporting	205				
	2-15 Conflicts of interest	209				
	2-16 Communication of critical concerns	208				
	2-17 Collective knowledge of the highest governance body	206				
	2-18 Evaluation of the performance of the highest governance body	209, 210				
	2-19 Remuneration policies	210				
	2-20 Process to determine remuneration	210				
	2-21 Annual total compensation ratio	-	2.21 a, b, c			
	2-22 Statement on sustainable development strategy	20-23				
	2-23 Policy commitments	138,153				
	2-24 Embedding policy commitments	138				
	2-25 Processes to remediate negative impacts	140				
	2-26 Mechanisms for seeking advice and raising concerns	140				



## GRI Content Index

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement (S) Omitted	Reason	Explanation	
	2-27 Compliance with laws and regulations	104				
	2-28 Membership associations	131				
	2-29 Approach to stakeholder engagement	56 - 60				
	2-30 Collective bargaining agreements	158				
<b>Material Topics</b>						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	61 - 62				
	3-2 List of material topics	63 - 66				
<b>Biodiversity</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	61, 154				
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	181				
	101-2 Management of biodiversity impacts	182 - 183				
	101-3 Access and benefit-sharing	-	101 - 3			
	101-4 Identification of biodiversity impacts	181 - 183				
	101-5 Locations with biodiversity impacts	182				
	101-6 Direct drivers of biodiversity loss	181				
	101-7 Changes to the state of biodiversity	181				
	101-8 Ecosystem services	181				
<b>Economic Performance</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	116				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	110				13.22.2
	201-2 Financial implications and other risks and opportunities due to climate change	197				13.22.2
	201-3 Defined benefit plan obligations and other retirement plans	158				
	201-4 Financial assistance received from government	126				
<b>Market Presence</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	156				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	158				
	202-2 Proportion of senior management hired from the local community	156				
<b>Indirect Economic Impacts</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	124				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	125 - 126				13.22.3
	203-2 Significant indirect economic impacts	146 - 147				13.22.4

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Procurement Practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	-				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	143				
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	116				
GRI 207: Tax 2019	207-1 Approach to tax	117				
	207-2 Tax governance, control, and risk management	117				
	207-3 Stakeholder engagement and management of concerns related to tax	56, 60				
	207-4 Country-by-country reporting	287				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	172				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	173				
	301-2 Recycled input materials used	173				
	301-3 Reclaimed products and their packaging materials	173				
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	172				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	176				
	302-2 Energy consumption outside of the organization	176				
	302-3 Energy intensity	176				
	302-4 Reduction of energy consumption	176				
	302-5 Reductions in energy requirements of products and services	176				
Water and Effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	170				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	180				13.7.2
	303-2 Management of water discharge-related impacts	180				13.7.3
	303-3 Water withdrawal	180				13.7.4
	303-4 Water discharge	180				13.7.5
	303-5 Water consumption	180				13.7.6

## GRI Content Index

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	179				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	179 -180				13.1.2
	305-2 Energy indirect (Scope 2) GHG emissions	179 - 180				13.1.3
	305-3 Other indirect (Scope 3) GHG emissions	179 - 180				13.1.4
	305-4 GHG emissions intensity	179				13.1.5
	305-5 Reduction of GHG emissions	180				13.1.6
	305-6 Emissions of ozone-depleting substances (ODS)	179				13.1.7
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	179				13.1.8
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	174				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	174				13.8.2
	306-2 Management of significant waste-related impacts	174				13.8.3
	306-3 Waste generated	174				13.8.4
	306-4 Waste diverted from disposal	174				13.8.5
	306-5 Waste directed to disposal	174				13.8.6
Supplier Environmental Assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	142				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	143				
	308-2 Negative environmental impacts in the supply chain and actions taken	143				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	153				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	155, 158				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	160				
	401-3 Parental leave	159				
Labor/Management Relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	153				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	168				

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Occupational Health and Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	153				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	164				13.19.2
	403-2 Hazard identification, risk assessment, and incident investigation	164				13.19.3
	403-3 Occupational health services	164				13.19.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	164				13.19.5
	403-5 Worker training on occupational health and safety	167				13.19.6
	403-6 Promotion of worker health	167				13.19.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	167				13.19.8
	403-8 Workers covered by an occupational health and safety management system	164				13.19.9
	403-9 Work-related injuries	165				13.19.10
	403-10 Work-related ill health	165				13.19.11
Training and Education						
GRI 3: Material Topics 2021	3-3 Management of material topics	153				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	162				
	404-2 Programs for upgrading employee skills and transition assistance programs	162 - 163				
	404-3 Percentage of employees receiving regular performance and career development reviews	160				
Diversity and Equal Opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	154				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	154 - 155				13.15.2
	405-2 Ratio of basic salary and remuneration of women to men	158				13.15.3
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	154				
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	154				13.15.4



## GRI Content Index

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Freedom of Association and Collective Bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	154				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	154 , 168				13.8.2
Child Labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	138				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	156				13.17.2
Forced or Compulsory Labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	138				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	159				13.16.2
Local Communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	144				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	145 - 149				13.12.2
	413-2 Operations with significant actual and potential negative impacts on local communities	144				13.12.3
Supplier Social Assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	138, 142, 144				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	143				13.23.2, 3, 4
	414-2 Negative social impacts in the supply chain and actions taken	143				13.23.2 / 13.23.3 / 13.23.4
Customer Health and Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	138				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	139				13.10.2
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	138				13.10.3

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Marketing and Labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	138				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	139				
	417-2 Incidents of non-compliance concerning product and service information and labeling	139				
	417-3 Incidents of non-compliance concerning marketing communications	139				

### TOPICS IN THE APPLICABLE GRI SECTOR STANDARDS AND REPORTED

Topic	Explanation	Location
<b>GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022</b>		
13.4 Natural ecosystem conversion		181
13.5 Soil health		175
13.6 Pesticides use		176
13.9 Food security		138
13.20 Employment practices		155
13.21 Living income and living wage		158
13.23 Supply chain traceability		142

### TOPICS IN THE APPLICABLE GRI SECTOR STANDARDS DETERMINED AS NOT MATERIAL

Topic	Explanation
<b>GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022</b>	
13.11 Animal health and welfare	TTE PLC does not engage in any form of animal farming within its operations.
13.13 Land and resource rights	TTE PLC does not have any involvement or engagement in land and resource rights-related issues
13.14 Rights of indigenous peoples	TTE does not engage or have any involvement in matters concerning the rights of indigenous peoples.
13.25 Anti-competitive behavior	These topics are considered low material and are excluded from reporting disclosures based on the materiality assessment.
13.26 Anti-corruption	

## 10 YEAR SUMMARY

	2023/24 Rs.000	2022/23 Rs.000	2021/22 Rs.000	2020/21 Rs.000	2019/20 Rs.000	2018/19 Rs.000	2017/18 Rs.000	2016/17 Rs.000	2015/16**** Rs.000	2014/15**** Rs.000
<b>Trading Summary</b>										
Group revenue	7,763,611	8,199,353	4,727,355	4,488,639	3,886,417	4,025,913	4,061,310	3,334,494	3,434,579	4,761,101
Earning before interest and taxes (EBIT)	1,571,458	2,707,053	790,942	723,911	163,555	440,326	616,067	321,984	248,807	388,411
Profit before Taxation	2,134,648	3,298,269	837,291	771,718	218,789	483,681	616,828	266,388	186,546	286,380
Income Tax Expense	(491,196)	(719,483)	(19,919)	(59,978)	(22,215)	(70,966)	(69,262)	(24,906)	(42,696)	(18,919)
<b>Profit After Taxation</b>	<b>1,643,452</b>	<b>2,578,786</b>	<b>817,372</b>	<b>711,740</b>	<b>196,574</b>	<b>412,715</b>	<b>547,567</b>	<b>241,482</b>	<b>143,850</b>	<b>267,461</b>
Non-controlling interest	(1,289)	3,636	2,996	3,178	876	7,878	(870)	(7,713)	(28,122)	(28,165)
Profit attributable to owners of the parent	1,644,741	2,575,150	814,376	708,562	195,698	404,837	548,437	233,769	115,728	239,296
<b>Fund Employed</b>										
Stated capital	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Revenue reserve	6,019,537	5,669,312	3,955,724	3,201,716	2,511,115	2,291,935	2,172,318	1,723,744	1,330,415	1,336,757
<b>Equity attributable to equity holders of the parent</b>	<b>6,369,537</b>	<b>6,019,312</b>	<b>4,305,724</b>	<b>3,551,716</b>	<b>2,861,115</b>	<b>2,641,935</b>	<b>2,522,318</b>	<b>2,073,744</b>	<b>1,680,415</b>	<b>1,686,757</b>
Non-controlling Interest	-	147,848	144,106	160,709	170,534	176,828	170,793	173,609	179,798	167,338
Lease liability	406,886	274,618	286,210	290,856	282,643	186,353	187,174	187,901	188,361	188,971
Interest Bearing Loans & Borrowings (short and long-term)	41,347	43,535	23,589	41,661	21,263	67,681	176,018	225,322	364,201	501,556
<b>Asset Employed</b>										
Non-current assets	4,669,009	4,090,522	3,687,646	3,454,870	3,456,053	3,342,791	3,340,876	3,321,693	3,340,891	3,347,168
Current assets	5,188,757	5,054,918	2,863,867	2,458,001	1,632,224	1,679,708	1,384,270	814,914	581,541	718,037
Current liabilities net of borrowings	(1,329,926)	(1,178,001)	(624,032)	(626,435)	(388,586)	(631,080)	(548,688)	(391,605)	(285,346)	(368,452)
Retirement benefit obligation	(932,949)	(801,095)	(871,316)	(890,953)	(1,024,164)	(969,573)	(811,824)	(801,101)	(980,734)	(922,369)
Deferred tax liability	(645,084)	(544,333)	(159,891)	(211,825)	(200,446)	(204,222)	(158,206)	(127,898)	(92,475)	(63,145)
Deferred income	(132,040)	(136,699)	(136,643)	(138,717)	(139,527)	(144,826)	(150,126)	(155,426)	(151,102)	(166,617)
<b>Capital Employed</b>	<b>6,817,767</b>	<b>6,485,312</b>	<b>4,759,629</b>	<b>4,044,942</b>	<b>3,335,555</b>	<b>3,072,797</b>	<b>3,056,303</b>	<b>2,660,576</b>	<b>2,412,775</b>	<b>2,544,622</b>
<b>Cash Flows</b>										
Net Cash inflow/(outflow) from operating activities	1,997,124	3,163,722	730,035	916,596	505,211	629,399	815,818	485,370	393,444	532,290
Net Cash inflow/(outflow) from investing activities	(570,585)	(489,034)	(356,457)	(134,249)	(119,142)	(134,208)	(153,229)	(103,204)	(94,286)	(259,610)
Net Cash inflow/(outflow) from finance activities	(1,157,568)	(946,902)	(192,803)	(204,435)	(208,747)	(214,306)	(201,010)	(115,128)	(209,166)	(327,359)
<b>Increase/(decrease) in cash &amp; cash equivalents</b>	<b>268,971</b>	<b>1,727,785</b>	<b>180,775</b>	<b>577,911</b>	<b>177,322</b>	<b>280,884</b>	<b>461,579</b>	<b>267,038</b>	<b>89,992</b>	<b>(54,679)</b>
<b>Key Indicators</b>										
<b>Profitability Ratios</b>										
Net Profit margin (%)	21.17	31.45	17.29	15.86	5.06	10.25	13.48	7.24	4.19	5.62
Gross Profit Margin (%)	22.86	34.85	19.46	18.28	7.54	14.75	18.57	13.08	9.23	10.57
Operating Profit Margin (%)	20.24	33.02	16.73	16.13	4.21	10.94	15.17	9.66	7.24	8.16
Return on equity (%)	25.80	42.84	18.91	19.95	6.84	15.32	21.74	11.27	6.89	14.19
Return on Asset (%)	16.67	28.20	12.48	12.04	3.86	8.22	11.59	5.84	3.67	6.58
<b>Liquidity Ratios</b>										
Current ratio (times)	3.75	4.10	4.37	3.69	3.99	2.46	2.20	1.70	1.23	1.16
Quick ratio (times)	3.20	3.42	3.69	3.05	3.25	1.34	1.48	0.92	0.54	0.46
<b>Stock Performance Ratios</b>										
Inventory Turnover Ratio (Times)	12.53	8.13	8.39	10.09	9.50	7.57	7.97	8.27	8.24	8.20
Inventory Turnover Period (Days)	29.14	44.89	43.51	36.16	38.41	48.25	45.78	44.11	44.32	44.49
<b>Investment/ Market Ratios</b>										
EPS (basic) (Rs.)*****	34.63	54.21	17.14	14.98	4.12	17.05	23.09	9.84	4.87	10.08
Market price per share (Rs.)	113.75	88.6**	42.6**	37.5**	39.9*	48.7*	54.5*	32*	32.5*	35.1*
Dividend per share (Rs.) - Company*****	26.85	19.00	2.15	3.38	-	6.00	6.50	2.00	-	3.00
Dividend Yield (%) - Company	23.60	21.44	5.05	9.01	-	12.32	11.93	6.25	-	8.55
Dividend Cover ratio (times) - Company	1.28	2.85	7.97	4.43	-	2.84	3.55	4.92	-	3.36
Dividend payout ratio (%) - Company	78.13	35.05	12.54	22.56	-	35.20	28.15	20.32	-	29.76
Price earning ratio (times)	3.28	1.63	2.48	2.50	4.84	2.86	2.36	3.25	6.69	3.49
<b>Capital Structure Ratios</b>										
Interest Cover Ratio	27.26	67.09	20.25	18.27	4.13	9.26	12.00	4.99	3.81	3.68
Net assets per share (Rs.)*****	134.10	129.84	93.68	74.77	60.23	111.24	106.20	87.32	70.75	71.02
Debt to equity (%)	7.04	5.16	6.96	8.96	10.02	9.01	13.49	18.39	29.70	37.3
Return on Capital Employed (%)	32.16	41.74	16.62	17.90	4.90	14.33	20.16	12.10	10.30	15.30

\* Market Price before share split of 2 shares for every one ordinary share held

\*\* Market price after share split of 2 shares for every one ordinary share held

\*\*\* 15Month results, Restated - Statement of Financial Position

\*\*\*\* Restated - Statement of Profit or Loss

\*\*\*\*\* Earning per shares, Dividend per share and Net asset per share in all reporting period were adjusted based on post sub-division of 2 shares for every one ordinary share held

# Glossary

## FINANCIAL TERMS

### ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

### 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

The harvested product of the entity's biological assets.

### AMORTISATION

The systematic allocation of depreciable amount of an intangible asset over its useful life.

### 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.

### BORROWINGS/DEBT

Bank loans, overdrafts, long term loans, debentures, finance lease obligations and interest bearing liabilities.

### CAPITAL EMPLOYED

Shareholder's funds plus non controlling interests and debts.

### CASH EQUIVALENTS

High liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### CONSUMABLE BIOLOGICAL ASSETS

Includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

### CONTINGENT LIABILITY

A condition or situation existing at the balance sheet date due to past events, where the financial effect is not recognised because:

1. The obligation is crystallised by the occurrence or non occurrence of one or more future events or,
2. a probable outflow of economic resources is not expected or,
3. It is unable to be measured with sufficient reliability

### COP

Cost of Production. This generally refers to the cost of producing a kilo of produce (Tea/ Rubber).

### COS

Cost of Sale. The cost incurred on preparation to salable condition of the goods sold.

### CROP

The total produce harvested over a given period of time. (Usually during a financial year).

### CURRENT RATIO

Current assets divided by current liabilities.

### DEBT/ EQUITY RATIO

Debt as a percentage of shareholders funds and non controlling interests.

### DEFERRED TAXATION

The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

### DIVIDENDS

Distribution of profits to holders of equity investments.

### CONTINGENT LIABILITY

A condition or situation existing at the balance sheet date due to past events, where the financial effect is not recognised because:

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The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

### DIVIDENDS

Distribution of profits to holders of equity investments.

### NET ASSETS

Total assets less current liabilities less long term liabilities less non - controlling interests.

### NET ASSETS PER SHARE

Net assets as at a particular financial year end divided by the number of shares in issue as at the current financial year end.

### NON CONTROLLING INTEREST

Part of the net results of operations and net assets of a subsidiary attributable to interests that are not owned, directly or indirectly, through Subsidiaries, by the Parent Company.

### PRICE EARNINGS RATIO

Market price of a share divided by earnings per share.

### RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the business.

### RETURN ON EQUITY (ROE)

Profits attributable to shareholders as a percentage of average shareholders' funds.

### RETURN ON CAPITAL EMPLOYED

Profit before tax and net finance cost divided by capital employed.

### SHAREHOLDERS' FUNDS

Total of stated capital, capital reserves and revenue reserves.

### SLFRS

Sri Lanka Financial Reporting Standards.



## Glossary

### SORP

Statement of Recommended Practices.

### ACTUARIAL GAINS AND LOSSES

The effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

### CURRENT SERVICE COST

The increase in the present value of the defined benefit obligation resulting from employee service in the current period.

### Interest cost

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.

### PRESENT VALUE OF A RETIREMENT BENEFIT OBLIGATION

The present value of expected future payments required to settle the obligations resulting from employee service in the current and prior periods.

### REVENUE RESERVES

Reserves considered as being available for distributions and investments.

### SEGMENT

Constituent business units grouped in terms of nature and similarity of operations.

### WORKING CAPITAL

Capital required financing day-to-day operations (Current Assets less Current Liabilities).

### UITF

Urgent Issue Tasks Force of The Institute of Chartered Accountants of Sri Lanka.

### PBT

A measurement of a company's profitability that looks at the profits made before any tax is paid

### DPS

Dividend per share is the total dividends declared in a given period divided by the number of ordinary shares issued.

### CAPEX

Funds used by a company to acquire, upgrade, and maintain physical assets such as property plants, buildings, technology or equipment.

### DIVIDEND COVER

Company's net profits to the total sum allotted in dividends to ordinary shareholders

## NON FINANCIAL TERMS

### BIODIVERSITY

All the different kinds of life you'll find in one area.

### BIOCHAR

Biochar is the carbon-rich remains of organic material that has been heated to decompose and remove most of the hydrogen and oxygen-containing molecules. The process is called Pyrolysis and is carried out in the absence of air/oxygen to prevent the material from burning. The resulting residue is black and contains the "skeletal" remains of the starting material e.g. wood. The finer the starting material the finer the end product.

### BIOMASS

Bioenergy, the fuel that is developed from organic materials

### BRIQUETTES

Compressed Block of coal dust or other combustible Biomass material (E.g.: Charcoal, Sawdust, Wood chip, peat, or paper) used for fuel and kindling to start a fire.

### CARBON DIOXIDE SEQUESTRATION

The capture of atmospheric carbon dioxide (CO<sub>2</sub>) in a solid material such as growing trees, other vegetation and soils or a carbon sink through biological or physical processes, such as photosynthesis.

### CBA

Colombo Brokers Association

### CIPM

Chartered Institute of Personnel Management

### CPFP

Child Protection Focal Points

### CTTA

Colombo Tea Traders Association

### CTA

Colombo Tea Auctions

### ECOSYSTEM

The Geographic area where plants, animals and other organisms as well as weather and landscape, work together to form a bubble of life.

### EMS

Environment Management System

### ENMS

Energy Management System

### ENERGY INTENSITY

The amount of energy used to produce a given level of output or activity

### EROM

Enterprises Risk & Opportunity Management

### ETHICAL TEA PARTNERSHIP (ETP)

ETP is a non-competitive alliance of 20 International Tea Packers who share a vision for a thriving industry that is socially just and environmentally sustainable.

### EVP

Employee Value Proposition

### EWHCS

Estate Worker Housing Cooperative Societies

### EXTENT IN BEARING

The extent of land from which crop is being harvested. Also see "Mature Plantation".

### EPL

The Environmental Protection License (EPL) is a regulatory/legal tool under the provisions of the National Environmental Act No: 47 of 1980 amended by Acts No 56 of 1988 and No 53 of 2000.00

### ESEG STEERING COMMITTEE

Environment, Social, Economic and Governance Committee

### ESG TEAM

Environmental, Social, and (corporate) Governance Team

### FIELD

A unit extent of land. Estates are divided into fields in order to facilitate management.

### FIT

Fellowship of International Tamils

**FSMS**

Food Safety Management System

**GAP**

Good Agriculture Practices

**GDP**

Global Domestic Production

**GESI**

Gender Equality & Social Inclusive

**GHG EMISSIONS**

Greenhouse Gas Emissions

**GIS**

Geographic Information System

**GMP**

Good Manufacturing Practices for Biological, Chemical and Physical hazards

**GMC**

Group Management Committee

**GSA**

The Gross Sales Average. This is the average sale price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage etc.

**HACCP**

Hazard Analysis Critical Control Point System. A Scientific system which identifies, evaluates and controls hazards which are significant for food safety.

**HRD**

Human Resource Development

**HRMS**

Human Resource Management System

**ILO**

International Labor Organization

**IMMATURE PLANTATION**

The extent of the Plantation that is under development and is not being harvested.

**INFILLING**

A method of field development whereby planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

**IREC**

Renewable energy credit - Tradable, Non-tangible commodities that represent proof that 1 MWh of electricity was generated from a renewable energy resource and was then fed into the shared system of power lines that transport energy.

**ISO**

International Organization for Standardization. A worldwide federation of national standard bodies.

**ISO 26000 : 2010**

Social Responsibility Standard

**ISO 14064-1:2018**

Greenhouse Gases Quantification and Reporting Standard

**ISO 14001:2015**

Environmental Management System

**ISO 9001:2015**

Quality Management System

**ISO 50001:2018**

Energy Management System

**ISO 22000:2018**

Food Safety Management System

**IUCN**

International Union for Conservation of Nature

**KPI**

Key Performance Indicators

**LEADS**

Life, Education, and Development Support

**MATURE PLANTATION**

The extent of Plantation from which crop is being harvested. Also see "Extent in Bearing".

**MOH**

Ministry of Health

**MOU**

Memorandum of Understanding

**MRL**

Maximum Residue Levels

**MSDS**

Document that contains information on the potential hazards (health, fire, reactivity and environmental) and how to work safely with the chemical product.

**MSME**

Micro, Small and Medium Enterprises

**NAITA**

National Apprentice & Industrial Training Authority

**NGRS**

National Green Reporting System - Sri Lanka.

**NILS**

National Institution of Labor Studies

**NIPM**

National Institute of Plantation Management

**NIBM**

National Institute of Business Management

**NSA**

The Net Sales Average. This is the average sale price obtained (over a period of time) after deducting Brokerage fees. etc. (Also see GSA).

**NVQ**

National Vocational Qualification

**OHS**

Occupational Health & Safety

**PHDT**

Plantation Human Development Trust

**PPE**

Personal Protective Equipment

**QMS**

Quality Management System

**RAINFOREST ALLIANCE (RA)**

The Rainforest Alliance functions as the Secretariat of the SAN and administers its certification scheme; RA works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviors.

**REGENERATIVE BUSINESS**

A Regenerative business seeks to restore and replenish ecosystems, fostering positive social and environmental impacts while ensuring long-term sustainability

**REJUVENATE**

To make something more effective, modern, and successful by using new ideas and methods

**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.

## Glossary

### RSM

Revenue Sharing Model

### SCOPE 1 EMISSION

Emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization

### RRI

Rubber Research Institute

### SCOPE 2 EMISSION

Emissions are indirect GHG Emissions associated with the purchase of electricity, Steam, heat, or cooling

### SCOPE 3 EMISSION

Encompasses emissions that are not produced by the company itself, and not the result of activities from assets owned or controlled by them

### SCIENCE-BASED TARGETS

Science-based targets provide a clearly defined pathway for companies and financial institutions to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth. Targets are considered "science-based" if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

### SDG

United Nations Sustainable Development Goals

### SEEDLING TEA

Tea grown from a seed. (Also see VP Tea)

### SLTB

Sri Lanka Tea Board

### SOIL ASSESSMENTS

Tests of soil physical, chemical and biological parameters.

### SUSTAINABLE AGRICULTURE NETWORK (SAN)

SAN is a coalition of independent Non-profit conservation organizations that promote the social and environmental sustainability of agricultural activities by developing standards. SAN promotes efficient agriculture, biodiversity conservation and sustainable community development by creating social and environmental standards.

### TRI

Tea Research Institute

### TURBULENT™ TECHNOLOGY

Turbulent technologies specialize in liquid/liquid emulsion separation and the removal of toxins and contaminants from liquids using turbulent mixers.

### UN CLIMATE NEUTRAL NOW

Climate Neutrality is a three step process, which requires individuals, companies and governments to:

1. Measure their climate footprint
2. Reduce their emissions as much as possible
3. Offset what they cannot reduce with UN-Certified emission reductions.

### UNGC

United Nations Global Compact

### VP TEA

Vegetative Propagated Tea. i.e. Tea grown from a cutting of a branch of Tea Plant. (Also see "Seedling").

### WNPS PLANT

Wild Life Nature Protection Society PLANT

### WUSC

World University Services of Canada

### YIELD

The average crop per unit extent of land over a given period of time. (Usually Kgs per hectare per year).

### ZERO EMISSION FOOTPRINT

Carbon Neutrality is a state of zero Carbon Dioxide Emissions

### METRICS

#### Gigajoules

Unit of measurement of energy consumption

#### Kiloliter

Kiloliter is a unit of capacity equal to 1000 liters.

#### kilogram

The kilogram, symbol kg, is the SI unit of mass

#### Metric Ton

The metric ton is a unit of mass, and it is defined as 1,000 kilograms.

#### tCO<sub>2</sub>e

tCO<sub>2</sub>e stands for tons (t) of carbon dioxide (CO<sub>2</sub>) equivalent (e).

# Greenhouse GAS Verification Opinion



## GREENHOUSE GAS VERIFICATION OPINION

Sri Lanka Climate Fund (Pvt) Ltd

Ministry of Environment

Organization Level GHG statement developed by

**Talawakelle Tea Estates PLC**

**No. 400, Deans Road, Colombo 10, Sri Lanka.**

complying with the requirements of ISO 14064-1:2018 has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance\*

Opinion No	: SLCF/CFP/0231
Date of Issue	: 16.05.2024
Period of Assessment	: 01.04.2023 – 31.03.2024
Selected Boundary	: Operationally controlled business operations of Talawakelle Tea Estates PLC (Head Office and 16 Tea Estates)

Direct GHG Emissions	: 7,669 tonnes of CO <sub>2</sub> equivalent
Indirect GHG Emissions	: 3,376 tonnes of CO <sub>2</sub> equivalent
<b>Total GHG Emissions</b>	<b>: 11,045 tonnes of CO<sub>2</sub> equivalent</b>



*Hashemi*

Chief Executive Officer  
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 16.05.2024 – 30.06.2025

Exclusions: GHG Emissions from land use change, employee commuting from public transport and T800 fertilizer and compost application to the managed soil.

\*Materiality threshold is below 5%



# Independent Assurance Report on Integrated Reporting



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## Independent practitioner's assurance report to the Board of Directors of Talawakelle Tea Estates PLC on the Integrated Annual Report FY 2023/24

### Scope

We have been engaged by Talawakelle Tea Estates 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 Talawakelle Tea Estates PLC's Information on how it's 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 Talawakelle Tea Estates 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 Talawakelle Tea Estates PLC

In preparing the Subject Matter, Talawakelle Tea Estates 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.

### Talawakelle Tea Estates PLC's Responsibilities

Talawakelle Tea Estates 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 Talawakelle Tea Estates

PLC on 08th 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 procedures regarding compliance with ethical requirements, professional

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

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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 Talawakelle Tea Estates PLC for the year ended 31 March 2024, in order for it to be in accordance with the Criteria.

*R. M. + P. S.*

09 May 2024  
Colombo

# Notice of Annual General Meeting

TALAWAKELLE TEA ESTATES PLC  
Company Registration No. PQ 36

NOTICE IS HEREBY GIVEN THAT THE THIRTY SECOND ANNUAL GENERAL MEETING OF TALAWAKELLE TEA ESTATES PLC will be held on Monday, **24th June 2024 at 1.00 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. D.C. Fernando, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 28 (2) of the Articles of Association of the Company
3. To re-elect as a Director Mr. N. Ekanayake, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 28 (2) of the Articles of Association of the Company.
4. 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 28 (2) of the Articles of Association of the Company.
5. To re-elect as a Director Mr. S.L. Athukorala, who retires by rotation at the Annual General Meeting in terms of Article 30(1) of the Articles of Association of the Company.
6. To re-elect as a Director Mr. S.B. Alawattegama, who retires by rotation at the Annual General Meeting in terms of Article 30(1) of the Articles of Association of the Company.

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 authorize the directors to determine donations and contributions to charities for the ensuing year.
9. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2024/25 and to authorize the Directors to determine their remuneration.

By Order of the Board  
**TALAWAKELLE TEA ESTATES PLC**

**HAYLEYS GROUP SERVICES (PRIVATE) LIMITED**  
*Secretaries*

Colombo  
28th May 2024

## Notes:

1. The Annual Report of the Company for 2023/24 is available on the corporate website - [www.talawakelleteas.com](http://www.talawakelleteas.com) and on the Colombo Stock Exchange website - [www.cse.lk](http://www.cse.lk).
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself 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'.

## Index of Navigation Icons

### CAPITALS



Financial Capital



Manufactured Capital



Intellectual Capital



Social & Relationship Capital



Human Capital



Natural Capital

### STAKEHOLDER ENGAGEMENT



Investors



Customers



Employees



Suppliers



Community and Environment



Government and Regulatory

### STRATEGY



Winning with the Customer



Nurturing Our People



Operational Excellence



Environmental Stewardship & Climate Action



Business Diversification

### MATERIAL THEMES



Environment and Climate Aspect



Socio-economic Prosperity



Governance and Ethics



Operating Context Dynamics



Agile Business Model





# Corporate Information

GRI 2-1

## NAME OF COMPANY

Talawakelle Tea Estates PLC

## LEGAL FORM

Public Limited company  
Incorporated in Sri Lanka on 22nd June  
1992

## COMPANY NUMBER

PQ 36

## FINANCIAL YEAR END

31st March

## PRINCIPAL LINE OF BUSINESS

Cultivation and Manufacture of Black Tea

## STOCK CODE

TPL.N0000

## STOCK EXCHANGE LISTING

The ordinary shares of the Company are listed on  
the Colombo Stock Exchange of Sri Lanka.

## DIRECTORS

Mr. A.M. Pandithage (*Chairman*)  
Dr. W.G.R. Rajadurai (*Managing Director*)  
Mr. S.B. Alawattegama (*Chief Executive Officer*)  
Mr. Malik J. Fernando  
Ms. M.D.A. Perera  
Mr. M.H. Jamaldeen  
Mr. D.C. Fernando  
(*appointed on 2nd August 2023*)\*  
Mr. S.L. Athukorala  
(*Senior Independent Director*)  
Lt. Col. J.M. Kariapperuma  
Mr. M.C.B. Talwatte  
(*appointed on 3rd January 2024*)  
Mr. N. Ekanayake  
(*appointed on 3rd January 2024*)  
Dr. N.T. Bogahalande  
(*resigned on 31st December 2023*)  
Mr. A.M.J. Fernando  
(*Alternate Director to Mr. D.C. Fernando*  
*appointed on 25th August 2023*)  
Mr. Merril J. Fernando  
(*deceased - 20th July 2023*)

\*Mr. D.C. Fernando was the Alternate Director to  
Mr. Merril J. Fernando until 20th July 2023

## Audit Committee

Mr. S.L. Athukorala (*Chairman*)  
Ms. M.D.A. Perera  
Mr. N. Ekanayake  
(*appointed to the Committee on 8th January 2024*)  
Mr. M.C.B. Talwatte  
(*appointed to the Committee on 8th January 2024*)  
Dr. N.T. Bogahalande  
(*resigned on 31st December 2023*)

## Remuneration Committee

Mr. S.L. Athukorala (*Chairman*)  
Ms. M.D.A. Perera  
Mr. N. Ekanayake  
(*appointed to the Committee on 8th January 2024*)  
Mr. M.C.B. Talwatte  
(*appointed to the Committee on 8th January 2024*)  
Dr. N.T. Bogahalande  
(*resigned on 31st December 2023*)

## Nominations and Governance Committee

Mr. S.L. Athukorala (*Chairman*)  
Ms. M.D.A. Perera  
Mr. N. Ekanayake  
(*appointed to the Committee on 8th January 2024*)  
Mr. M.C.B. Talwatte  
(*appointed to the Committee on 8th January 2024*)  
Dr. N.T. Bogahalande  
(*resigned on 31st December 2023*)

## Related Party Transactions Review Committee

Mr. S.L. Athukorala (*Chairman*)  
Ms. M.D.A. Perera  
Mr. N. Ekanayake  
(*appointed to the Committee on 8th January 2024*)  
Mr. M.C.B. Talwatte  
(*appointed to the Committee on 8th January 2024*)  
Dr. N.T. Bogahalande  
(*resigned on 31st December 2023*)

## MANAGING AGENT

Hayleys Plantation Services (Private) Limited,  
400, Deans Road, Colombo 10, Sri Lanka.

## REGISTERED OFFICE

400, Deans Road, Colombo 10, Sri Lanka.

## HEAD OFFICE

400, Deans Road, Colombo 10, Sri Lanka.  
Telephone: (94-11) -2627754-5, 2697203  
Fax : (94-11) -2627782  
E-mail : [tpl.tea@ttel.hayleys.com](mailto:tpl.tea@ttel.hayleys.com)  
website : [www.talawakelleteas.com](http://www.talawakelleteas.com)

## SECRETARIES

Hayleys Group Services (Private) Limited  
No.400, Deans Road, Colombo 10, Sri Lanka.  
Phone : + 94 11 2627650  
E-mail : [Info.sec@hayleys.com](mailto:Info.sec@hayleys.com)

## SUBSIDIARIES

TTEL Hydro Power Company (Pvt) Ltd  
TTEL Somerset Hydro Power (Pvt) Ltd

## SUBSIDIARIES- REGISTERED OFFICE

400, Deans Road, Colombo 10, Sri Lanka.

## SUBSIDIARIES- HEAD OFFICE

400, Deans Road, Colombo 10, Sri Lanka.

## BANKERS

Commercial Bank of Ceylon PLC  
Sampath Bank PLC  
National Development Bank PLC  
Hatton National Bank PLC  
Bank of Ceylon  
Hongkong and Shanghai Banking Corporation  
Limited  
Union Bank of Colombo PLC  
DFCC Bank PLC  
Seylan Bank PLC

## AUDITORS

M/S Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
Colombo 03, Sri Lanka.

## LEGAL ADVISORS

M/s F J & G De Saram & Company  
Attorneys-at-Law  
216, De Saram Place, Colombo 10,  
Sri Lanka.

## TAX ADVISORS

M/s Ernst & Young  
Chartered Accountants  
Rotunda Towers  
109, Galle Road  
Colombo 03, Sri Lanka

