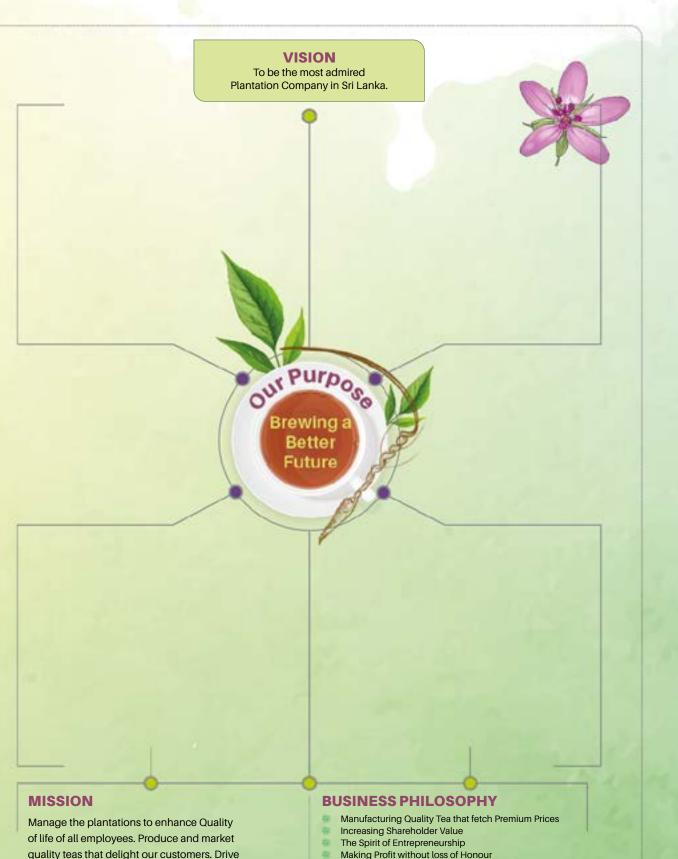


Rejuvenate Regenerate

Talawakelle Tea Estates PLC Integrated Annual Report 2023/24



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SCAN ME

quality teas that delight our customers. Drive sustainable growth. Enhance shareholder value.

- 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

"Hello and welcome to Talawakelle Tea Estates PLC. I am your Al 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!"

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 that 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 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 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.

STAGE 5

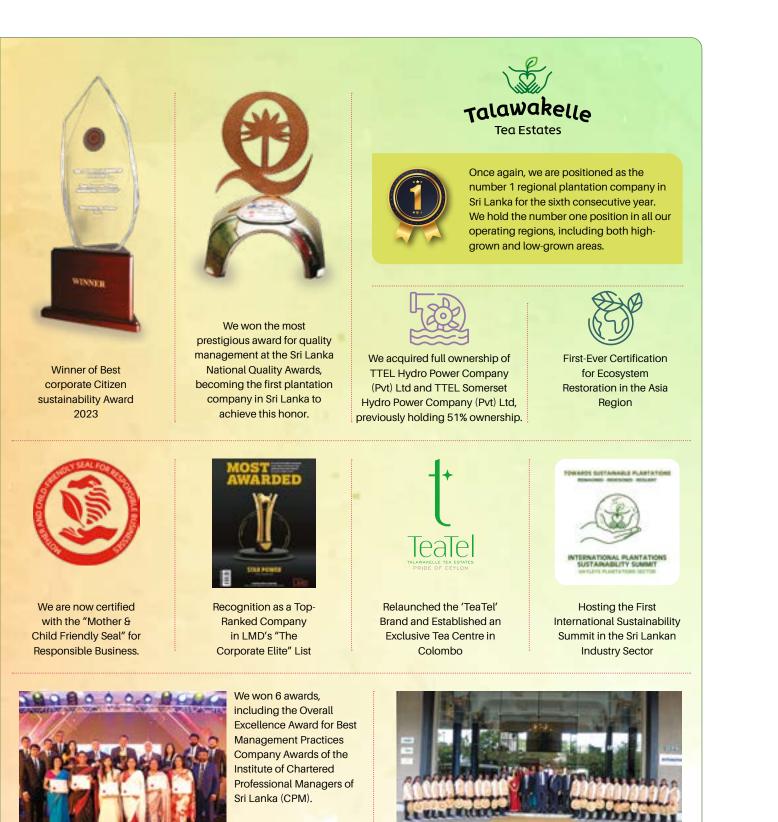
The Harvest of Success

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.

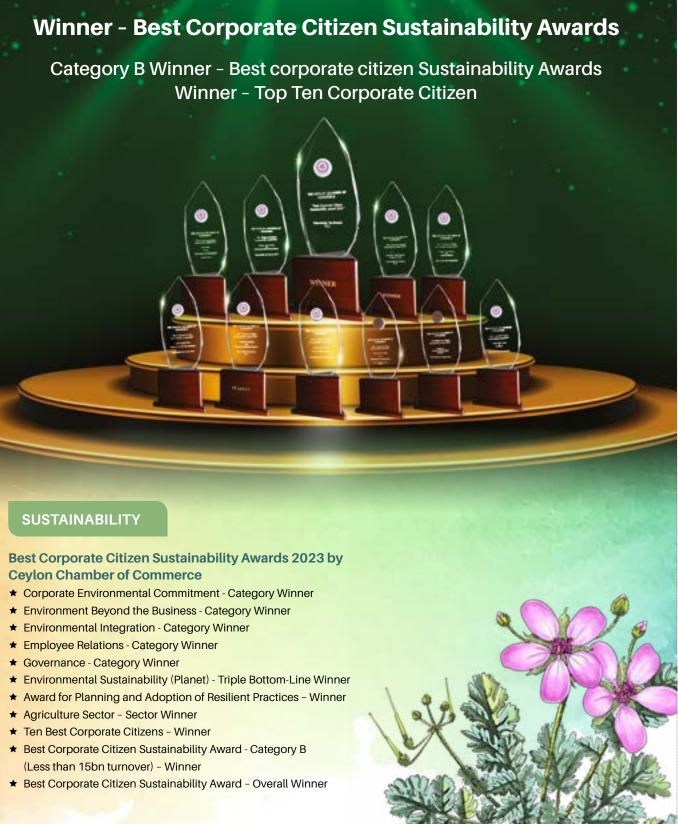
As we "rejuvenate and regenerate," let the story of the redstem filaree seed remind us of the remarkable parallels between nature and business. Through resilience, adaptation, and growth, we reaffirm our commitment to excellence and sustainability, embodying the very essence of rejuvenation and regeneration.

Year at a Glance

Awards & Recognitions



Launch of the "HERLEAD" Programme



Talawakelle Tea Estates PLC / Integrated Annual Report 2023/24

Awards & Recognitions



- 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

- 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

- 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.

- 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

7

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Integrated Value Creation Model

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Climate Related

Financial Disclosures



78 2030 Regenerative Agenda through ESG Framework

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228 ESG Consolidated Statement

About the Report

account of environmental, socio-economic

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

10

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

and governance (ESG) performance across three-time periods. We consider the shortterm to be one to three years; the medium term to be three to five years; and the longterm 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.

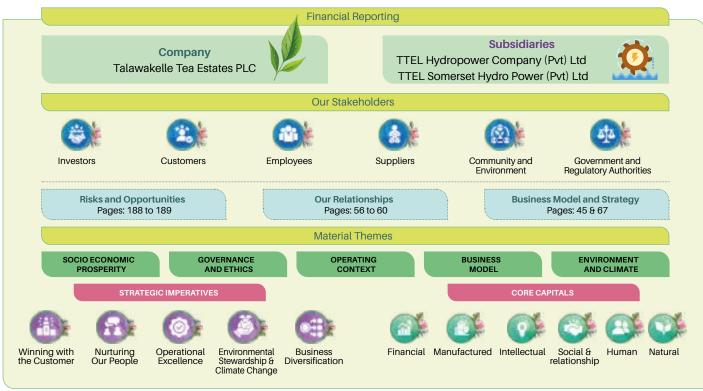
Refer: www.talawakelleteas.com for the current and the past integrated annual reports.

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.





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

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

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,

Talawakelle Tea Estates PLC / Integrated Annual Report 2023/24

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.



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

WHAT TO LOOK FOR

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.

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 sustainabilityrelated 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

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

Re	Reporting Guidelines, Frameworks and Standards		
Na	rrative Reporting	External Assurance: Messrs. Ernest & Young, Chartered Accountants Page: 322	
83	The International Integrated Rep	orting <ir> Framework, 2021 - Integrated Reporting Council</ir>	
83	"A Preparer's Guide to Integrated	Reporting and Supplement 1 & 2 " - The Institute of Chartered Accountants of Sri Lanka	
Fir	ancial Reporting	External Assurance: Messrs. Ernest & Young, Chartered Accountants Page: 280	
83	Company's Act, No. 07 of 2007 (mandatory)	
88	Sri Lanka Financial Reporting Sta - The Institute of Chartered Acco	andards (SLFRS); Sri Lanka Accounting Standards (LKAS) and Auditing Standards Act No. 15 of 1995 untants of Sri Lanka (mandatory)	
8 3	Continuous Listing Rules - Colon	nbo Stock Exchange (mandatory)	
	vernance, Compliance and	External Assurance for GRI Disclosures: Messrs. Ernest & Young, Chartered Accountants	
RIS	K Reporting	Page: 234	
		rate Governance 2023 - The Institute of Chartered Accountants of Sri Lanka (mandatory)	
	-	nbo Stock Exchange (mandatory)	
8 3	-	ssion of Sri Lanka Act No. 36 of 1987 (as amended) (mandatory)	
83	ISO 31000:2018 Integrated Risk	Management Framework - International Organisation for Standardization	
83	Companies Act, No. 07 of 2007 (
ES	G & Sustainability Reporting	External Assurance for ESG and GRI Disclosures: Messrs. Ernest & Young, Chartered Accountants Page: 234	
8 8	Global Reporting Initiative (GRI) GRI with Stanadards (GRI Conter	Universal Standards and GRI 13 Agriculture, Aquaculture and Fishing Sectors, 2022 - In Accordance nt Index is set out on page 308)	
88	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		
8 3	United Nations Global Compact	(UNCG) 10 Principles	
8 3	United Nations Sustainable Development Goals (UNSDGs)		
83	Guidance on ESG Reporting, Colombo Stock Exchange		
8 3	Non-financial Reporting Guideline, The Institute of Chartered Accountants of Sri Lanka		
Cli	mate-related Disclosures	External Assurance for GHG Emission Inventory: Sri Lanka Climate Fund Page: 321	
8 3	Task Force on Climate-related Fin	nancial Disclosure (TCFD)	
83	ISO 14064-1:2018 Organisation Level GHG Emissions/ Removal Reporting Standard		
83	B GHG Protocol - World Resources Institute & World Business Council for Sustainable Development		
8 3	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

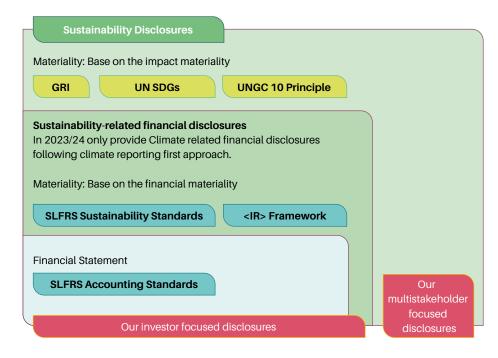
This report includes forward-looking statements regarding our financial position, strategic objectives, business prospects, industry trends and market dynamics. While we have exercised due diligence in making such statements, the reader is cautioned to be prudent, as actual operations may significantly 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.





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 sustainabilityrelated 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.

2023/24

Early Adoption of SLFRS S1 & S2 with Transitional Relief Offered by \longrightarrow Fully Adoption SLFRS S1 & S2 with completed disclosures on SRRO ISSB and CA Sri Lanka for first-time adopters

Key implication

- Sollowed 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.
- Scope @ 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.
- Somprehensively assess and disclose financial impacts from sustainability-related risks and opportunities.

2024/25

- Conduct and disclose scenario analysis and business resilience assessments in a comprehensive manner.
- Emprove integration of SLFRS disclosures and integrated reporting disclosures, while significantly enhancing the report's conciseness.

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



ESG Report 2023/24

GHG Report 2023/24

Trilingual Financial &

Non-Financial Summarv

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.

Our Reporting Suite

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.reading experience.

Revolutionizing Reporting with AI-Powered,

Introducing our AI-powered, augmented realitybased report assistance tool. This state-of-theart solution leverages artificial intelligence and augmented reality to revolutionize report Analysing 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

Net Assets Per Share

22/23

Market Capitalisation

22/23

2024

500 400

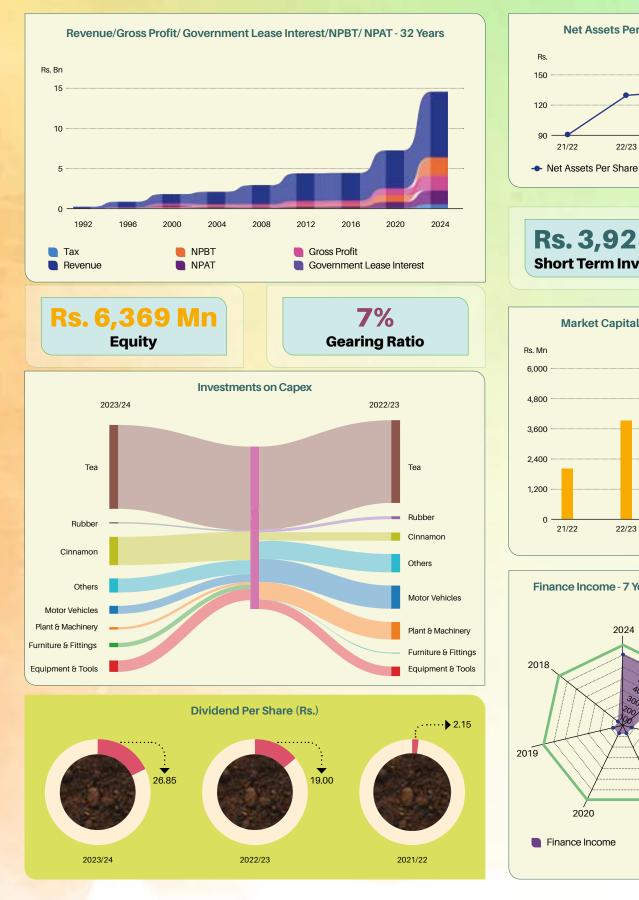
2021

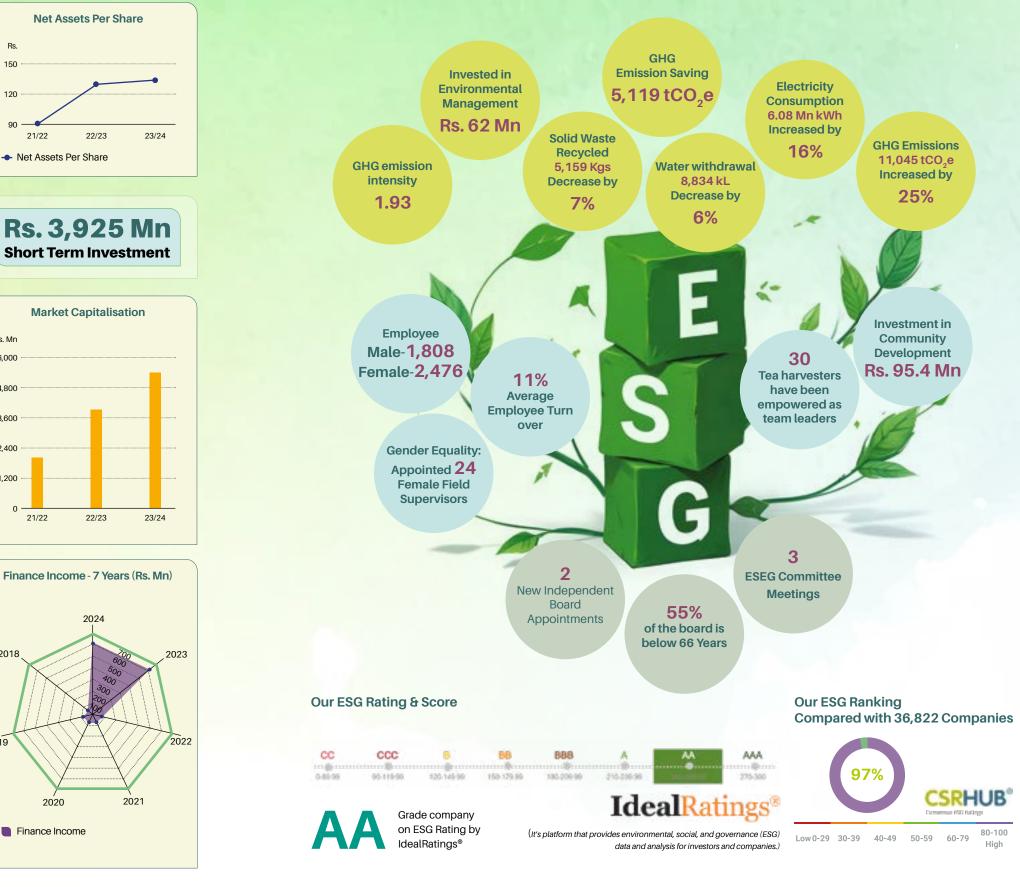
21/22

21/22

2020







ESG Highlights

17

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"

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

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.



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 processesenabling 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

22

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 wellmanaged. 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"

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 largescale 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.

Our goal is to create meaningful value for all our stakeholders—by setting sciencebased 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.



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 productivitybased 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 mangers, 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

Team Development

estates for the female workforce.

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 agroforestry. 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.

Soloped an and

Roshan Rajadurai Managing Director Talawakelle Tea Estates PLC

09th May 2024

Talawakelle Tea Estates PLC

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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

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

initiative by the government. The roots of our 16 tea

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.

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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 Innovation

Our Responsibility

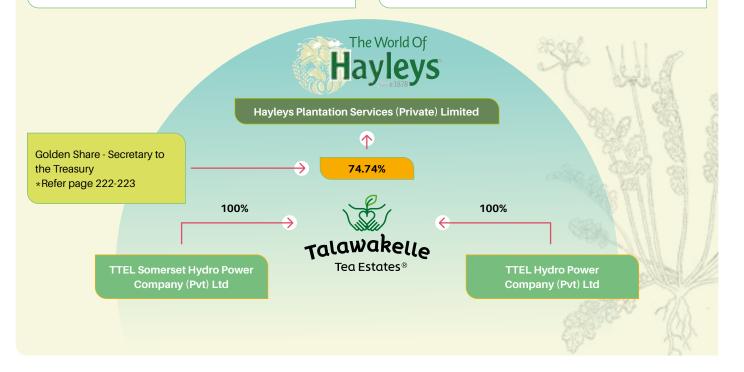
Our responsibility extends beyond our estates. We are fervently involved in community development, healthcare, education, and environmental conservation. Our CSR initiatives are a reflection of our pledge to society and our unwavering commitment to making a positive impact.

Our 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 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.



"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. 1







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.



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.



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.

529.89
310.15
104.15
414.30
309
448,964
1,245



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 buvers, is one of the most ne finest

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)	464,99
Factory Elevation (M)	1,377



Radella Estate is the green tea

facility of the company and is

famous for its superior quality.

Established in 1896 with four

green tea.

Total Extent (Ha)

Area in Tea (Ha)

Others (Ha)

divisions and also is capable of

producing steamed and pan fried

458.76

257.64

116.83 374 47

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



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



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.

213,604

Total Extent (Ha)

Area in Tea (Ha)

Total Cultivated (Ha) No. of Workers (Nos)

Tea Production (Kg)

Factory Elevation (M)

Others (Ha)

	famous marks producing quality Dimbula Teas.	
203.11	Total Extent (Ha)	45
149.61	Area in Tea (Ha)	33
23.75	Others (Ha)	48
173.36	Total Cultivated (Ha)	37
123	No. of Workers (Nos)	39





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	451,075
Bought Leaf (Kg)	
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	489,820
Bought Leaf (Kg)	
Factory Elevation (M)	387

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 greenary 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



Moragalla Estate

Galle Agro Climatic District Situated in the Coastal district of Galle, famous for the magnificant 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	241,657
Bought Leaf (Kg)	
Factory Elevation (M)	MG 40
Factory Elevation (M)	PG 49

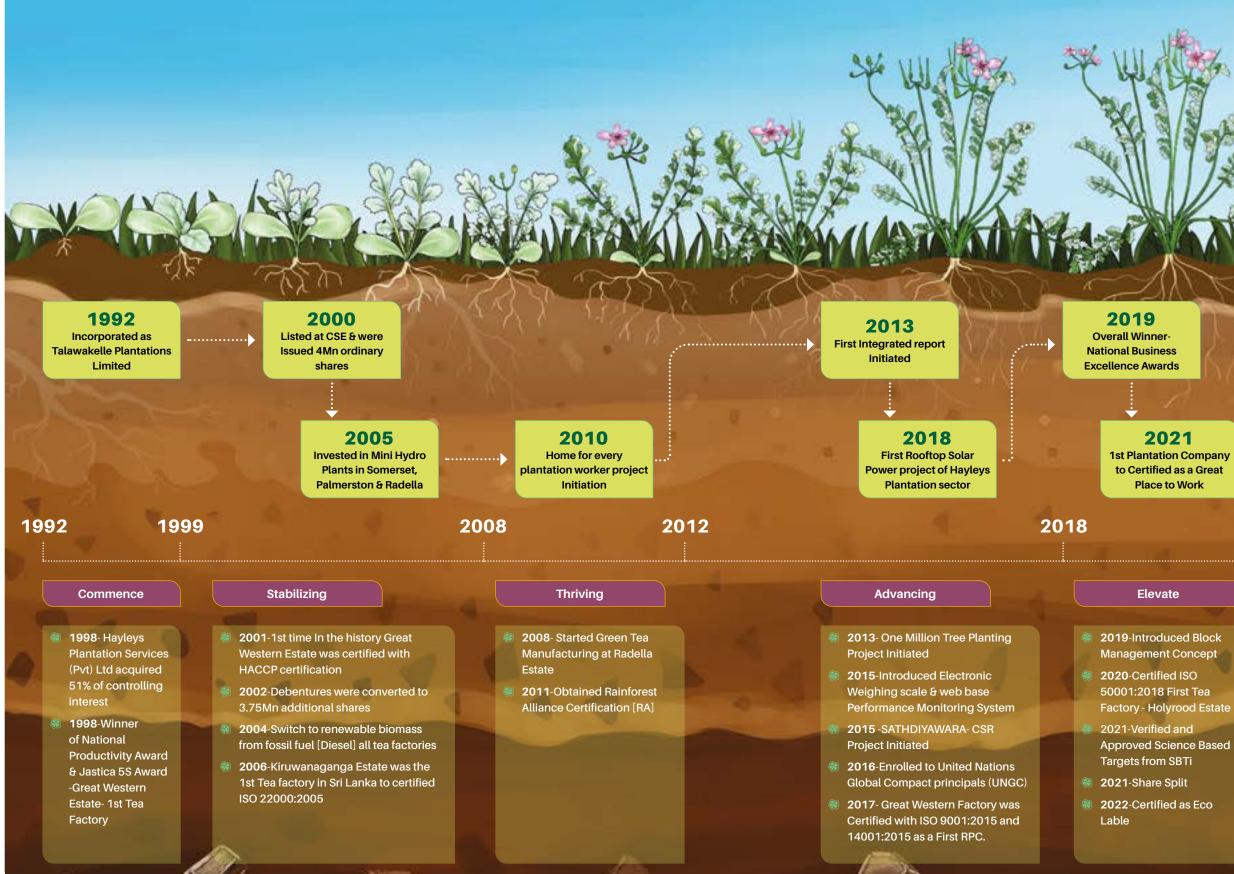


Indola Estate Deniyaya/Urubokka Agro Climatic District

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



2021

1st Plantation Company to Certified as a Great Place to Work

2022

2022 Highest Ever Profit with 73% Revenue Growth

> 2023 **Overall Winner-Best Corporate Citizen** Sustainability Award

2023

Elevate

Unparalleled

- 2023- Re-Launched of TeaTel brand
- 2023-Opening New Tea Boutique in Colombo.
- 2023-Acquisition of full Ownership of Mini Hydro Plants in Somerset, Palmerston & Radella
- 🛞 2023-Won Sri Lanka National Quality Award

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.

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 Alawattegama

Appointed to the Board in 2020.





Chief Executive Officer - Executive Director

Mr. Alawattegama has 38 years of experience

State Plantations Corporation as an Assistant

in the Plantation Sector. He joined Sri Lanka

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.



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
- MJF Leisure (Private) Limited

Chairman of - Planters' Association of

He serves as:

Ceylon

(Pvt) Ltd

- 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

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.





Resplendent Ceylon (Private) Limited

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'ally 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.



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

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. Talwatte, an accomplished business professional holds a B.Eng (Hons) in Manufacturing Systems Engineering and a MSc in Engineering Business Management



Appointed to the Board on 03.01.2024.

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.

AC Audit Committee Nomination & Governance Committee **Remuneration Committee** Related Party Transaction Committee Committee Chairman

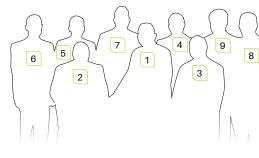
Corporate Management





- 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



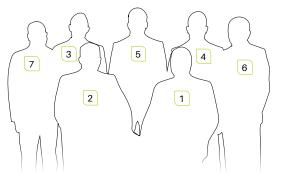


Estate Management

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

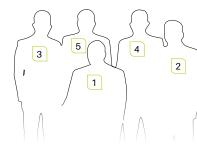
Estate Management





- 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. PGG 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. DINIDe Silva - Manager - Moragalla Estate 5. Mr. J S Vajiranath - Deputy Manager - Pitiyagoda Re-Processing Centre

Product Portfolio



Value Added - Tea



Value Added - Spices





Black Tea Orthodox Rotorvane

• Logie Queens of Blooms

Mattakelle Golden Curls

Bearwell Platinum Tips

Holyrood Jade Tips

Deniyaya Ran Pathra

Great Western Silver Curls

Moragalla Fortress Special

Somerset Flowery Bloom

Wattegoda Butterfly Blue

English Breakfast

Ruhunu Premium

Leafy Orange Pekoe

 Radella Sparkling Rose Dessford Abbotsford Special

• Kiruwanaganga Sinharaja Sparks

Value Added-Tea

Black Tea Orthodox Leafy



Pan Fried

Specialty and Artisanal Tea

- Dragon Ball
- Gunpowder Special
- Ceylon Cardamom Tea Ceylon Cinnamon Tea
- Somerset Special Blend
- Somerset Dust 1
- Somerset FBOP

Earl Grav

Extra Strong

Green Tea Mint

Essence of Love

- Somerset BOPF
- Somerset BOP
- Golden Tips

- Silver Tips

 Blooming Tea • Tea Flame Silver Blossom

- Eagle Nest

- Black Tea & Green Tea Bags

Moragalla Black Pepper • Deniyaya Pure Ceylon Cardamom

• Deniyaya Pure Ceylon Cloves

Moragalla Pure Ceylon Cinnamon

Kiruwanaganga Pure Turmeric Powder

Value Added-Spices

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

GEN

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

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

Refer page

122 to 127

Management of our Six Capitals



Refer pages 128 to 135

61 to 66.

44 Talawakelle Tea Estates PLC / Integrated Annual Report 2023/24

- pecialty and Artisanal Tea

Our Approach to Integrated Thinking and Value Creation



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

Material matter

Our integrated

a focus on key

approach includes identifying overall material topics of the business, with

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

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 longterm 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 lona-term value creation and resilience for our business. Page 46 to 48.



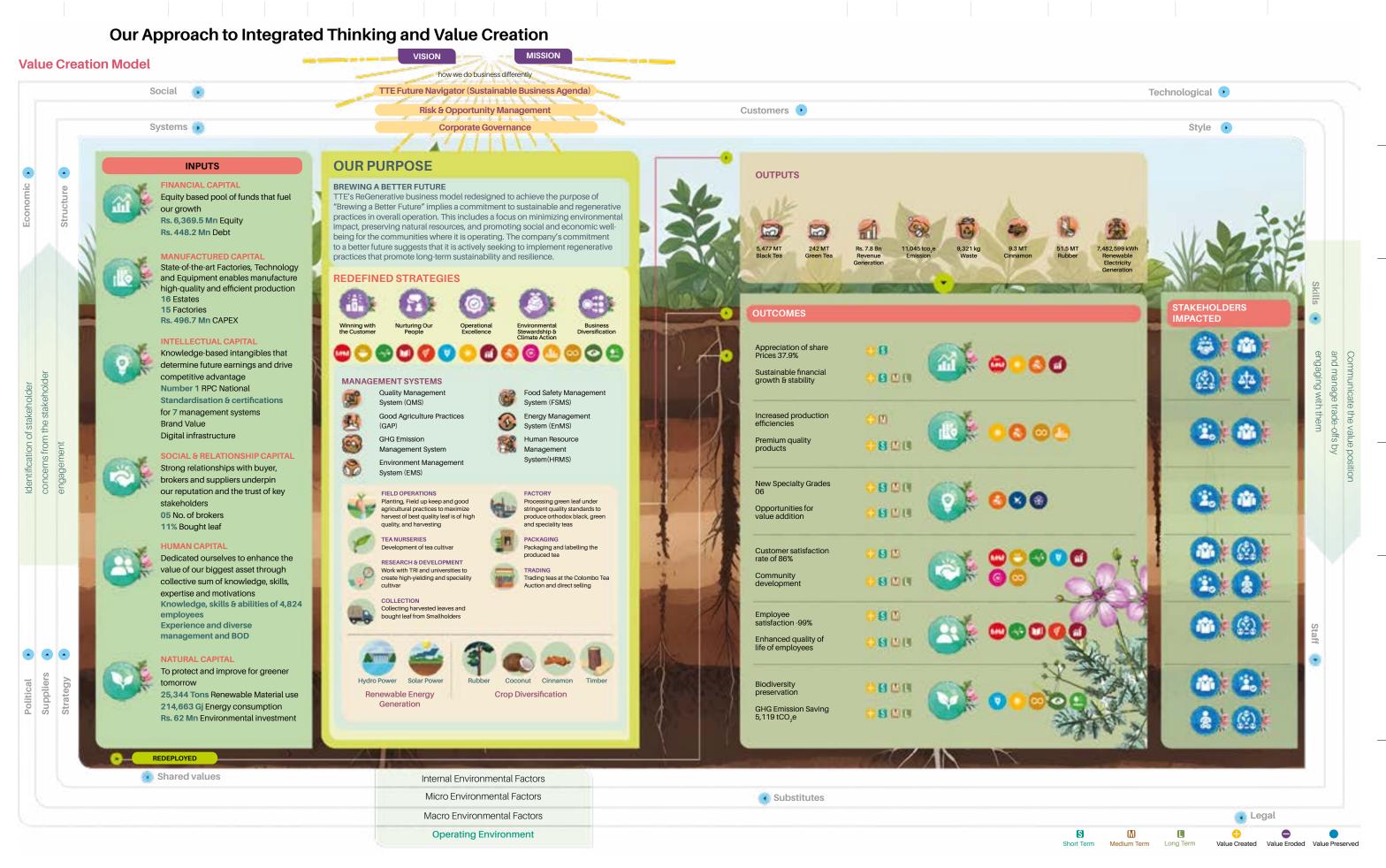
Refer pages 136 to 149



Refer pages 150 to 169



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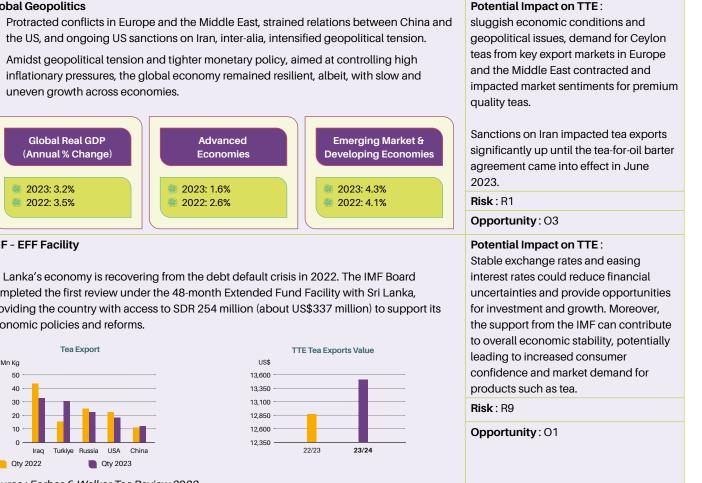
Our Approach to Integrated Thinking and Value Creation



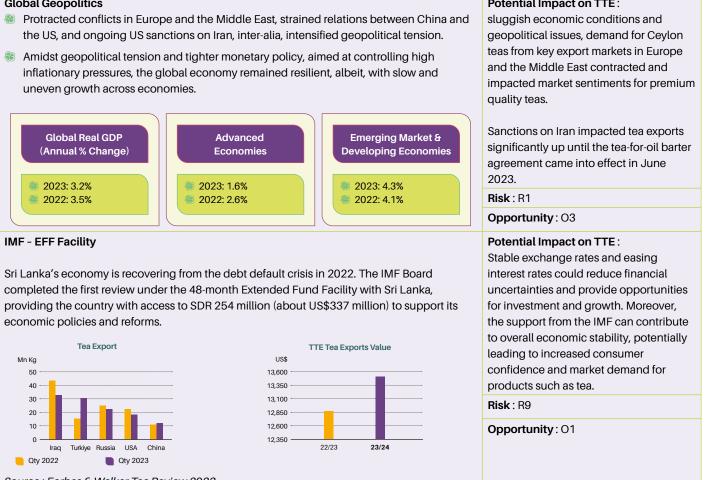
Political Instability

Global Geopolitics

- uneven growth across economies.



economic policies and reforms.



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

Operating Environment

Economic Uncertainty

Sri Lanka Economy

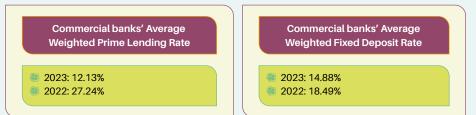
Economic Growth

- 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



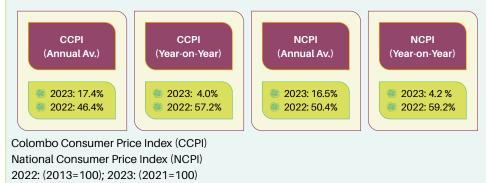
Market Interest Rates

😻 With disinflationary trends, the Central Bank moved towards an accommodative monetary Declining interest rates underlined lower policy, with downward adjustments in policy rates—resulting in declining trends in market cost of finance and fixed interest rate interest rates



Inflationary Pressure

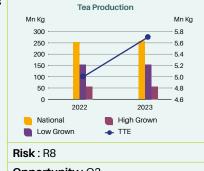
Following an ultra-tight monetary policy, the record high inflation witnessed in 2022, reversed to lower single digits, towards the year-end 2023. Easing of demand pressures, better supply conditions, strengthening of the rupee against the US dollar and lower global commodity prices complemented disinflation.



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.



Opportunity: 03

Potential Impact on TTE:

investment income.



Risk: R8

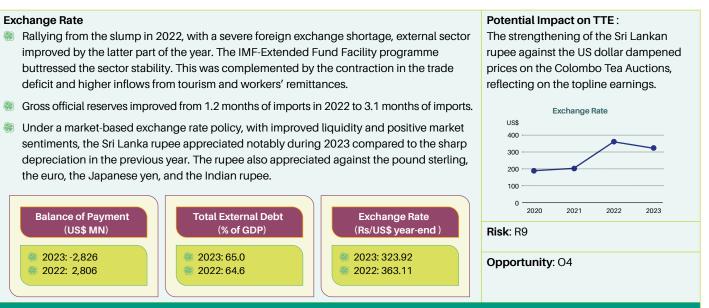
Opportunity: 04

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 agrochemicals.



- the euro, the Japanese yen, and the Indian rupee.



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
						J

Source : Department of census & statistic

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

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.



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).



- Robots are used in harvesting & picking in large sale 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



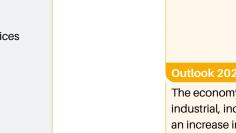
Outlook 2024-25

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 propoor 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

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



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

Legal / Regulatory Developments

Environmental

- Sclimate 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".

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.

VAT Revisions 2023	Potential Impact on TTE :
	The TTE account systems and
From January 1, 2024, the tea industry, which was previously exempt from the VAT, subjected	procedures were updated to comply with
to an 18 percent VAT.	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

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**: 05

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.

Operating Environment Risk	Financial Risk	Operational Risk
 R1-Geo-political developments R2- Macroeconomic and political developments R3- Threat from civil unrest R4- Change in consumer demand behavior R5- Inflation Risk 	 R6- Liquidity Risk R7- Interest Rate Risk R8- Credit Risk R9-Exchange Rate Risk R10-Financial Covenant Breach 	 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	Compliance Risk	Sustainability Related Risks
R18- Climate Change Risk	R19- Risk arising out of non- compliance with Laws, Regulations, By-laws and Statutory requirements	R20 Non-Financial Reporting and Disclosures

KEV BISK PREDICTED IN 2024/25

KEY RISK FACTORS

Refer page 190 to 199

a product differentiation

Currency fluctuations

Key Opportunity Factors

- O1. Growing Demand for Sustainable Products
- O2. Rising Demand for Certain Commodities
- O3. Explore opportunities for expansion into new markets with growing populations and increasing demand for products O4. Investing in research and development of high-yielding, disease-
- resistant and drought-tolerant crop varieties
- O5. 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
- Solution and the second structure and the seco
- Creating an environment where strategy succeeds
- Setting realistic targets for delivery across a set time Period
- 8 Build strong partnerships with research institutes, universities and NGOs to access knowledge, expertise and resources for innovation and sustainable development

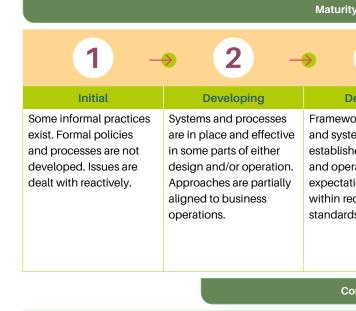
	KET RISK PREDICTED IN	2024/23
Financial Risk	Risk Assessment	Opportunities Assessment
 Geopolitical conflicts Fuel and energy prices Climate Risks Talent/Labour migration and cost of 	The four different yet connected elements of TTE's risk management process—risk identification, risk assessment, risk mitigation, and risk	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
labour	monitoring create an ecosystem that	rating.

present and potential hazards.

Evaluating Our EROM Journey: Current State and Future Vision

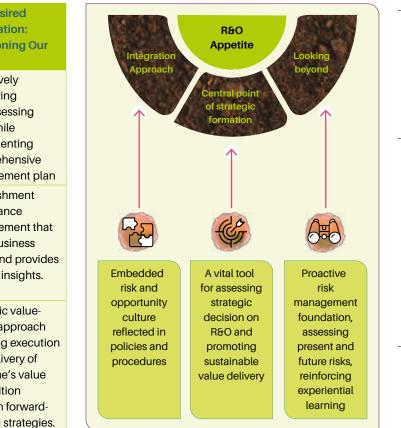
At TTE, we are committed to continuously improving our risk and opportunity management practices as a vital part of our journey towards greater strategic resilience. We understand that this journey is essential for enabling sustained value creation within the framework of Environmental, Social, and Governance (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 Desin Destinati Envisioni Future
Maturity Level of EROM	Foundational risk management systems with limited business risk insights	Adopted a more integrated and frequent approach to risk and opportunity management.	Proactive identifyin and asses R&O while implemen comprehe managem
Compliance	Ensure adherence to statutory requirements within the prescribed scope of compliance.	Emphasizing best practices while maintaining compliance with statutory requirements.	Establishi complian managen adds busi value and unique in
Strategic Value Enabler	Minimum of integration with business functions	Integration of ESG considerations into risk and opportunity management practices.	Strategic driven ap enabling and delive Redefine' propositio through fo looking st



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

Changing demographic that demand safeguards the company from both



Maturity level of EROM

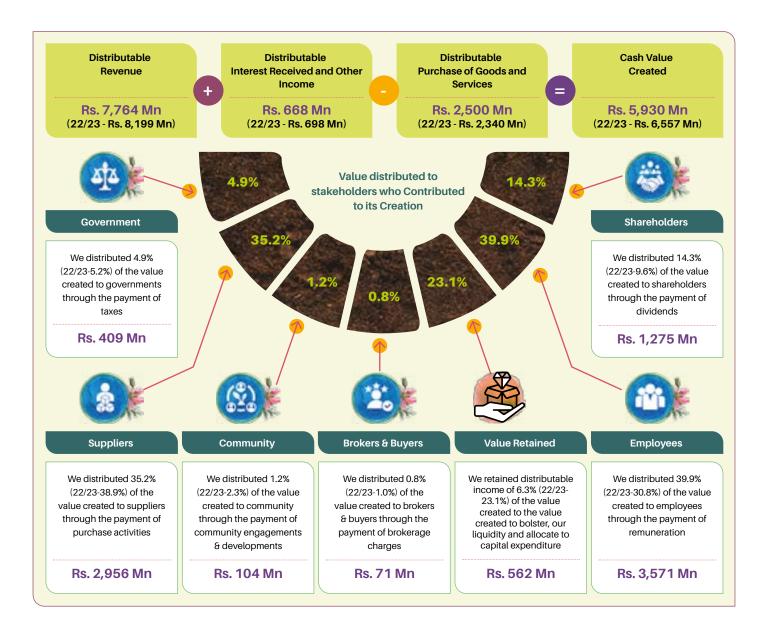
3 -	• 4 -	• 5
Developed	Integrated	Optimized
vorks stems are formally shed, embedded erating to meet ations contained recognized rds.	Systems and processes are integrated, collaborative and enhanced so that it drives a coordinated strategic and efficient response to current and emerging risks.	Systems, 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.

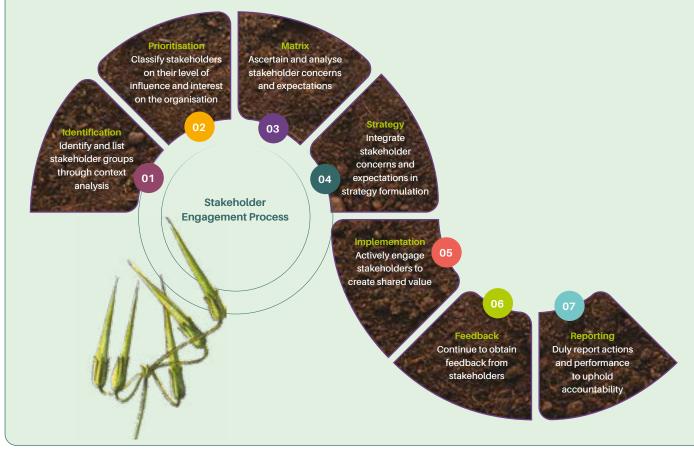
Compliance

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
- Sood 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

Low Interest + Low Influence Strategy: Low engagement - inform

- Neighbouring communities
- Non-government organisations

High Interest + High Influence Strategy: High engagement collaborate

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

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)

Strategic Goal: Align our strategies and actions to create sustained value to meet shareholder interests.

• • •					
Risks	Opportunities		Priority: High Engagement - C	ollaborate	
 Country risk Business disruption risk Compliance risk Climate change risk 	 Productivity optimisation throu technology Diversification in to less labour intensive crops 	C	Capitals Impacted Financial + Manufactured Related SDGs	0	
Method	Expectations/Issues		Strategic Response		
 Annual and extraordinary general meetings Annual report Interim financial statements Press releases - as required Corporate website 	 Earnings growth, profits and streeturns Financial stability Share price performance Responsible corporate governation 		 Deliver a pragmatic growth performance targets. Maintain a healthy financia Invest in sustainable agrico Integrate ESG consideration Ensure timely shareholder 	al position. ulture and manufacons into corporate s	cturing practices.
Material Matters		KPIs	Monitored	FY 2023/24	FY 2022/23
 Economic and industry perfor Corporate strategy and results Labour management Risk management ESG considerations 		Retu Divic	enue (Rs. Mn) rn On Equity (%) lends paid (Rs.) ings per share (Rs.)	7,763.6 25.80 26.85 34.63	8,199.3 42.84 54.21 54.21



Employees

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

Strategic Goal: 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.

Risks	Opportunities	Priority: High Enga	gement - Collabora	ate		
Business disruption risk	Productivity optimisation	Capitals Impacted	Capitals Impacted Human+ Intellectual + Financial			
Labour and talent migration risk	through technology					
		Related SDGs				
		nelaleu SDGS				
Method	Expectations/Issues	Strategic Respon	se			
Daily, weekly and monthly staff meetings	Fair recruitment	Uphold best H	R practices			
Weekly HR cluster meetings	Commensurate	🏶 🛛 Regular dialog	 Regular dialogue with trade unions at company and industry levels Industry aligned compensation and benefits 			
Monthly meetings with trade union	remuneration and benef	its industry levels				
representatives	Performance evaluation	s 🛛 🏽 😻 Industry aligne				
Monthly health and safety committee meetings	and incentives	Comprehensiv	Somprehensive health and safety programme with			
Bi-annual performance evaluations	Health, safety and wellb		staff representation			
Training initiatives	Training opportunities	Extending train	ning to all staff grad	es		
Material Matters	KPIs Mon	itored	FY 2023/24	FY 2022/23		
Secompensation	HB invest	ment (Rs Mn)	103.6	165.4		
Search Training		Employee turnover rate (%)		8.6		
Performance evaluations		retention rate (%)	11 89	91.4		
Occupational health and safety			14.43	13.78		
A Labour relations	Training II	Training investment (Rs Mn)		13.76		



Buyers, Brokers and Customers

buyers)

Strategic Goal: Secure broker and buyer confid strength; and drive for premium prices on the C	, , ,	teas made ethically and	sustainably; enha	nce the brand
Risks Image: Second S	 Opportunities Growing global demand black teas Growing global demand organic/sustainable teat Productivity optimisatio through technology 	Social and relationship+ Financial		
Method Periodic meetings Familiarisation estate tours International trade fairs and road shows Trade association meetings	 Expectations/Issues Product quality and foor safety Compliance with local a international certification standards and regulation Climate change impact 	ensure quality f nd (*) Adopt and main certification gu ns (*) Invest in resear	ral and manufactu	y accepted ards.
Material Matters © Customer health and safety Product quality	KPIs Mon Customer	itored satisfaction rate (%)	FY 2023/24 86	FY 2022/23 86

Rejection and complaints

(number)

Customer

- 🔋 Product qu
- Customer satisfaction
- Marketing and labelling
- Research and development



Resident Estate Communities

Strategic Goal: Build strong and mutually	beneficial relationships	with estate cor	nmunities—focusing on th	neir wellbeing a	nd enabling
them through key socio-economic develo	pment initiatives.				
Risks Opportunities			Priority: High Engagemen	it - Collaborate	
Business disruption risk	🛞 Diversification into l	ess labour-	Capitals Impacted		
Climate change risk	intensive crops		Social and relationship + H	luman + Financi	al
Labour and talent migration risk			Related SDGs		
Method	Expectations/Issues		Strategic Response		
Weekly community meetings	Housing and estate	infrastructure	"Home for every Planta	ation Worker" - a	a
Home for every plantation worker'	Water and sanitation	n	comprehensive community development and		
programme	Health and nutrition	1	wellbeing programme		
Material Matters		KPIs Monito	red	FY 2023/24	FY 2022/23
Estate development		Investment i	n community (Rs. Mn)	95.4	159.7
Livelihood development			,		
Sector Community wellbeing			in capacity development	183,494	173,221
Community empowerment		and educatio	nal programmes		

Labour relations

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

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

5

6

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.

Risks	Opportunities		Priority: Align Engageme	nt: Involve	
 Business disruption risk Competitor risk Climate change risk Compliance risk 	 Growing global dem and specialty teas Growing global dem organic/sustainable 	nand for teas	Capitals Impacted Social and relationship+ F Related SDGs	inancial	
	Productivity optimis technology	ation through			
Method	Expectations/Issues		Strategic Response		
 Periodic supplier site visits Regular dialogue and interaction 	 Price and profitability Credit period Availability of raw materials Climate change 		 Maintain good supplie dialogue and fair prici Advocate best practic responsibility. 	ng.	J
Material Matters		KPIs Monito	red	FY 2023/24	FY 2022/23
 Supply chain Procurement practices Supplier social and environmental assess 	sments		ousiness value (Rs. Mn) er payments (Rs. Mn)	721.17 1,926.18	930.38 2,085.85
		Supplier asse	essments (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)

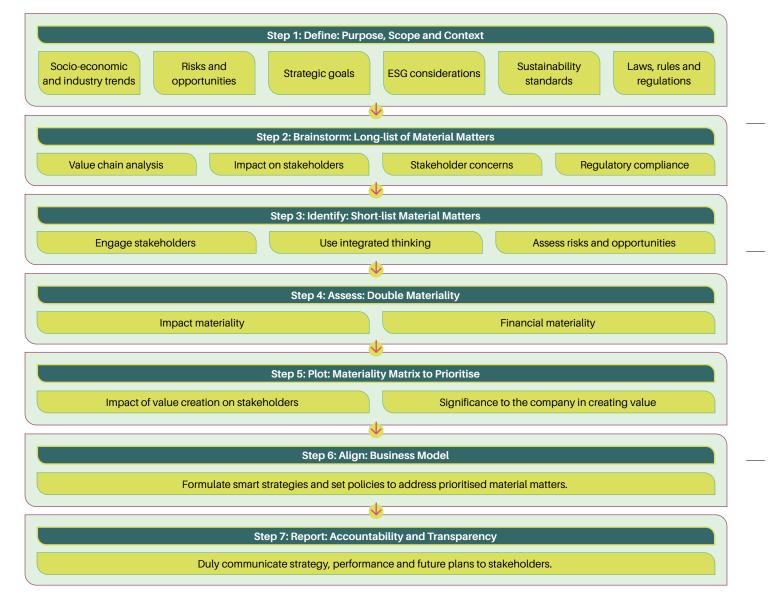
Strategic Goal: Contribute positively as a responsible corporate citizen to develop, support and preserve the living environment and culture; whilst upholding transparency and accountability in meeting obligations to regulatory bodies, financial institutions, certification agencies, industry associations,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

Risks	Opportunities		Priority: Medium and Alig	n Engagement: I	nvolve/ Include
 Country risk Business disruption risk Climate change risk Compliance risk 	teas Growing global demand for		Capitals Impacted Financial + Intellectual + Natural + Social and relationship Related SDGs		
Method	Expectations/Issues		Strategic Response		
Estate and factory audits	Reliability and reputation		Uphold sustainable operations and disciplined		
Meetings when required	Responsible corpor	ate	 financial management. Meet tax and financial obligations conscientiously. Ensure timely disclosures of corporate information. 		
Published accounts	management				
Annual report	Climate change and	d crop			
Press Releases	management		Lobby for progressive plantation sector polices.		
Material Matters		KPIs Monito	red	FY 2023/24	FY 2022/23
😻 Tax					
Product quality			Rs. Mn)	461.5	192.1
Corporate governance and risk managen	nent	Corporate ca	arbon footprint (tCO2e)	11,404	9,085
Corporate social responsibility					
Corporate environmental footprint					

GRI 3-1,2 & 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.

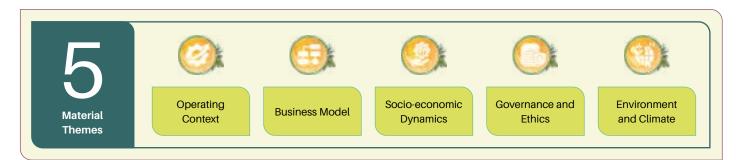
Continuing to adopt best practices in corporate reporting, this year, too, we sought to align our materiality determination with internationally recognised frameworks for assessing the significance of ESG factors in our business operations. Apart from the GRI Standards, we attempted to integrate our 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



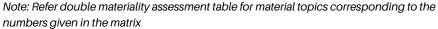
Materiality in Focus

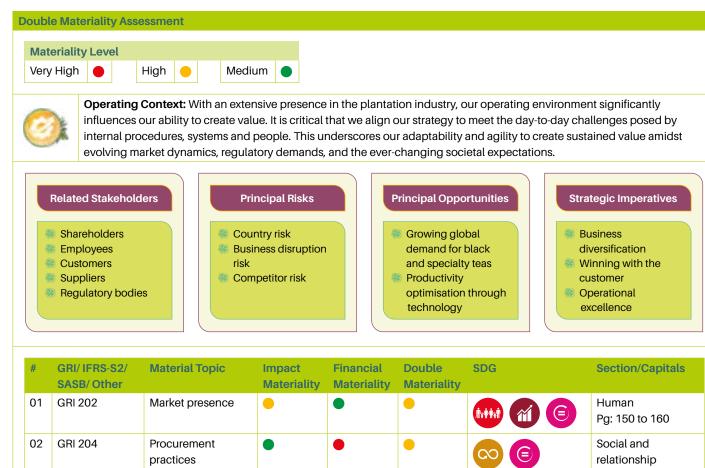


Our materiality assessment is consistent, without significant alterations, compared to the preceding financial year. Key changes are as follows:

- * 'pandemic led disruptions' has been disregarded as not relevant in the present context;
- employment and employment practices have been bunded 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
- erincipal relationships have been viewed as an inherent part of the discussion on relationships interalia, our customers, employees and suppliers.





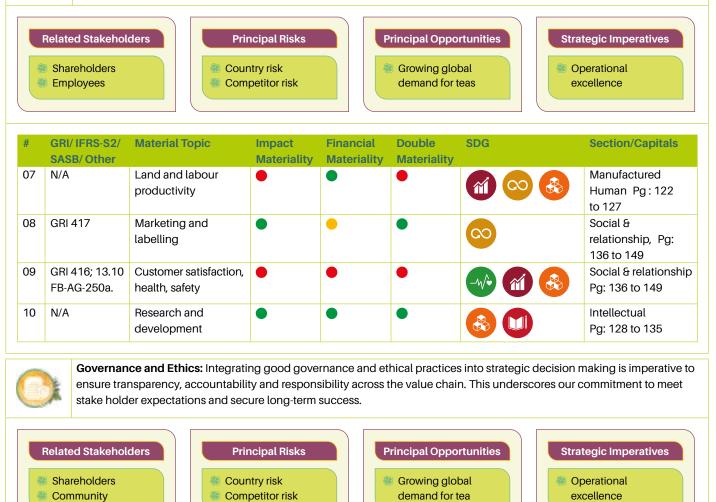


#	GRI/ IFRS-S2/ SASB/ Other	Material Topic	Impact Materiality	Financial Materiality	Double Materiality	SDG	Section/Capitals
01	GRI 202	Market presence	•	•	•		Human Pg: 150 to 160
02	GRI 204	Procurement practices	•	•	•		Social and relationship Pg: 136 to 149
03	GRI 207	Тах	•	•	•		Financial Pg: 114 to 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

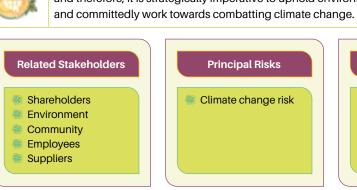


(3)

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.



#	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	•	•	•	<u></u>	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

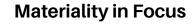


#	GRI/ IFRS-S2/ SASB/ Other	Material Topic	Impact Materiality	Financial Materiality	Double Materiality	SDG	Section/Capitals
11	IFRS S2, GRI 13.2	Climate Transition	•	•	•		Natural Pg: 170
12	GRI 301	Materials	•	•	•	00	Natural Pg: 170
13	GRI 302 FB-AG-130a.	Energy	•	•	•	*	Natural Pg: 170
14	GRI 303;13.7 FB-AG-140a. FB-AG-440a.	Water and effluents	•	•	•	V	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	•	•	•	\odot	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

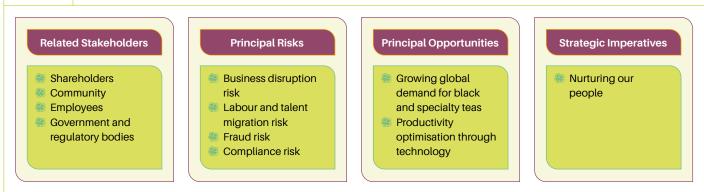
Environment and Climate: As a plantation company, our operations are intertwined with the environment and the climate and therefore, it is strategically imperative to uphold environmental responsibility, adopt sustainable agriculture practices and committedly work towards combatting climate change.

Principal Opportunities	Strategic Imperatives
Growing global	Environmental
demand for organic/	stewardship and
sustainable teas	climate action

65



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.



#	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	•	•	•	AII	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

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

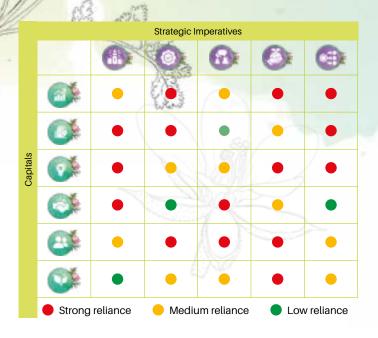
We operate in a complex business environment; with an interplay of risks, challenges, and opportunities-deeply influenced by socio-economic disruptions, market volatility, regulatory dynamics and more so, the intricacies of climate change. Focused and steadfast in creating long-term value for all stakeholders, 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.

Basis of Resource Allocation



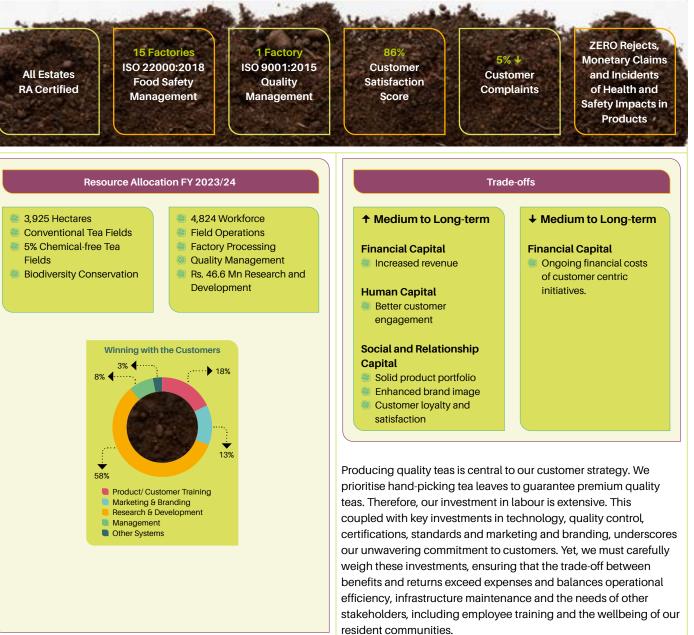
Strategy, Resource Allocation and Trade-offs

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.



	Strategic Imperative: Winning with the	Customer	Stakeholders Impacted	
	Aligned with our regenerative business principles, we create long-standing and reciprocal relationships with	our customers—	Shareholder, Customer, Employee; Supplier, Community	
	delivering exceptional customer experience; ensuring exceeding their expectations, consistently.	their wellbeing; and	UNSDGs	
				100
Risks		Opportunities		
intense c	Dynamics: Declining market demand for tea, and competition from local and global tea manufacturers pen revenue and bottom-line profitability .	tea may increase der	Consumer awareness of health benefits of mand for black and specialty teas.	
🏽 Quality I	issues: Lapses in quality may bring disrepute to the	and strengthen the b	Business Practices: This can differentiate orand and market positioning—appealing	l
	Chain Disruptions: This may result in shipping delays	😻 Value Addition: Add	Imentally conscious consumers. Ing value and innovating new tea blends	
Sonsum	act quality. 1er Preferences : Changing preferences and trends act demand and revenue.	🏶 Branding and Marke	act new market opportunities. eting : Strengthening the brand identity ives can attract and retain lucrative markets	
Complia standard	ance: Issues in meeting import regulations, quality Is, or labeling requirements of different export markets Ilt in delays, rejects and legal implications.	amidst global compe		
Short-term S Short-term S	Strategy (01-03 years) quality measures in line with best agriculture and food s and accepted standards and guidelines.	afety practices—in confor	mance with international certification	
-	east of latest market trends, monitor competitor activity, and specialty teas.	diversify and penetrate ne	w and niche markets through greater value	
	m Strategy (03-05 years) market research to identify high growth potential and u	nderserved market segme	nts.	
🏶 Roll-out a	a branded product line of specialty teas.			
Invest in	branding, with emphasis on the company's history, valu	ues and commitment to qu	uality.	
-	Strategy (05 years above) e to explore new markets and invest in research and dev	elopment to produce new	tea blends.	
Invest in markets.	research and development to explore the potential of er	nerging technologies on s	strengthening product quality, brand and	
Rolled or	Action FY 2023/24 ut the field development programme to adopt sustainab ne with RA certification.	le agriculture practices; wi	ith frugal applications of agrochemicals	
Upheld p	product stewardship to comply with MRL Assurance and	ISO food safety and quali	ty management standards.	Ref

- 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.
- Solution and consistently networked with buyers and brokers along with focused branding and marketing initiatives.



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

Key Performance Indicators

\odot

Strategic Imperative: Operational Excellence

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.

Risks

- Environmental Challenges: Climate and environmental challenges can impact crop yield and quality.
- Labour Issues: Unavailability of labour and industrial unrest can result in loss of work days, financial losses and reputational damage.
- Quality Issues: Lapses in quality control can adversely impact the brand image in the market.
- Supply Chain Disruptions: This can impact timely processing and delivery, with significant financial losses.
- Technological Advancements: Resistance or sluggishness to adopt latest technology can result in operational inefficiencies and loss of market share.

Short-term Strategy (01-03 years)

- Identify and address productivity issues, inefficiencies and wastage in field and factory operations.
- Sarry out energy audits, minimise usage and implement cost-effective energy efficient measures.
- Extend focused training to enhance skills and productivity of the workforce.
- Strengthen the supply chain traceability and address bottlenecks.

Medium-term Strategy (03-05 years)

- Invest further in field mechanisation technology and digitalisation for smart plantation management.
- Initiate and invest in state-of-the-art factory processes and systems.
- Develop a clear and consistent brand message to showcase the unique value proposition.
- Develop a compelling employer brand that articulates the company's values and culture.
- Invest in innovative technologies and solutions to address and manage social and environmental challenges.

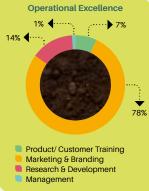
Long-term Strategy (05 years above)

- Invest in research to develop improved climate resilient and high yielding cultivar.
- Strategy in Action FY 2023/24
- Increased replanting of tea by
- Increased the investment on the field development programme
- Increased the investment on new machinery and equipment for factory operations
- Increased the investment on maintenance of factory machinery and equipment
- Upgraded estate infrastructure at an investment

Opportunities

- Sustainable Agriculture and Technology: Adoption of sustainable practices along with technological advancements can enhance resource utilisation, innovation, efficiency and quality of teas.
- Supply Chain Optimisation: This can improve supplies, lead times, traceability, and logistics.
- Energy Efficient Technology: This can minimise energy cost and curtail the carbon footprint.
- Employee Motivation: Ensuring community wellbeing and upholding fair labour practices can improve productivity, motivation and employee loyalty.





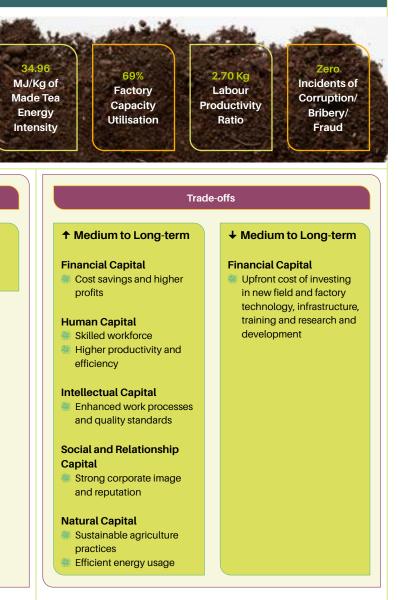
Refer : Human Capital, Page 150.; Social and Relationship Capital, Page 136; Manufactured Capital, Page 122; Intellectual Capital, Page 128; Natural Capital, Page 170

Stakeholders Impacted

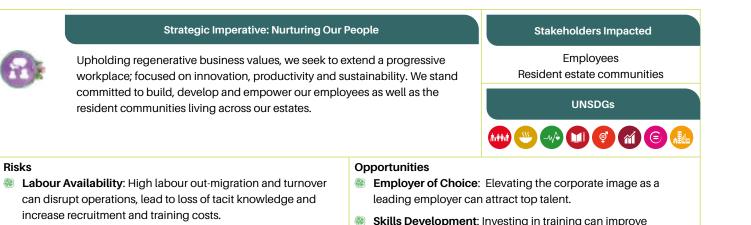
Shareholder, Employee, Customer, Supplier, Community, Society Government



Key Performance Indicators



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.



- Workplace Safety: Accidents and injuries can lead to legal issues, higher compensation costs and disrupt operations.
- Employee Health: Poor employee health can result in increased absenteeism, lower productivity and higher healthcare insurance costs.
- Sompliance Issues: Non-compliance with labour laws can result in legal action and damage the company's reputation.
- Skills Gap: Lack of skills can impact performance and productivity, hindering value creation optimisation.
- Employee Engagement: Poor engagement, labour disputes and trade union activities can lead to absenteeism, lower productivity and financial losses.
- Community Engagement: Neglecting community concerns can lead to the loss of community trust and support and attract negative media publicity.

Short-term Strategy (01-03 years)

- 8 Foster an inclusive workplace with focused skills training initiatives to enhance employee productivity, performance and empowerment.
- Extend training opportunities for managerial staff on conflict resolution and negotiation skills.
- Establish a joint labor-management committee to address grievances and concerns.
- Closely engage communities, ensure their wellbeing and empowerment.

Medium-term Strategy (03-05 years)

- Develop and implement a comprehensive employee engagement strategy.
- Increase the focus on women empowerment.
- 🏽 Conduct due diligence on company's operations, suppliers and business partners to identify and address potential human rights violations.

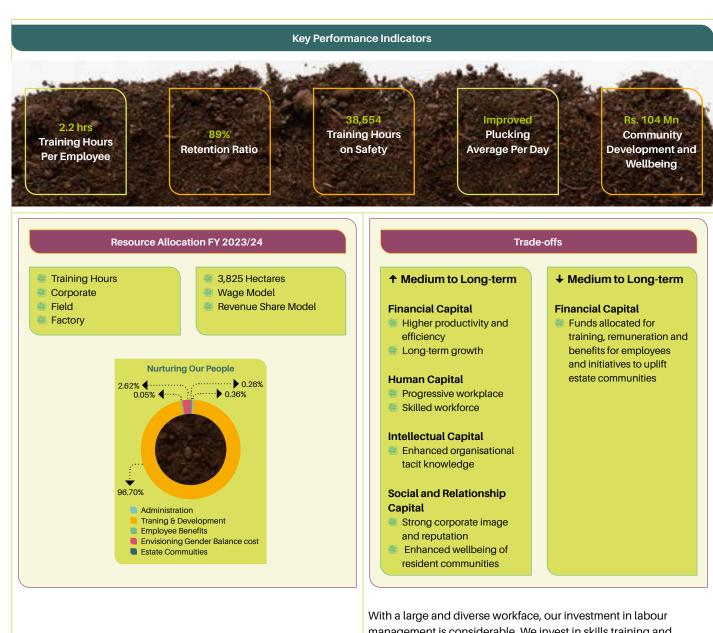
Long-term Strategy (05 years above)

Promote equitable value sharing amongst resident estate communities through a revenue share model.

Strategy in Action FY 2023/24

- Recognised as a 'Best Place to Work' by Best Workplaces in Sri Lanka.
- Extended industry competitive remuneration and further developed the non-wage model.
- Extended a comprehensive programme on occupational health and safety for all employees across estates.
- Identified skills gap and rolled out a well-rounded training programme for employees across grades.

- Skills Development: Investing in training can improve productivity and capabilities.
- Inclusivity and Diversity: Fostering a diverse and open workplace with employee engagement can boost their morale, team spirit, creativity and innovation.
- Employee Wellbeing: Investing in employee welfare and wellness can ensure health and safety of the workforce for higher productivity.
- **Recognition and Rewards**: Duly recognising and rewarding employees for their contribution can bolster performance and increase productivity.
- Leadership Development: Fostering leadership and succession planning can achieve seamless organisation grow th.



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

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.



Strategic Imperative: Environment Stewardship and Climate Action

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.

Risks

- Climate Impact: 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.
- Environmental Degradation: This can lead to supply chain disruptions, limiting the availability of quality tea leaves and hinder potential crop yields.
- Regulatory Demands: Evolving and stringent environmental laws, rules and regulations can impact operational costs, marketability, profitability and long-term planning.
- Water Contamination: Agricultural run-off and factory waste water can pollute water sources, harming ecosystems, employee and community health and the company's reputation.
- Compliance: Not complying with environmental laws and regulations can result in fines, penalties, sanctions and legal action.
- Energy Issues: Rising energy demand, supply disruptions and the cost of adopting renewable energy can lead to energy scarcity and impact profitability.

Opportunities

Sustainable Agriculture: Implementing practices to preserve soil health, protect water sources and biodiversity can minimise the company's environmental impacts.

Stakeholders Impacted

Shareholders Community

Society

UNSDGs

7 💿 💿 💿 🔁

- 83 Sustainable Energy: Establishing an energy management system and opting for renewable energy can reduce the dependency on fossil fuels and lower the carbon footprint.
- Biodiversity Conservation: Conserving and enhancing biodiversity in estates can protect estate ecosystems and lower the carbon footprint.
- Climate Change: 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.
- Stakeholder Engagement: Collaborating with employees, local communities, suppliers and non-government organisations to promote sustainable practices can advocate shared environmental stewardship and strengthen the corporate reputation.

Short-term Strategy (01-03 years)

- Set clear and measurable environmental performance goals with consistent monitoring and compliance.
- Expand and further invest in crop diversification.
- Improve permaculture business practices to enable productivity, efficiency and ecological balance.
- Set ambitious green-house-gas emission reduction targets and roll-out carbon offsetting initiatives.

Medium-term Strategy (03-05 years)

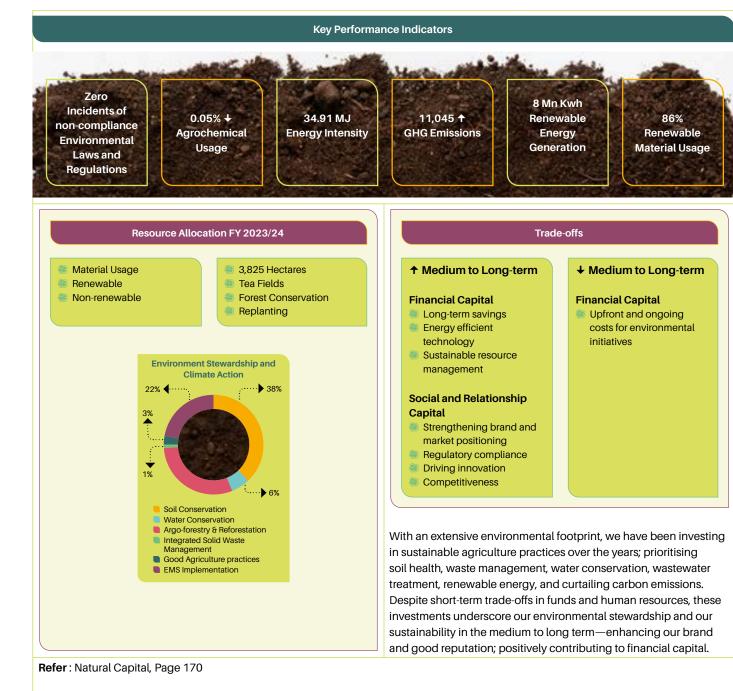
- Invest and implement climate smart and adaptation technology, practices and measures.
- Collaborate with tea research institutions to implement climate resilient agriculture practices.
- 🏽 Invest in market research to ascertain consumer preferences and develop innovative tea varieties resistant to climate change.
- Invest in renewable energy sources and energy efficient technology.

Long-term Strategy (05 years above)

Completely transition to regenerative agriculture practices.

Strategy in Action FY 2023/24

- Followed through an effective natural resources management plan—focusing on renewable material, efficiency of agrochemical inputs, water conservation; and waste water purification.
- 🏽 Prioritised controlling green-house-gas emissions through renewable energy generation and consumption; upheld science-based target commitment; and further invested in fuelwood planting.

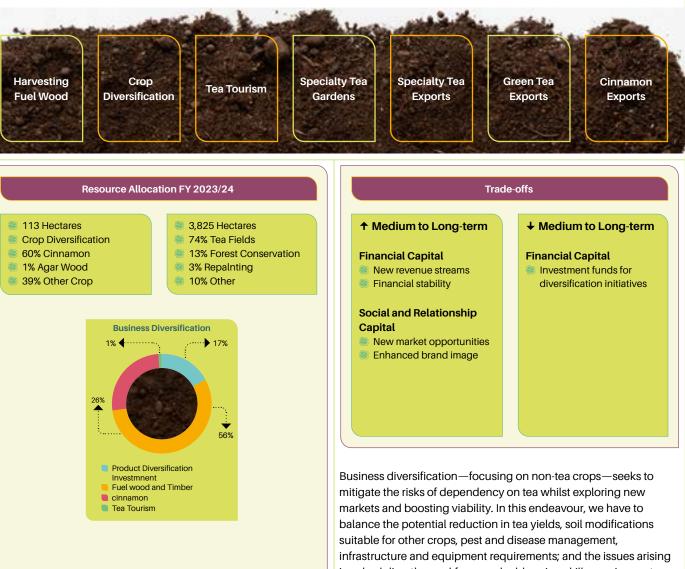


	Strategic Imperative: Business Diversi	fication	Stakeholders Impacted	
	Reducing the risk of dependency on our core value of increasingly looking at diversifying our business to for	-	Shareholders, Customers Employees, Suppliers	
Contraction of the second seco	in a dynamic operating environment. Aligned with reg principles, we seek to leverage our expertise to take or	enerative business	UNSDGs	
	opportunities, explore new product lines and expand	nto new markets.		Harvesting Crop Fuel Wood Diversification
 Risks Resource Allocation: Allocating scarce resources to new ventures can limit the growth and divert the focus from the core business. Resource Planning: Complications can arise in labour planning and resource management when producing and harvesting other crops. Operational Changes: New products/markets may require changes to the manufacturing processes, distribution channels, and logistics. Competitive A 		 New Markets: Venture the customer base. Single Product: Redure mitigating risks and in Customer Preference enabling the organisa customer preferences loyalty. 	ring into untapped markets can broaden uces the dependency on the core offering, ncreasing other revenue streams. es : Adds value to the corporate image, ation to meet diverse and changing s, market trends and foster customer ag e: Differentiates the organisation, giving npetition.	Resource Allocation F 113 Hectares Crop Diversification 60% Cinnamon 1% Agar Wood 39% Other Crop Business Diversifi 1%
	Strategy (01-03 years) invest in expanding the value-added specialty and organ	ic tea product lines.		
 Increase the investment in non-core crop operations including 		nnamon, agarwood,		Product Diversificati
	rm Strategy (03-05 years) ut feasibilities including on market opportunities to expan	d the crop diversification p	programme.	 Fuel wood and Timb cinnamon Tea Tourism
🏽 Invest ir	n promoting tea tourism in scenic estates.			

Pursue collaborations and partnerships within the group to develop and market branded range of specialty teas and other products.

Strategy in Action FY 2023/24

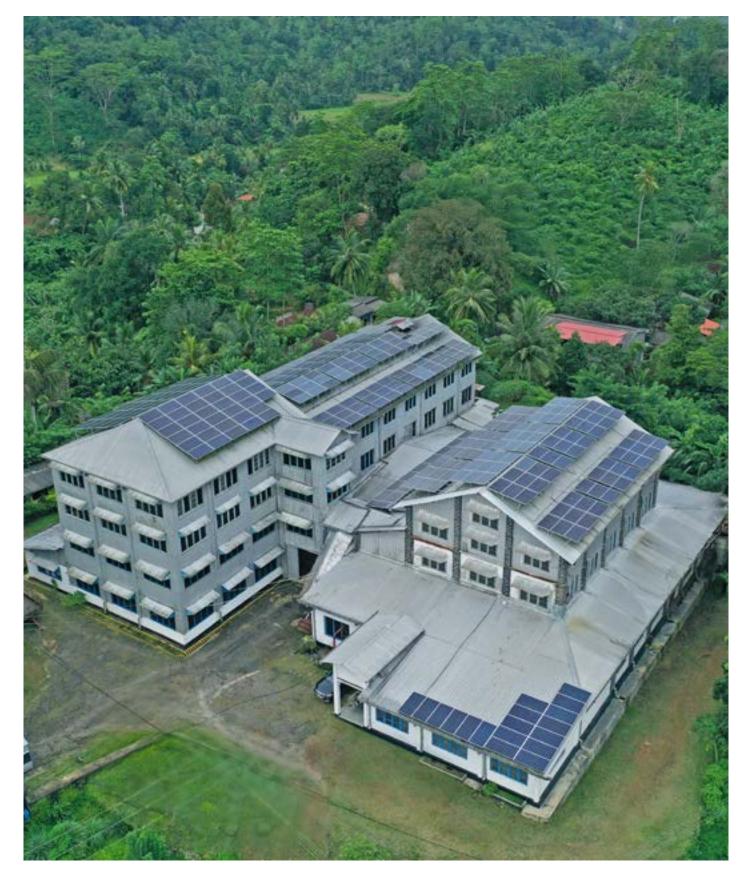
- Invested to expand the extent of fuel wood, timber, agar wood and cinnamon.
- Invested to expand the production of green tea and specialty tea range.
- Harvested fuelwood and timber
- Promoted tea tourism in Somerset estate
- Participated and promoted specialty teas and other export crops



Key Performance Indicators

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.

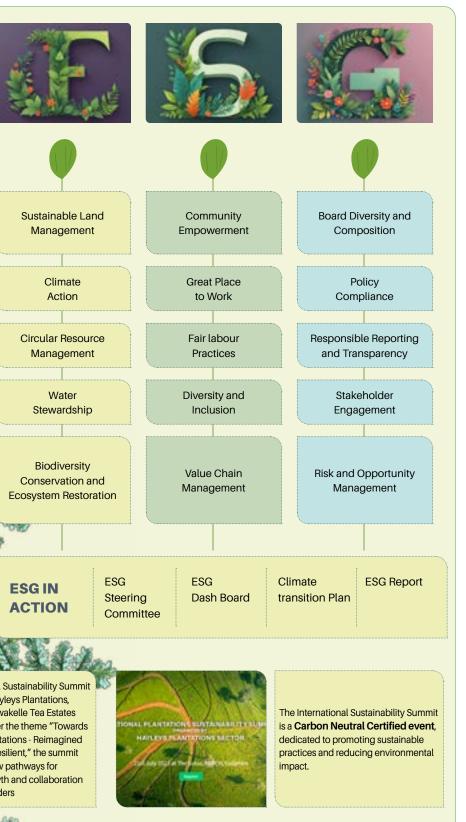
Refer : Business Review, Page 100; Financial Capital, Page 114; Manufactured Capital, Page 122; Natural Capital, Page 170



Our ESG Framework 2030 Regenerative Agenda

Our blue print to create value

for profits, people and planet for today and tomorrow...





The International Sustainability Summ 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



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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.





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



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

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

Climate Action

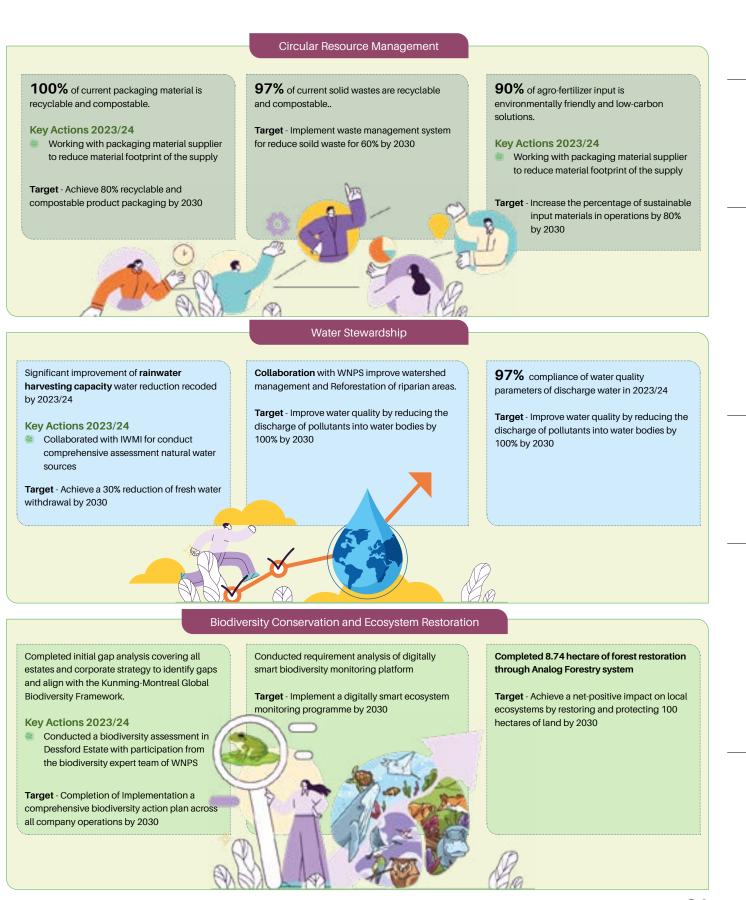
Integrate a climate action and risk management component into all management systems of the company according to recent developments by ISO and IAF.

Target - Completion of implementation a comprehensive climate risk management



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.



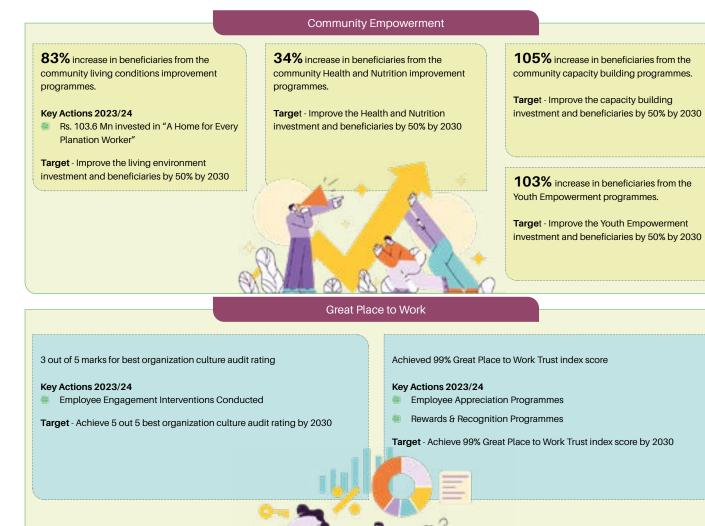


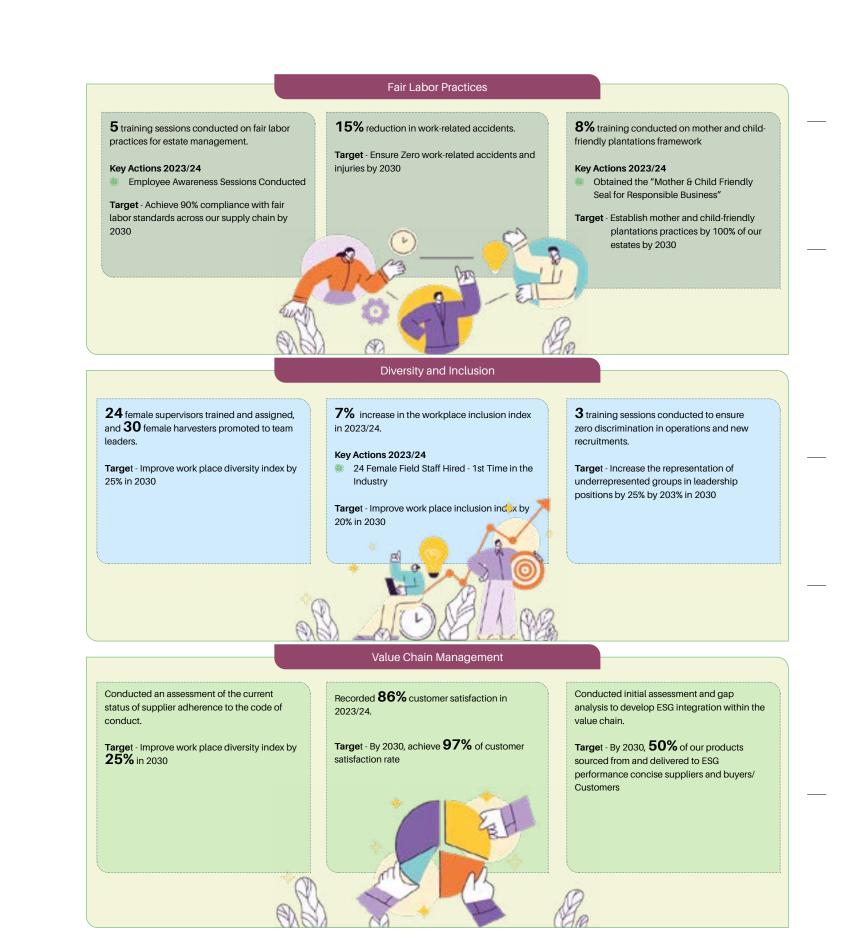
Socio-economic Empowering Our People for a Sustainable Tomorrow

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.











Completed initial assessment of quality of the

Sey 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

board

Key Actions 2023/24

Reaching out for excellence in governance

Grounded in unwavering integrity, we transparency and responsibility. our drive to navigate the complex operating landscape to create value conscientiously and uphold stakeholder confidence and trust.

Board Diversity and Composition

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

RC.

Zero tolerance recorded for non-compliance Zero major non-compliance cases recorded in with laws and policy-related matters. 2023/24.

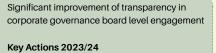
> Target - Zero major compliance violations by 2030 in overall value chain

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

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



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.

completeness by 2030



	Risk & Oppo
10% improvement in stakeholder engagement according to internal assessment by 2023/24.	Achieved a stakehol 3.7 out of 5 in 2023/
 Key Actions 2023/24 Conducted a comprehensive assessment on stakeholder engagement. Target - Increase stakeholder engagement ratio by 40% by 2030 	Target - Achieve a s stakeholder engage
	Stakehol
Recorded 6.3% risk reduction effectiveness through mitigation actions and 4.7% opportunity harnessing effectiveness in	97% ESG rating fr from IdealRatings or

Introduced new business revenue from rom CSRHub and **AA** rating sustainable tea tourism opportunity n ESG assessment. Target - Increase the identification of new Target - Achieve 90% of ESG rating in 2030 business opportunities related to sustainable products and services by 50% in 2030

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

2023/24.

Accurate Reporting and transparency

Target - mplement a comprehensive ESEG management information system with a goal of achieving 100% data accuracy and

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

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

tunity Management

lder engagement index of

score of 4 out of 5 or higher on ement indices by 2030

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

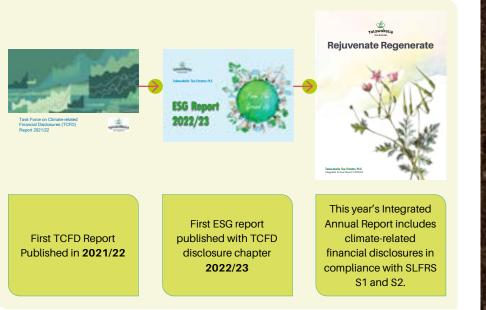
Target - Improve effectiveness of regular stakeholder consultations and feedback sessions by 20% by 2030

der Engagement

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.

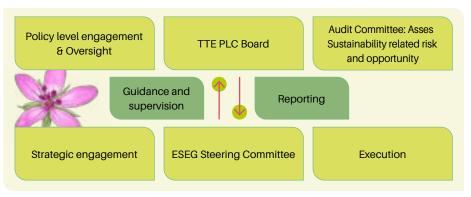
Our Journey on Science based Climate Action and Transparency



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.

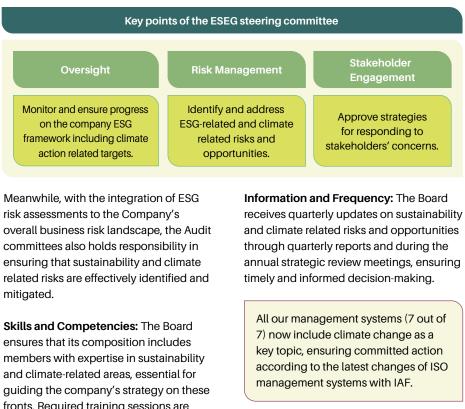


Governance



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:



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

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.

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-targetsinitaitives and expected linear reductions are monitored quarterly to ensure the achievement of the 2030 target.

Performance Metrics in Remuneration:

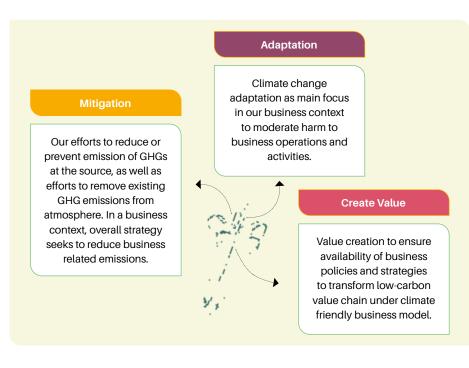
The remuneration policies at Talawakelle Tea Estates PLC are presently under review to incorporate a mechanism for integrating specific performance metrics concerning sustainability and climaterelated achievements. This integration aims to ensure that these metrics significantly influence the performance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

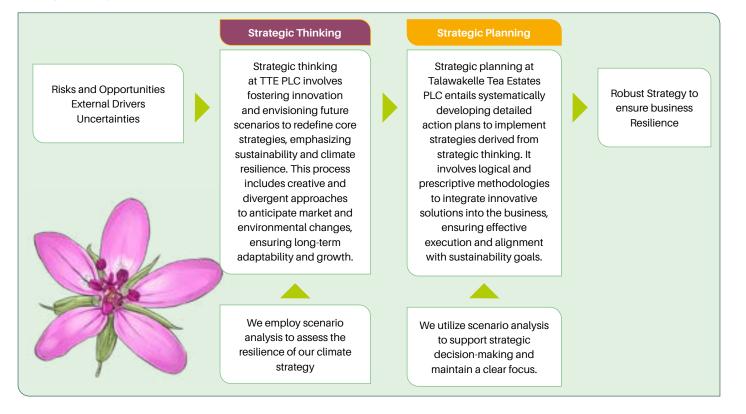
Climate Strategy

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.

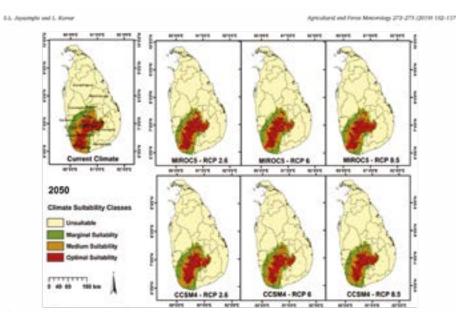






Climate Change Impact In Context

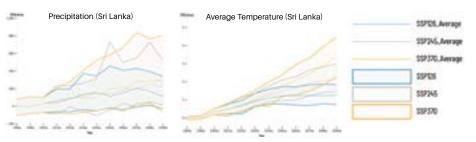
Climate Suitability of Tea in Sri Lanka Under Future Climate Scenarios



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.

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 Climaterelated Financial Disclosures (TCFD) framework.

		related risks	Description		Current Effect		Significant	Antio	cipated eff	ects
	l opp ROs)	ortunities		Cash flows	Financial performance	Financial position	risk of a material adjustment	Access to finance	Cost of capital	Financia Impact
		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
eition Dieke.	Transition Risks:	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
Tran		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
	Risks	Temperature Increases	Gradual rise in average temperatures can affect tea plant health and productivity, altering growth cycles and reducing yields.				Yes	Increased borrowing costs	Higher	Negative
even	Chronic Risks	Water Scarcity	Long-term changes in precipitation patterns and increased evaporation rates lead to imbalance of ground water table, impacting tea quality and production.	••	••	••	Yes	Increased borrowing costs	Higher	Negative
	e Risks	Extreme Weather Events	Increased frequency and severity of extreme weather events, such as heavy rainfall, floods, and droughts, can cause immediate damage to tea lands, crops, infrastructure, and disrupt operations.	••	•	•	Yes	Increased borrowing costs	Higher	Negative
	Acute	Pest and Disease Outbreaks	Climate change exacerbates the prevalence of pests and diseases, leading to increased use of pesticides and higher operational costs.	•		•	Yes	Neutral	Neutral	Negative
	-	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
oortunity.	opportunity	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
Ċ	Opp	Sustainable Agriculture Practices	Implementing sustainable agriculture techniques, such as agro-forestry, permaculture and organic farming, can improve soil health, sequester carbon, and enhance biodiversity.	•	•	٠	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.	•	•	٠	No	Improved financing terms	Neutral	Positive

Rs. (900) Mn

0

Rs. 900 Mn

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 sectorspecific 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.
- 8 Climate Impact Studies: Application of findings from regional, local climate studies to understand potential physical impacts on tea production.

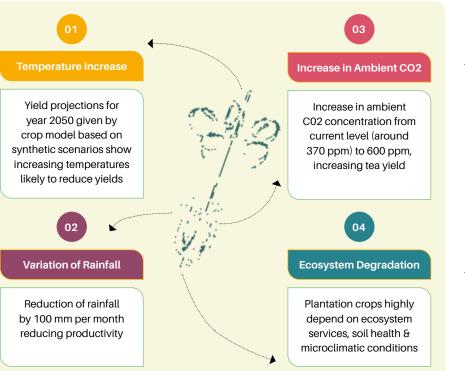
Estimation Process

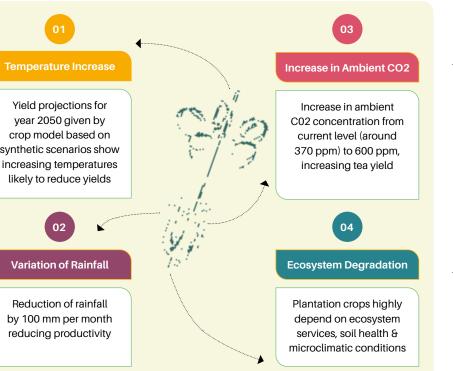
- Regulatory Compliance: Assumed cost increases due to stricter environmental regulations.
- Market Dynamics: Anticipated shifts in consumer preferences towards sustainable products.

By 2050, rising temperatures and reduced rainfall (by 100 mm per month) threaten tea yields. Increased ambient CO2 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
	Leaf Quality: Unpredictable weather patterns may lead to decreased Tea leaf quality, affecting the overall product standard.	Small Farmers: Climatic fluctuations affect small farmers' productivity and income, disrupting the supply chain. Suppliers and Distributors:	Resource Allocation: Investing in precision agriculture and soil conservation to maintain yield and leaf quality. Supply Chain Adjustments:	Mitigation: Implementing water and soil conservation techniques to sustain leaf quality and yield. Adaptation: Adjusting
Current	Yield: Immediate impacts include reduced yields due to adverse weather conditions.	Adverse weather conditions can lead to supply chain disruptions, affecting product availability and consistency.	Enhancing sustainability and reducing GHG emissions to protect value chain integrity. Data-Driven Decision Making: Using real-time data to monitor weather impacts on crop quality and yield.	agriculture planning and selecting climate-resilient tea varieties to cope with immediate climatic impacts.

Current and Anticipated Effects on Business Model and Value Chain





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.

Impacts on B	usiness Model	Impacts on Value chain	Response Plans	Mitigation Plans	TTE PLC as C	limate Resilient Co	mpany
Crop Levels: climatic changes significantly re levels, impact revenue.	Long-term ges could	Impacts on Value chain Strategic Partnerships: Long-term climate impacts necessitate strategic adjustments in partnerships and collaboration with small farmers and other key players. Resource Allocation: Strategic decisions on resource allocation to ensure support for small farmers and maintain supply chain stability.	Response PlansDecommissioning Carbon- Intensive Operations: Gradually reduce synthetic fertilizer use and increasing renewable energy.Capital Expenditure: Investing in climate-resilient crops and sustainable farming R&D to safeguard future yields and revenue.Resource Allocation for Business Development:	Mitigation Plans Production Process Changes: Adopting regenerative agriculture to improve long-term crop resilience. Facility Upgrades: Supporting renewable energy installations to reduce operational carbon footprint. Workforce Adjustments: Training employees in new sustainable practices		limate Resilient Co Risk and Opportunity prioritizing Scenario Development Relevant data and information collection Quantitative model Developing	mpany Through comprehensiv prioritized eight key ris align with stakeholder Three scenarios were c and transitional contex Scenario A - Net Ze Scenario B - Curren Scenario C - Diverg We collected compreh included internal opera landscape and benchn While as a first-time add modelled risks quantita
			Developing eco-tourism and diversifying product lines to mitigate revenue losses.	to enhance adaptation capabilities.		and Qualitative analysis Reporting	timeframes, and develo

Achieving climate-related targets is a priority for Talawakelle Tea Estates PLC,

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.

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, climateresilient 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.

Risk and Opportunity prioritizing	Through comprehensive con prioritized eight key risks and align with stakeholder expect
Scenario Development	Three scenarios were develop and transitional contexts alon Scenario A - Net Zero Glob Scenario B - Current patho Scenario C - Divergence d
Relevant data and information collection	We collected comprehensive included internal operations of landscape and benchmark periods of the second se
Quantitative model Developing and Qualitative analysis	While as a first-time adopter, we modelled risks quantitatively timeframes, and developed n
Reporting	The integrated annual report the financial impact of climate

Scenario Analysis

The analysis is categorized into transition risks, physical risks, and opportunities, each evaluated across short-term, medium-term, and longterm 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				Sce	enario Analy	ysis			
		(unit)	Short-term		Medium-term		Long-term				
			Scenario	Scenario	Scenario	Scenario	Scenario	Scenario	Scenario	Scenario	Scenario
			Α	В	С	Α	В	С	Α	В	С
Transition	Regulatory	Cost	•••	••	•	••	•	0	•	•	0
Risks	Risks										
	Market Risks	Revenue	•••	••	0	••	•	•	•••	••	٠
	Technology	Cost	•••	••	•	••	•	0	0	•	•
	Risks										
	Reputation	Revenue	•••	••	•	••	•	0	0	•	0
	Risks										
Physical	Chronic Risks	Revenue	•	••	•	••	•••	•••			
Risks	Acute	Cost	••	••	•	0	0	•••	0	0	•••
Opportunity	Renewable	Cost/	•••	••	•	•	•	0	•••	••	•
	Energy	Benefit									
	Sustainability	Cost/	•••	•	•	•••	•		•••	••	•
	Agriculture	Benefit									
	transition										
	Business	Revenue	•••	••	•	•••	•	•	•••	••	•
	Diversification										
									-	•	
									•(
						L Rs. (1,80	(I) Mn			U 0 100	Rs. 900 Mn

ntext analysis and stakeholder consultations, we have identified and nd five significant opportunities to enhance our strategic planning and ctations.

pped following the guidance of the Hayleys Group, considering physical ng with global, national, industry and Hayleys Group-level factors. bal scenarios C3/SSP 1-2.6, CPP

nway Global scenarios C6/SSP 2-4.5, NDC

Global scenarios C7/SSP 3-7.0, STEPS

e company and industry data, and relevant research findings. This data, industry-wide statistics, and academic studies to understand the performance.

we have focused on qualitative scenario analysis, where possible, we / to assess financial impact, highlighted potential outcomes over various normalized scores to compare the relative magnitude of impacts.

t will include separate sections for SLFRS S1 and S2 disclosures, detailing te and sustainability-related risks and opportunities.

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

Talawakelle Tea Estates PLC's climaterelated 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 climaterelated 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

- 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 climaterelated opportunities, ensuring longterm sustainability and profitability.

Human Capabilities

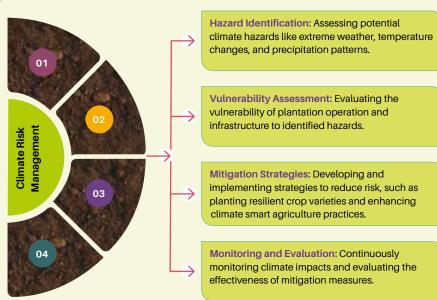
3.

Enhancing climate action skills at all organizational levels is crucial. Continuous training ensures employees effectively address climaterelated 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

- Resultative 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.

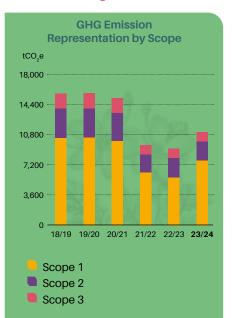
Integration into Overall Risk Management

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.



Investment in a new state-of-the-art tea factory, greatly validates our business's resilience and ability to adapt and thrive.

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 CO₂ equivalent (CO₂e), 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 Current target Target Target Scope(s) Year target completion status timeframe type Covered approved (% completed) (% elapsed) 25.7 of a 50.4% Absolute Scope 1 2021/22 51.0% reduction target 37.3 of a 50.4% Absolute Scope 2 73.9% reduction target 28.6 of a 50.4% Absolute Scope 1+2 56.8% reduction target 33.1 of a 30.0% Absolute Scope 3 N/A 110.3% reduction target 29.1 of a 51.9% Absolute Scope N/A 56.2% reduction target 1+2+3

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	CO2, CH4, N2O	CO2, CH4, N2O	CO2, CH4, N2O
В	Base year for the calculation	2018/19	2018/19	2018/19
	Emissions in the base year – tCO_2e	10,319	3,515	1,749
	The rationale for choosing it	Most representati base year selection	ive year (followed (on)	GHG Protocol for
	The context for any significant changes in emissions that triggered recalculations of base year emissions	None	None	None
С	Source of the emission factors and the global warming potential (GWP) rates used.	accounting and r	gas protocol: A cor eporting standard, thority (SLSEEA), N	WRI/ WBCSD Sri
D	Consolidation approach for emissions	Operational control	Operational Control	Operational Control
E	Standards, methodologies, assumptions, and/or calculation tools used.	ICAO tool for the I	business travel emi	ssion calculation
F	Gross direct (Scope 1) GHG emissions in tCo ₂ e	7,669		
G	Gross location-based energy indirect (Scope 2) GHG emissions in tCO ₂ e	2,205		
Н	If applicable, gross market- based energy indirect (Scope 2) GHG emissions in tCO_2e	N/A		
I	Gross other indirect (Scope 3) GHG emissions in tCO ₂ e	1,170		
j	Biogenic CO_2 emissions (Scope 03) in t CO_2 e	Not Calculated d	ue to Data Limitatic	n

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 & Metrics

Торіс	Metric	Category	Unit of Measure	Code	Disclosure/Page Reference
Greenhouse Gas	Gross global Scope 1 emissions	Quantitative	Metric tons tCO2e	FB-AG- 110a.1	7,669
Emissions	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 80,170
	Fleet fuel consumed	Quantitative	Gigajoules (GJ)	FB-AG-	12,176
	Percentage renewable	Quantitative	Percentage (%)	110a.3	86%
Energy	(1) Operational energy consumed	Quantitative	Gigajoules (GJ)	FB-AG-	199,724
Management	(2) percentage grid electricity and	Quantitative	Percentage (%)	130a.1	77%
	(3) percentage renewable	Quantitative	Percentage (%)		23%
Water Management	(1) Total water withdrawn	Quantitative	Thousand cubic metres (m ³)	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
Ingredient Sourcing	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
Activity Metric					
Production by F	Principal crop	Quantitative	Metric tons (t)	FB-AG-000.A	5,720 Tons Made Tea
Number of proc	essing facilities	Quantitative	Number	FB-AG-000.B	15
Total land area	under active production	Quantitative	Hectares	FB-AG-000.C	3,925
Cost of agricult	ural 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.

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 climaterelated targets and performance indicators.

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."



3rd Place LMD Top 50 Most Awarded Companies 2023/24 Hall of Fame With a record of 67 accolades

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 sociopolitical 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.





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.

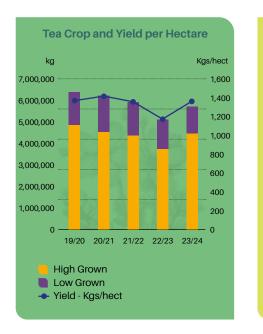
The tea industry as a whole, hugely benefited from the relaxation of the fertilizer ban, which lasted for over 18 months up until 2021. However, with the withdrawal of the government subsidy and the inflationary impact, the cost of fertilizer increased 5 folds by the year under review. Therefore, it 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.

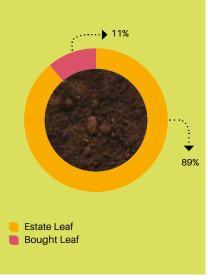
Our overall tea production improved by 12 percent to 5.7 Mn kilograms compared to 5.1 Mn kilograms over the previous year. This surpassed the 3 percent increase in tea production at the National level.

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.



Est. Leaf & Bought Leaf



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-Tea (hec/annum)

Planting of Fuel-wood & Timber

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

in our key markets, tainted auction

against the US dollar, albeit fluctuating;

which combined with economic hardships

sentiments. The ongoing US sanctions on

Iran, a crucial market, impacted our exports

trade tea-for-oil agreement on board, since

August 2023, marked a turn-around, which

reflected well on price performance in the

trends, we continued to consolidate our

positioning for quality teas and perform

well ahead of national averages, in both

buoyant—albeit, at a lower level compared

elevations. Our estate marks remained

to the preceding year—with top price

rankings amongst the RPCs; recording

a total of 232 top prices and 02 all-time

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

records during the year 2023.

latter part of the financial year.

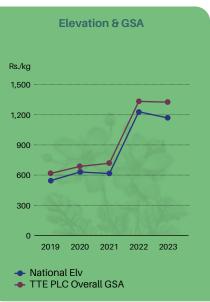
Despite the bearishness of market

substantially. However, with the barter-

species (hec/annum)

Investment on Field (Rs.Mn)

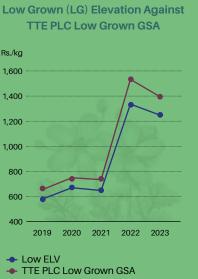
drop of Rs. 10.96 per kilogram. Western high grown teas registered a decrease of Rs. 6.21 YOY, whilst low grown reduced by Rs. 87.71. However, with our quality value proposition, we were able to record the highest GSA amongst RPCs, reinforcing our ranking at the helm for the 6th consecutive year. Our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

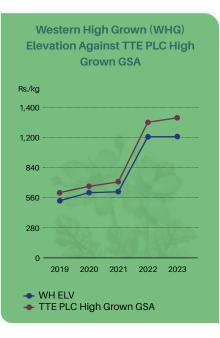


Rs./kg

1,600
1,400
1,200
1,000
800
600
400 2019 _2

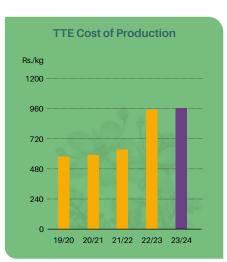
Low ELV





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 dayto-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.



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

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.



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

Tea Tel

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.



Up-close with Cinnamon

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



A DESCRIPTION OF THE OWNER OWN

Our Story of Subsidiaries

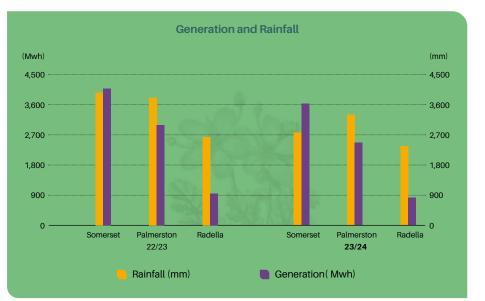
In Our Quest for Renewable and Clean Energy

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.







"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

	ergy Credits 2023/24	Carbon footprint 4,679tC	General 0 ₂ 0 6,8	tion 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
Risks	Regulatory changes and redefinitions of water resources as stipulated in policies and Acts can negatively impact the viability of hydropower projects	 Significant capital investment required to maintain hydropower infrastructure Fluctuating energy prices can impact sustainability of earnings from hydropower generation Malfunction or breakdown of hydropower plants can disrupt power generation Delays or inadequate maintenance can impact performance 	 Changing weather patterns with prolonged drought periods may affect water availability, impacting power generation capacity Extreme weather can damage hydropower plant infrastructure and disrupt operations 	 Conflicts with local communities over land and water rights Environmental concerns and protests regarding hydropower operations from environmental activists and local communities
Opportunities	Engage with policymakers to advocate proactive regulations to develop and promote renewable energy	Using hydropower as an alternative energy source can reduce the dependency on grid electricity and help curtail energy costs in production	Producing and using hydropower can minimise the depletion of fossil fuels, promote renewable energy to attract eco- conscious consumers and strengthen brand reputation	Extending employment opportunities for local communities fosters positive engagement, resulting in better outcomes and stronger support for hydropower projects

Salient Strategy

- 🛞 Stakeholder Engagement: Consistent and continuous engagement with all stakeholders, including local communities, nongovernmental organisations, environmental activists and government entities.
- Diversifying Energy Sources: Focused investments in hydropower and other renewable energy to diversify and reduce the dependence on non-renewable energy sources.
- Efficient Operations and Maintenance: Regular upkeep, inspections, repairs, and replacements to prevent breakdowns, minimising downtime and optimising performance.
- Capacity Enhancements: Explore expansions to increase capacity in hydropower generation to enjoy economies of scale.
- Revenue Enhancements: Optimise the pricing strategy to increase earnings from hydropower generation.
- Renewable Energy Credits and Incentives: 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.

Financial Performance

Following a focused strategy, we were able 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 Kilowatt hours to 6.9 million Kilo-watt hours in 2023/24, the subsidiaries reported a revenue growth of Rs.1.1 millioncorresponding 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.

GP Ratio Net Asset Per Share Financial Highlights - Total Subsidiaries									
Short term Investment	Net Finance Income	EPS	Reve	nue					
Rs. 72.3 Mn	Rs. 1.82 Mi	n Rs. 1.0	Rs. 1.08 Rs. 68.9						
De Ma	0000		202	2/22					
Rs. Mn	2023 TTEL Hydro Power	3/24 TTEL Somerset Hydro	202: TTEL Hydro Power	TTEL Somerset Hydro					
	Company (Pvt) Ltd	Power (Pvt) Ltd	Company (Pvt) Ltd	Power (Pvt) Ltd					
Revenue	35.98	32.91	35.30	32.50					
Cost of Sale	(20.07)	(14.75)	(21.60)	(15.70)					
Gross Profit	15.91	18.16	13.70	16.80					
Other Income	0.96	-	-	-					
Admin Expenses	(6.84)	(8.03)	(8.40)	(10.70)					
Profit from Operating Activites	10.03	10.13	5.30	6.10					
Net Finance Income	0.69	1.12	0.22	0.47					
Profit/(Loss) Before Taxation	10.72	11.25	5.52	6.57					
Tax Expense	(4.42)	(3.65)	(1.58)	(2.87)					
Net Profit	6.30	7.60	3.94	3.70					



Economic Value Added

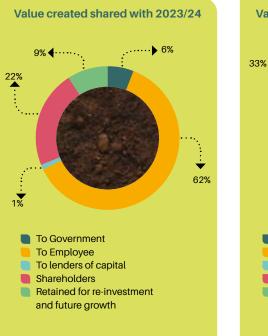
GRI 201-1

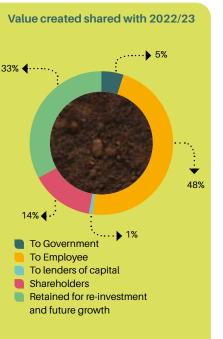
"With a strong brand renowned for finest quality teas, coupled with parent support and group collaborations, we have the ability to create sustainable value which aligns with stakeholder expectations."

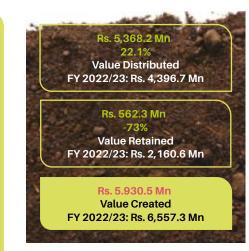
Positioned as a leading plantation company, we have the strategic advantage to make a significant contribution to the economy. Intrinsic to our business model, we have adopted a holistic strategy where we aim not only to meet our profit goals, but also to optimise our positive social and environmental 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

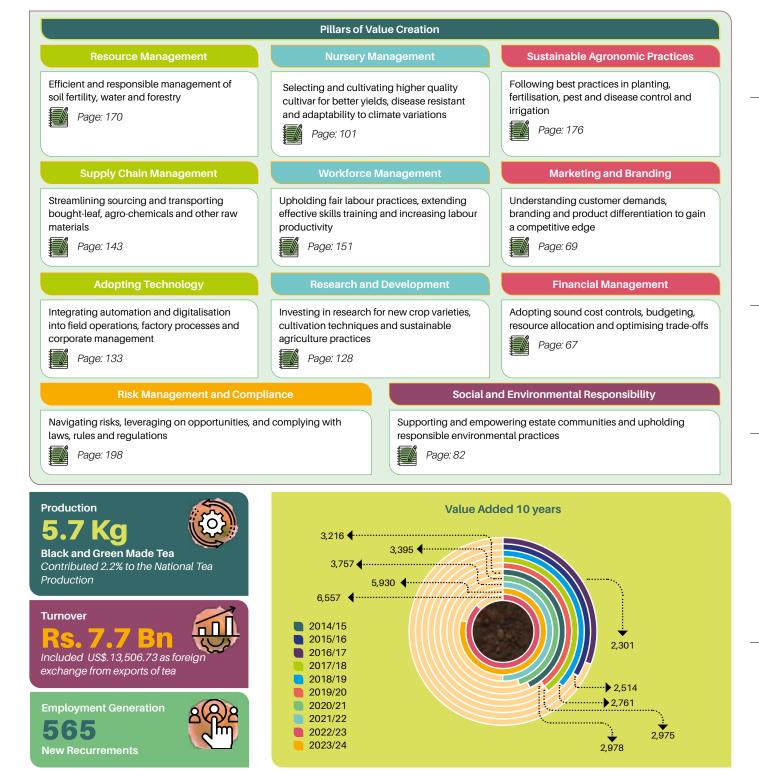
	C	Group (F	Rs. '000)		Company (Rs. '000)			
	2023/24		2022/23		2023/24		2022/23	
Total Revenue	7,763,611		8,199,353		7,694,650		8,131,507	
Purchase of goods and services	(2,500,146)		(2,340,285)		(2,483,056)		(2,317,876)	
	5,263,465		5,859,068		5,211,594		5,813,631	
Other Income	667,025		698,287		667,986		697,579	
Total Value Added	5,930,490		6,557,355		5,879,580		6,511,210	
Value created shared with		%		%		%		%
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	(662)	1	4,854	1	627	1	1,218	1
Outstanding and Minority Interest)								
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
	5,930,490	100	6,557,355	100	6,252,455	100	5,930,490	100







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.



Economic Value Added



Aspect	Objective	Unit	Target	Goal		A	Achievement		
			2024/25	2023/24	2023/24	2022/23	2021/22	2020/21	2019/20
	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
The second secon	3. Return on equity (ROE)	%	1,010	1, 100	26	43	19	20	20
Financial	4. Debt to equity	%	6.39	4.28	7.04	5.16	6.96	8.96	10.0
Capital	4. Debt to equity	70	0.00	-1.20	7.04	0.10	0.00	0.00	10.0
Capital	1 Now Machinery	Do Mo	15.9	7.5	4.2	29.1	29.4	207	16.
	1. New Machinery	Rs.Mn	15.9	7.5	4.2	29.1	29.4	33.7	10.
	Acquisitions	kao Mp	FO	5.0	F 7	F 1	FO	67	F
	2. Production - Made Tea	kgs.Mn	5.9	5.3	5.7	5.1	5.9	6.7	5.
Manufactured	3. Production - Hydro	MWh	7,835	7,644	6,860	7,933	7,421	6,482	6,44
Capital	generation								
	4. Made Tea Outturn	%	23	21.5	22.65	23.1	23.9	23.4	22.
1	Recognitions & Awards	Number of main	75	30	69	54	37	15	2
		awards							
	Certification Coverage								
Intellectual	ISO 22000:2018 -FSMS	Number of Factories	15	15	15	15	15	15	1
Capital	Rainforest Alliance	Number of Estates	14	14	14	14	14	14	1
	Great Place to Work	%	100	100	100	100	100	-	
	ISO 14064-1:2018 GHG	%	100	100	100	100	100	100	10
	ISO 14001:2015-EMS	Number of Factories	6	6	5	5	5	5	
	ISO 9001:2015-QMS	Number of Factories	1	1	1	1	1	1	
	ISO 50001:2018 EnMS	Number of Factories	2	2	1	1	1	1	
	ECO Lable	Number of Factories	16	16	16	16	-	-	
	Reputation and Brand Value	RPC Ranking	1	1	1	1	1	1	
-	1. Customer Complaints	Nos	-	-	5	6	14	5	
	2. Customer Satisfaction	%	100	100	86	86	86	85	8
Cont.	Index								
Social &	3. Total Local Supplier	%	100	100	100	100	100	100	10
Relationship	Percentage								
Capital	4. Made-tea from Tea	kgs	700,000	700,000	624,274	700,779	814,317	960,277	754,69
	Smallholder Supplies	0.							
	5. Price Earnings Ratio	Times	7.00	7.00	3.28	1.63	2.47	2.5	4.8
	1. Investment on Employee	Rs. Mn	3.00	3.00	14.4	13.8	1.4	0.64	8.
	Training	1.3. 1011	5.00	5.00	14.4	10.0	1.4	0.04	0.
		%	9	8	11	8.6	8.6	5.8	7.
Liuman Canital	2. Worker Turnover					8.0			
Human Capital	3. New Housing	Units	5	10	-	-	30	70	9
	4. New sanitary Facilities	Units	25	15	13	20	31	-	2
	5. Investment on Social	Rs. Mn	8.0	6.0	8.2	5.7	65.5	56.8	85.
	Infrastructure Development								
	6. Investment on Social	Rs.Mn	100	100	95.4	159.7	41.9	40.2	21.
	Activities and Community								
	Development								
	1. Yield Per Hectare	kg/Hec	1,400	1,241	1,366	1,171	1,360	1,422	1,37
	2. Renewable Energy	kWh-Mn	10	10	7.5	8.5	8.1	6.8	6.
	Generation								
Natural Capital	3. Energy Consumption	TJ	175	175	214	188.02	208	196.1	188.
	4. Energy Intensity	MJ/ kg of Made tea	27	27	34.91	34.96	33.3	29.5	29.
	5. GHG emissions-carbon	tCO2e	8,000	8,000	11,045	9,085	9,504	15,111	15,67
	Footprint								
	6. GHG emissions Intensity	tCO2e/Tonne of Made	1.2	1.2	1.93	1.5	0.86	1.29	1.3
		Теа							
	7. Investment on	Rs.Mn	45	45	62	48.9	48.6	43.9	46.
	environmental Initiatives and								

Summary of Capital Performance

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RS

Operations

Cash Inflow From

FY 2022/23: Rs. 3,553 Mn

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."

Stakeholders Impacted

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.

Our Materiality Focus





Our Financial Assets

Shareholder funds

Retained earnings

Debt

Strategic Investments Human resources

- management Tangible and intangible
- assets
- Corporate social responsibilities



Regulatory Compliance

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

Rs. 7,764 Mn Revenue FY 2022/23: 8,199mn

. 2.655 Mn

21.17% Net Profit Ratio FY 2022/23: 31.45%

Rs.491 Mn

FY 2022/23: 719 Mn

Taxes

25.80% Return on Equity FY 2022/23:41.81%

Error free Financial

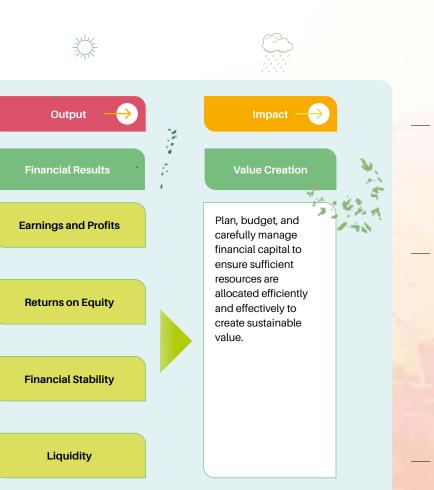
Reporting

0.79 times Asset Turnover Ratio

Asset Turnover Ratio FY 2022/23: 0.90 times **Rs. 26.85** Dividend Per Share FY 2022/23: Rs 19.00

· 200%

7% Debt: Equity Ratio FY 2022/23: 5%



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.

Uith Social & Relationship Capital

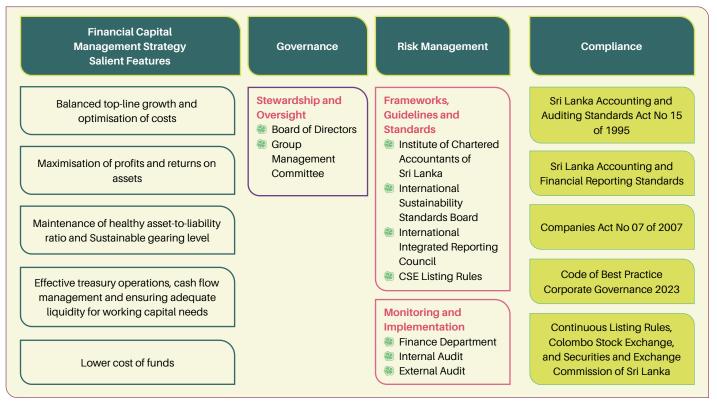
Timely payments to suppliers enhance relationships but require maintaining liquidity.

Financial Capital



Management Approach

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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.

Revenue vs. COS

19/20 20/21 21/22 22/23 23/24

Revenue Composition

2023/24

2022/23

Gross Profit

Other

Hydro Power

96%

Rs. Mn

8,500

6,375

4.250

2,125

(2.125)

(4 250

(6.375)

(8,500

0.5%

0.5%

÷

95%

Revenue

Cost of Sales

0.5%

0.5% 🗲

Теа

Rubber

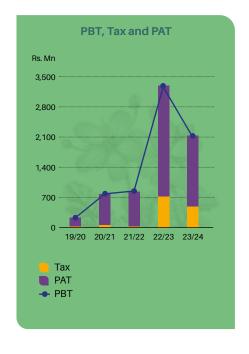
Cinnamon



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.

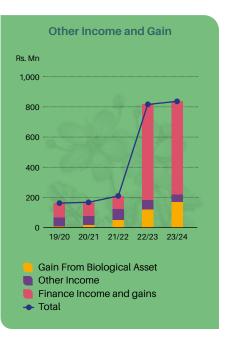


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Gross Profit (GP)

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 paymentscompensating 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.

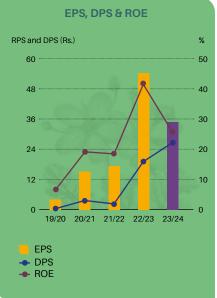
Maintaining a consistent ranking at the top, on the Colombo Tea Auction for high quality Ceylon teas, alongside efficient cost management, integrated thinking and strong governance structure equipped us to navigate the impacts of the economic crisis. This enabled us to record a strong GP of Rs. 1,775 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.

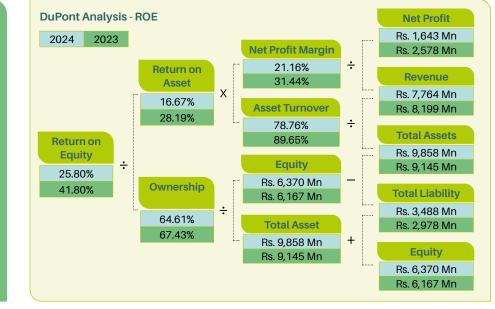


Financial Capital

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

	202	3/24	202	2/23	202	1/22	202	0/21	201	9/20
	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%
Profit after tax	1,645	21%	2,579	31%	817	17%	712	16%	197	5%

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

	202	3/24	202	2/23	202	1/22	202	0/21	201	9/20
	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%
Profit after tax	1,645	-36%	2,579	215%	817	15%	712	262%	197	-52%

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 in the preceding year-end to Rs. 6,370 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

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

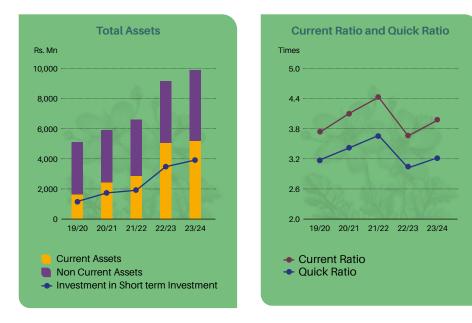
our ability to meet short-term obligations

Liquidity Position

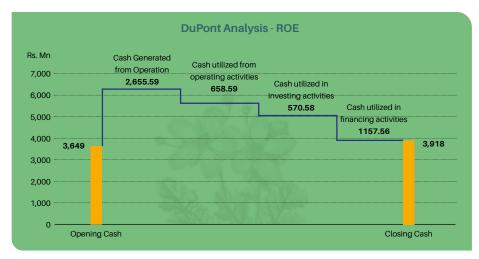
smoothly.

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.



Cash Movement



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.

	2023	3/24	2022	2/23	202	1/22	202	0/21	201	9/20
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Assets										
Non Current Assets										
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%
Current Assets										
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%
Total Assets	9,858	100%	9,145	100%	6,552	100%	5,913	100%	5,088	100%
Equity And Liabilities										
Equity										
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	6,370	65%	6,019	66%	4,306	66%	3,552	60%	2,861	56%
holders of the parent							-			
Non-Controlling Interests	-	0%	148	2%	144	2%	161	3%	171	3%
Total Equity	6,370	65%	6,167	67%	4,450	68%	3,712	63%	3,032	60%
Non Current Liabilities & Deferred Income										
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	3 <i>%</i> 7%	544	5% 6%	160	2%	212	4%	200	4%
Deferred Income	132	1%	137	1%	137	2%	139		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%
Current Liabilities	_,	2.00	.,,	1070	., 110	_2,0	.,	20,0	.,010	0270
Trade and Other Payables	993	10%	919	10%	599	9%	578	10%	370	7%
Interest Bearing Loans &	3	0%	3	0%	8	0%	20	0%	5	0%
Borrowings										
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%
Total Liabilities	3,488	35%	2,978	33%	2,102	32%	2,200	37%	2,057	40%
Total Equity and Liabilities	9,858	100%	9,145	100%	6,552	100%	5,913	100%	5,088	100%



Estate

rastructu

Stakeholders Impacted

Tea Production

FY 2022/23: 5.1 Mn Kg

CAPITAL

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

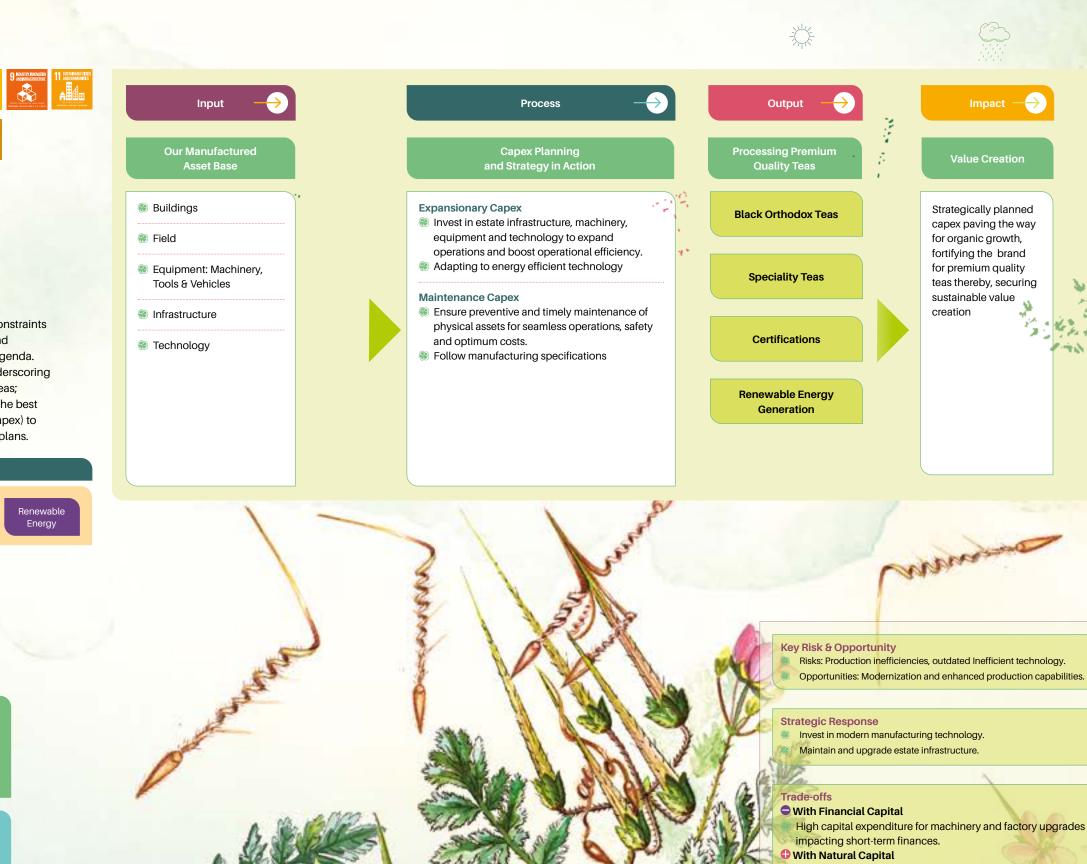
Amidst today's challenging business backdrop, be it from markets, productivity constraints and growing impacts from climate change, the imperative to develop, optimize and efficiently manage our manufactured capital is given top priority in our strategic agenda. Comprising tangible assets, this capital 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

69%

Capacity Utilization

FY 2022/23:63%



599.43kWp Hydro power Capacity Solar Power Capacity FY 2022/23: 599.43kWp FY 2022/23: 2.1MW

2 March

Opportunities: Modernization and enhanced production capabilities.

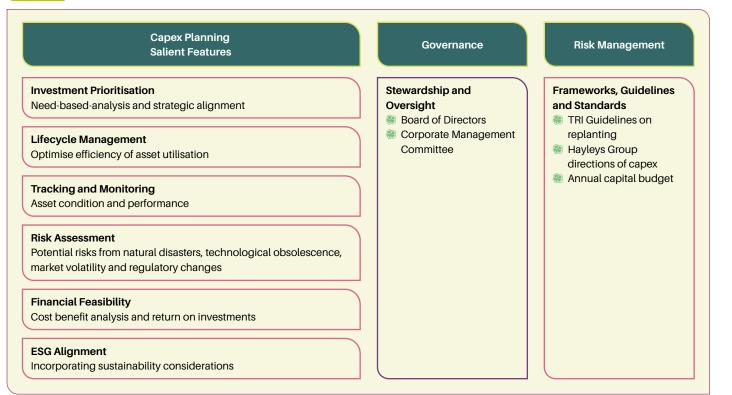
Sustainable practices in manufacturing reduce environmental impact, ensuring long-term operational sustainability.



Manufactured Capital

Management Approach

GRI 3-3



Operating across16 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	%			
High Grown								
Talawakelle	7	6	Orthodox - Rotorvane	2,814,995	49			
Nanu Oya	5	3	Orthodox - Rotorvane, Orthodox - Leafy Green Tea	1,649,748	29			
Low Grown								
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
Total	5,626,941	5,377,511

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

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 communitybased 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 suppled 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.Genration
Radella	0.2	810,457	98
Somerset	1.1	3,592,816	94
Palmerston	0.8	2,457,101	84
Total	2.1	6,860,374	91

Solar Power

Plant	Capacity Kwp	Generation kWh	% Bud.Genration
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
Total	599.43	622,227	85

Field Development Programme GRI 201-4

Our estates are RATM 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

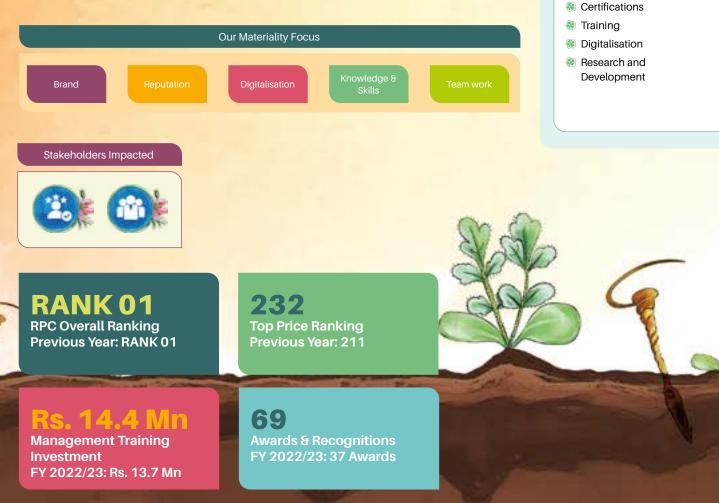
Key Performance Indicators	Related UNSDG	FY 2023/24	FY 2022/23
Investment in renewable energy infrastructure (Rs Mn)	Goal 07: Affordable and clean energy	Rs. 90.8 Mn	-
Investment in infrastructure development (Rs Mn)	Goal 09: Industry, innovation, and infrastructure		
Investment in quality new machinery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

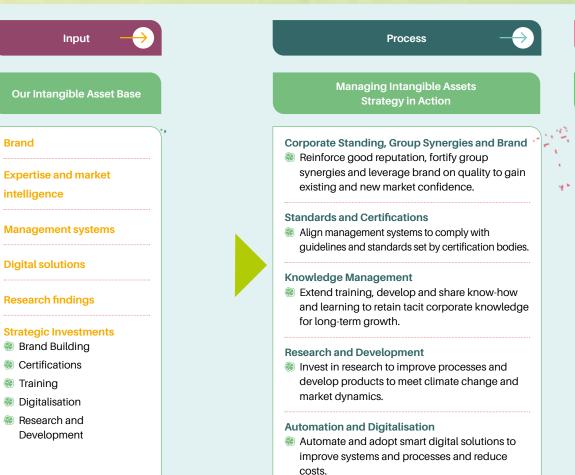


INTELLECTUAL CAPITAL

"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.





Input

Brand

intelligence

Digital solutions

Research findings

Brand Building



- 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 Contemporal Capital

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

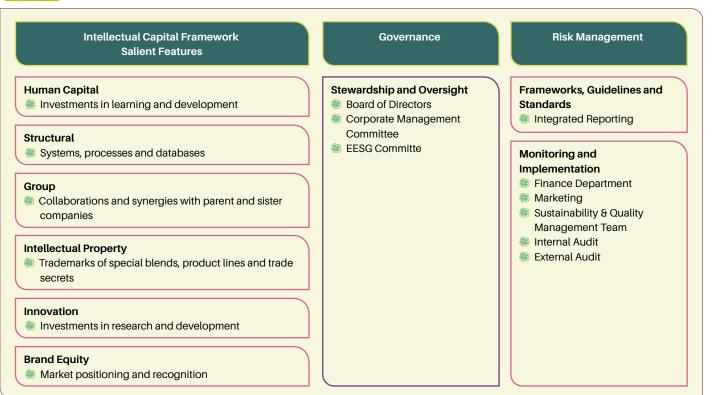
With Natural Capital

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

2017

Great Western First RPC to be certified under ISO 14001:2015 Environmental Management System and ISO 9001:2015 Quality Management System

2016

TTE Adopted United Nations Global Compact Principles Advanced Level

2011

TTE Obtained certification under **Rainforest Alliance**

2006

Kiruwanaganga First tea factory in Sri Lanka to obtain certification under ISO 22000:2005 Food Safety Management Systems

2005

Great Western First tea estate in Sri Lanka to obtain HACCP certification for food safety and hygiene

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

2018 TTE

First RPC to be certified under ISO 14064:2018 Greenhouse Gas Emission Inventory

Adopted the United Nations Women's **Empowerment Principles**

First RPC to be awarded Gold Overall Winner, Business Excellence Awards National Chamber of Commerce

Holyrood

First factory to be certified under ISO 50001:2018 Energy Management Systems

2019 TTE

First plantation company in the world to adopt the Science Based Targets Initiative, committing net-zero emissions by 2050

2020 TTE

First company in Sri Lanka to achieve Gold for all stages - 'measure, reduce, and contribute' United Nations Climate Neutral Now

2021 TTE

First RPC to be certified as a 'Great Place to Work' and recognised as the 2nd best in Asia alongside seven other prestigious awards

2022 TTE

Obtained certification under Eco Label

2023 TTE

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

Winner of Sri Lanka National Quality Award

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 dayto-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

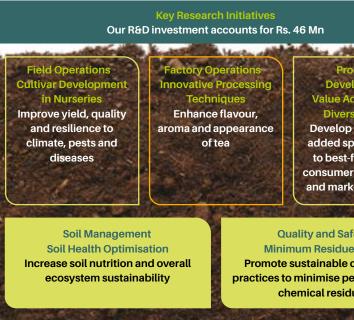
Certifications	Estate/Factory Certified (Out of:16 Estates and 14 Factories)	Certification Audits (Number and Level of Compliance)
ISO 9001:2015 Quality Management System (Framework for quality management—consistently providing products that meet customer and regulatory requirements.)	O1 factory	 Internal:1 External:1 Compliance:1
ISO 22000:2018 Food Safety Management Systems (Comprehensive framework for safety of food products throughout the entire supply chain, from production to consumption.)	14 factories	 Internal:14 External: 14 Compliance: 14
Hazard Analysis and Critical Control Points (HACCP) (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.
Good Manufacturing Practice (GMP) (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.
Rainforest Alliance (Standards for environmental, social, and economic sustainability— protecting ecosystems, supporting communities and promoting ethical business practices)	14 estates and factories	Internal:14External:1
ISO 14064-1:2018 Green House Gas Emission (GHG) Inventory/ Carbon Footprint Standard (Guidelines and principles for quantifying and reporting greenhouse gas emissions and offsets)	All estates, factories and head office	Internal:03External:03
ISO 14001:2015 Environmental Management Systems (Framework to establish, implement, maintain, and continually improve environmental performance.)	05 factories	Internal:05External:05
ISO 50001: 2018 Energy Management Systems (Framework to establish, implement and maintain an energy management system, to continuously improve energy performance, efficiency and sustainability.)	01 factory	Internal:1External:1
Eco Label Certification (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:1External:3
Great Place to Work (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.

Value Addition and Diversificatio

Develop high valueadded specialty teas to best-fit evolving consumer preferences and market demands

Quality and Safety Minimum Residue Level

Promote sustainable cultivation practices to minimise pesticides and chemical residues

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

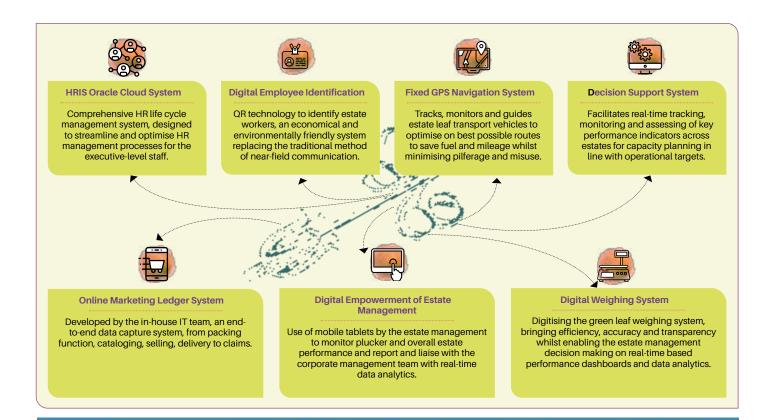
Managing Cyber Security Threats

As a leading RPC, we have taken proactive measures on cybersecuritysafeguarding 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





Tracking UN Sustainable Development Goals



Goal 9: Industry, Innovation, and Infrastr Target: Drive innovation, knowledge creat

Investments in research and developme
 Investments in automation and digitalis



Goal 16: Peace, Justice, and Strong Insti Target: Building trust, promoting account

Strengthening corporate standing as a g
 Enhancing brand equity on quality and

Adopting certifications and standards p



Goal 17: Partnerships for the Goals Target: Building partnerships to foste

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	Goal 9: Industry, innovation, and infrastructure	1%	-	N/A
Research and development investment as % of revenue		1%	-	N/A
Certification programmes followed (number)	Goal 16: 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)		1,537.27	1,399.33	N/A
Collaborative investments in social responsibility initiatives (Rs Mn)	Goal 17: Partnerships for the goals	103.6. Mn	165.4.Mn	N/A

tructure ation and technology adoption for sustainable growth
nent of processes and products isation of systems, processes and procedures
titutions table institutions and fostering peaceful societies
a good corporate citizen d standards
programmes

Target: Building partnerships to foster collaboration, knowledge sharing and collective action



SOCIAL AND RELATIONSHIP CAPITAL



Input

Nurturing

Relationships

engagement channels and

management systems

Collaborative partnerships

Community development

teams, Estate Worker

Housing Cooperative

government agencies

Societies and non-

Strategic Investments

Product and market

Supplier development

Community development

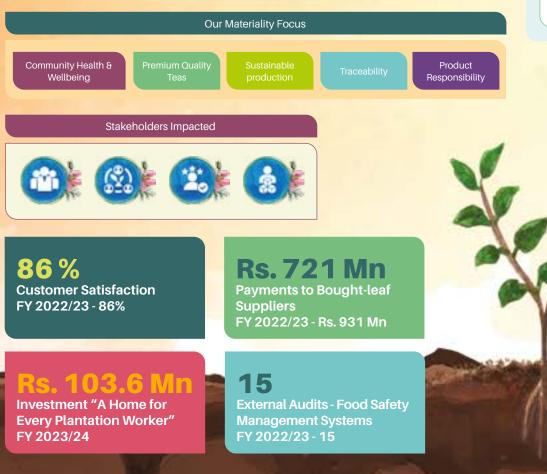
development

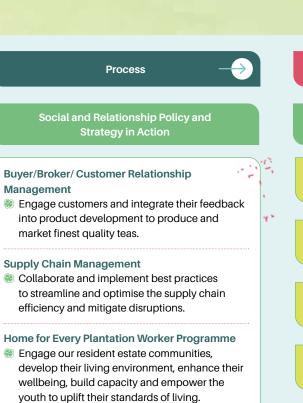
Customer insights,

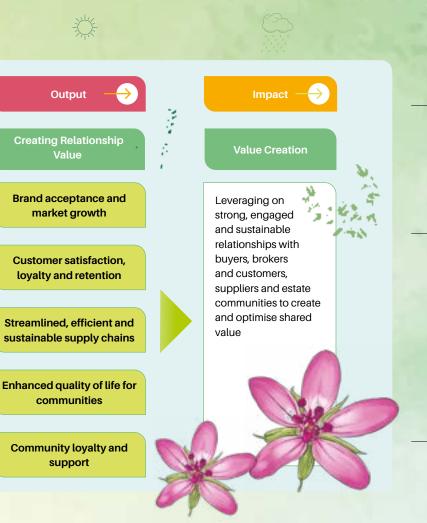
with suppliers

"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.









Key Risk & Opportunity

- Risks: Social unrest, labour migration.
- Opportunities: Strong customer relationships and community engagement.

Strategic Response

- Community capacity building and engagement.
- Socus 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.

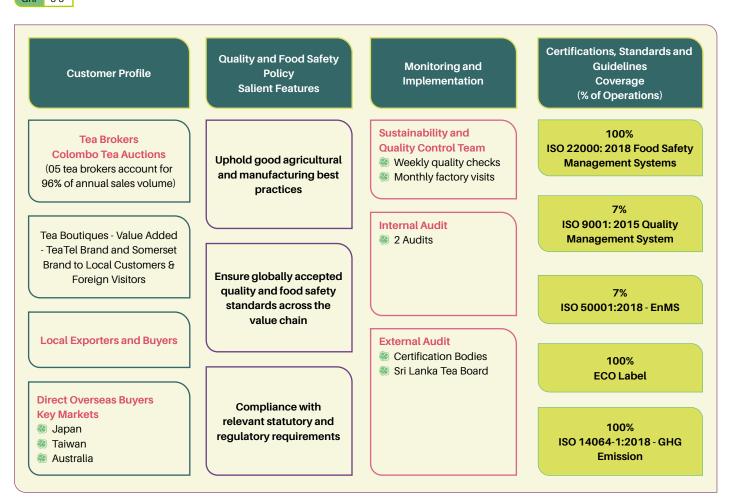
With Natural Capital

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 & 24; 416-1 & 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

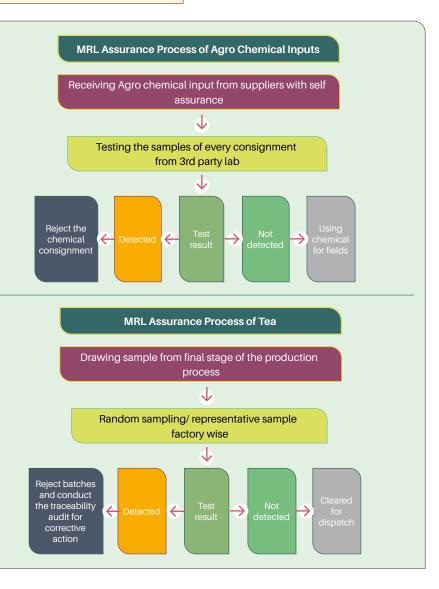
suppliers; responsible processing of tea blends in the factories; to packaging and distribution.

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

Quality and Standards Audits We carried out 15 audits on quality and food safety standards in the FY 2023/24.

complement us in this regard. GRI 417-1 & 2

We follow the guidelines set by the Sri Lanka Tea Board and the Colombo Tea Traders Association in product information



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

Product Information and Labelling

Zero incidents of rejections and monetary fines of non-compliance with regulations related to product and service information and labelling

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

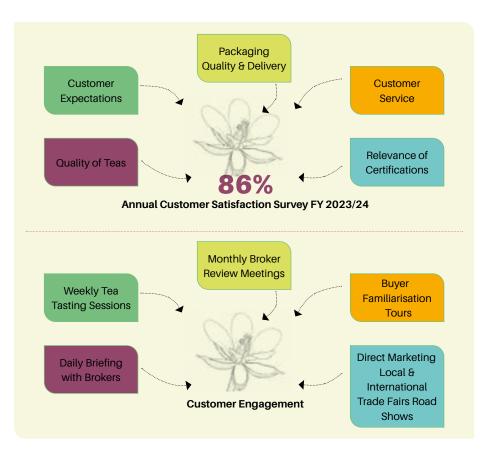
Zero incidents of non-compliance with regulations/voluntary codes related to marketing communications, and zero breaches of customer privacy

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.

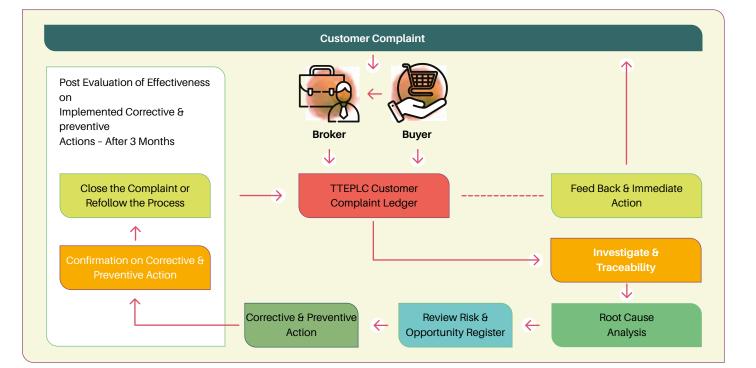




Customer Complaint Management GRI 2-25,2-26

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

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

quality and food safety



Goal 12: Responsible Consumption and Production Target: Driving for sustainable products

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	5	6	-
Customer satisfaction index	wellbeing	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

TeaTel By Talawakelle

🛞 A well-structured MRL assurance process in place to minimise impacts from agro-chemicals in production Scollaborating with certification and standards setting bodies to internalise globally accepted best practices in

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

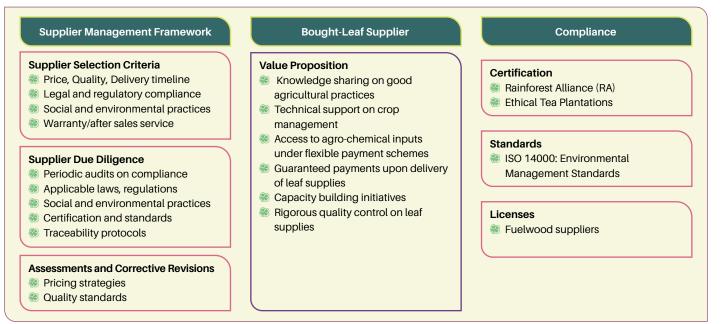
Use of eco-friendly packages - recyclable paper sacks

Supplier



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.

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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.

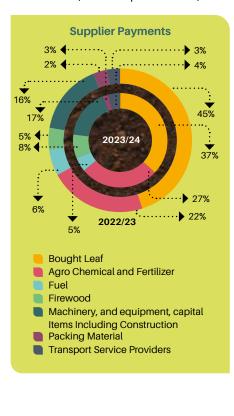
Capital Management GRI 204-1, 308-1, 414-1

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 envermental criteria; whilst renewing 100% existing supplier contracts—ensuring alignment with our stringent assessment criteria.

Our procurement expenditure in the year, comprising only local payments—totaled 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



10 REDUCED INEQUALITIES

> 12 RESPONSIBLE CONSUMPTIO AND PRODUCT

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

Agro Chemical

Machinery, and

Including Const

Packing Materia

Transport Service

8 DECENT WORK

Bought Leaf

Firewood

Fuel

Total

S	2023/24 (Rs. Mn)	2022/23 (Rs. Mn)
	721.17	930.96
and Fertilizer	523.14	452.29
	90.48	135.23
	143.50	100.67
l equipment, capital Items struction	334.91	324.37
al	38.33	68.88
ce Providers	74.65	73.45
	1926.18	2085.85

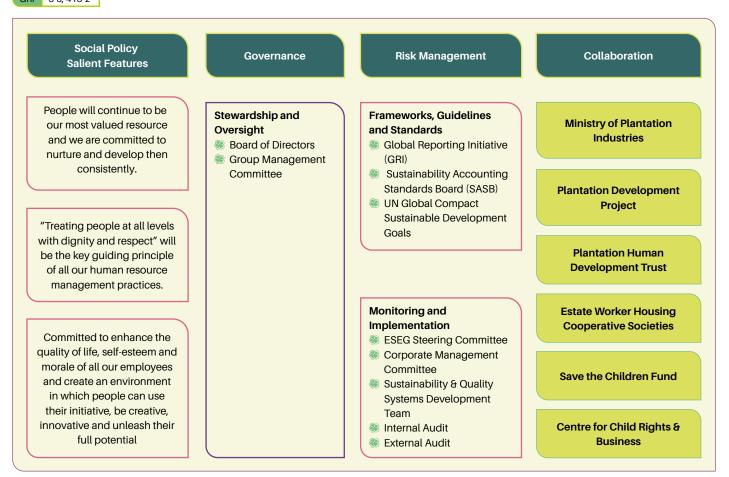
Tracking UN Sustainable Development Goals

Goal 8: Decent Work and Economic Growth Target: Productive employment with fair prices for bought-leaf suppliers, promoting inclusive growth
 Providing livelihood opportunities Guranteed and fair prices for bought-leaf Capacity building initiatives Advocating good agriculutral practices
Goal 10: Reduced Inequalities Target: Creating equitable and sustainable supply chains
 Adovcating and collaborating to internalise best environmental and social practices amongst bought-leaf suppliers Obtaining and complying with RA and Ethical Tea Planations 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, & opportunites Supporting estate workers to transition as block managers



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.

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.









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.





Capital Performance

GRI 203-1 & 2; 413-1; Sector: 13.9.1

Home For Every Plantation Worker **Living Environment** Health and Nutrition Investment: Rs. 8.2 Mn Investment: Rs. 70.2 Mn Beneficiaries: 17,676 Beneficiaries: 183,494 **Living Environment** Health and Nutrition Under this pillar, we focus on developing and enhancing the living In our quest to promote vibrant and resilient communities, we give environments of our estate communities. Through dedicated and strategic precedence to health and wellness with a strong focus on: flagship initiatives under the Hayleys Plantation sector, we invest in essential infrastructure facilities including: Immunisation programme Prevention of communicable and non-communicable diseases Access road development and nutrition Housing construction and upgrades Antenatal and postnatal care Providing water and sanitation Childhood development, health and wellbeing Child development centres Daycare centres, creches and child protection focal points Construction of recreation centres Auxiliary medical services - medical centres, ambulance services

Construction of rest rooms

Outcome: Healthier, more sustainable and thriving communities, with improved quality of life and empowerment to live productive and fulfilling lives.

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%			

etc.

Outcome: Enhanced well-being, enabling estate communities to lead productive lives with improved quality and vitality.

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 Ta	rgets					Tracking Our Targets						
	get: Improve the capacity building investment and aries by 50% by 2030Our Target: Improve youth empowerment investment beneficiaries by 50% by 2030							nvestmer	nt and			
Key Indicators	2023	2024	2025	2027	2030		Key Indicators	2023	2024	2025	2027	2030
	Base	Actual		Target				Base	Actual		Target	
Beneficiaries	10%	40,979	20%	30%	50%		Beneficiaries	10%	39,865	20%	30%	50%
Investment	10%	24.6 Mn	20%	30%	50%		Investment	10%	0.7 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.

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);



Talawakelle Tea Estates Promoting Young Women as Field Supervisors Talwaken Ted Escares, has installed a sell development and caleer advancement program for program for the locatest advancement program for program to the locatest advancement advancement program for program to the locatest advancement program to the locatest advancementest advancementest advancemen



Grooming unemployed youth as butlers to promote Tea Tourism and Hospitality



Talawakelle Tea Estates Promoting Hospitality and Ecotourium among Youth The ordering International and reasoning in Tubles served to

Durant Europation constains and young belowing an program easies. This pervised by with runkin explanate topologing managements and beneficial an uniter patient, environmental automation, and construction with the hermativeredge factor beneficial uniter and the second personal construction approximate constant, and an easi construction of the training institute personal personal construction of the training institute personal personal and existing the second personal personal personal personal personal personal construction of the training institute personal perso



Establish Child Protection and Safe guarding Information Centre at a regional level (a prototype centre is currently operational at our Logie estate).



Logie Estate of Talawakelle Tea Estates

stablishing a regional child protection and hild safeguarding centre

This initiative aims to address the absence of eutable facilities and services tailored to the educational and child protectory meets of children and youth in the area. The centre will serve as a vital resource hub and training volume for approximately LROD condem and others across all T2 has



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 wellbeing of the beneficiaries but also fosters a sense of community care and responsibility.







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

Key Indicators

- Secured: First place for all three concepts
- Search and the search

Tracking UN Sustainable Development Goals

Goal 1: No Poverty

Ň**ŧŤ**ŧŤ

3 GOOD HEALTH AND WELL-BEIN 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
- Euilding, 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

HUMAN CAPITAL



Input

Developing Human

Resources

Inclusive Hiring Practices

Unbiased job descriptions

Gender Diversity

processes

Blind recruitment

No Child Labour

Fair Remuneration

Structured interview

Equal Opportunities

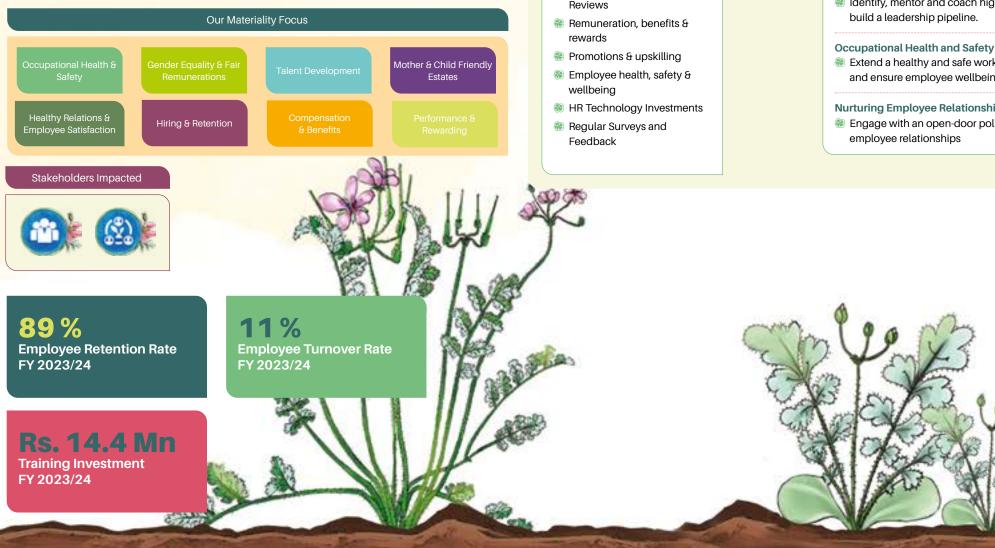
Strategic Investments

🏶 Regular Performance

Skills development & training

"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.



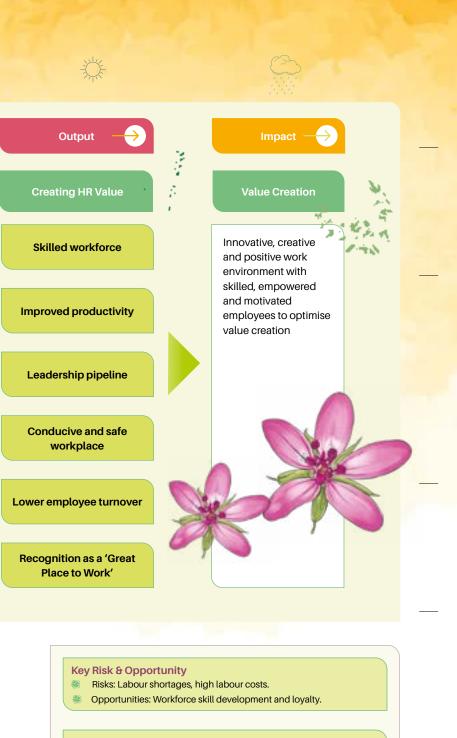
HR Policy and Strategy in Action **Talent Acquisition and Retention** Follow equal opportunity recruitment and uphold fair labour practices. **Performance Management** Build a performance-oriented work environment with due rewards and recognition. **Training and Development** Extend strategic training to nurture a skilled and empowered workforce. Mentoring & Succession Planning Identify, mentor and coach high achievers and

Process

- 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



Strategic Response

- Somprehensive training/ development and total care employee benefits package
- Improving work environments

Trade-offs

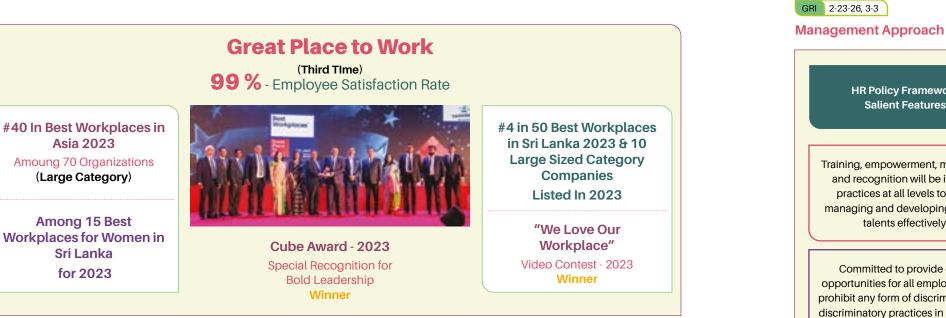
Capital Capital

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.

10 100





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)



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.

levels.

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 prioritiesand 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.

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

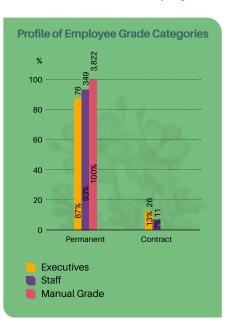
GRI 406-1; Sector 13.15.4

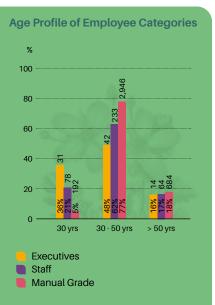
Zero incidents of employee discrimination in the year under review.

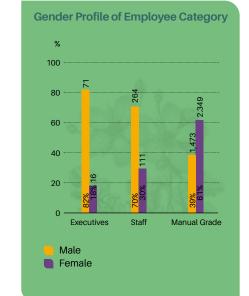
Diversity and inclusivity are upheld, encouraged and fostered across our operations as an integral part of our corporate culture. Complying with international and national labour laws and adopting best global practices, guidelines and protocols, we recognise employees' right to equality and stand committed to uphold a zeropolicy 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 - F	Y 2023/24								
Employees Gender Provinces				Age					
	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









Talent Acquisition and Retention

Recruitment FY 2023/24

51% Recruitment Rate

Manual Grade Recruitment

Staff Recruitment

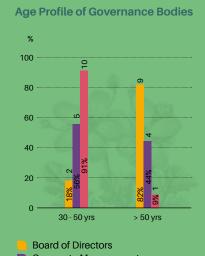
Executive & Above

Recruitment

1.000

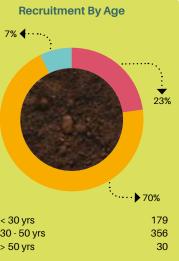
GRI 202-2; 401-1, 406-1, Sector: 13.20

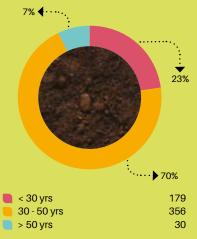
Recruitment



Senior Managmenet







> 50 yrs

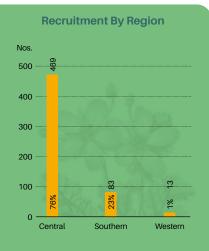
Corporate Management

Recruitment By Gender











GRI 3-3, 202-2, 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 wellplanned 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 6 females promoted.

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

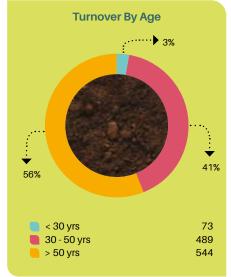
- Female field supervisors appointed : 24
- Total project cost: Rs.3.4 Mn
- TTE Investment: Rs.2.4 Mn (71% of Project Cost)
- Senter for Child Rights and Business: Rs. 1 Mn (29% of Project Cost)
- Training partners: NAITA, Department of Labour, TRI Talawakelle and Deniyaya and the Centre for Child Rights and Business.





Retention GRI 401-1







Turnover By Gender Turnover By Region Nos. Nos 700 1 0 0 0 560 800 420 600 400 200 Centra Southe

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, 201-3, 201-2, 202-1&3, 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
Defined Contribution and Benefits			
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.

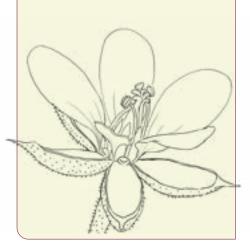
We follow the Wages Board Ordinance to determine the wages of the manual grade, with a minimum guaranteed wage of Rs.1,000/- per day. With almost 98 percent of our estate workforce unionized-including five categories-collective bargaining comes into play in determining incentives and standard annual 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

Total female em Maternity leave Returned to wo Resignations af Currently on ma Retained after 1 Return to work r Retention rate a

Maternity Support

their lives.





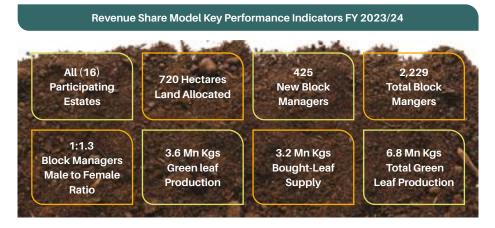
e Facets	Number	% of Female
		Employees
nployees	2476	-
availed	37	1.5%
ork after maternity leave	21	0.8%
fter maternity leave	2	0.3%
aternity leave	30	0.2%
12-months of return from maternity leave	29	0.4%
rate (%): 62% after 12 months of return to work (%): 58%		

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

		Est	ate		Co	orporate Offi	се
Benefits - Permanent and Full-time Employees	Manager	Executive	Staff	Manual	Manager	Executive	Staff
GRI 401-2							
Housing with electricity and water	\checkmark						
Living quarters with electricity and water		\checkmark	\checkmark				
Line rooms with electricity and water				\checkmark			
Employee medical insurance - OPD, spectacles and hospitalisation	\checkmark	\checkmark	\checkmark		\checkmark	\checkmark	\checkmark
Immediate family medical insurance - OPD, spectacles and hospitalisation	\checkmark	\checkmark	\checkmark		\checkmark	\checkmark	\checkmark
Free prescription drugs				\checkmark			
Medical facilities and free medical clinics				\checkmark			
Maternity benefits and child care facilities				\checkmark			
Mid-day-meal nutrition programme				\checkmark			
Milk and wheat flour for children				\checkmark			
Scholarships for children			\checkmark	\checkmark			
Death donations			\checkmark	\checkmark			

Revenue Share Model



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 buyback 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 workforcefocusing 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.

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 predetermined 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.

Appointing Team Leaders



Manual Grade Category





Staff Category



Executives and above Category



Training and Development

GRI 404-1

Training Indicators FY 2023/24

	Employee	es Trained	Average Tra	ining 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



Our Training Partners

- Department of Labour
- National Institure of Labour Studies (NILS)
- National Institute of Plantation Management (NIPM)
- Tea Research Institute (TRI)
- Rubber Research Institute (RRI)
- Plantation Human Developemnt Trust (PHDT)
- National Institute of Business Management (NIBM)
- National Apprentice and Industrial Training Authority (NAITA)
- Chartered Institute of Pesonnel Managment 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.

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

of the top management.

corporate HR department with the guidance

We have in place a comprehensive training

fledged facilities to address training needs

plan with allocated budgets and fully-

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

Training for the estate workforce comes

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 Mangers
- Investment: Rs. 3.3 Mn





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

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.



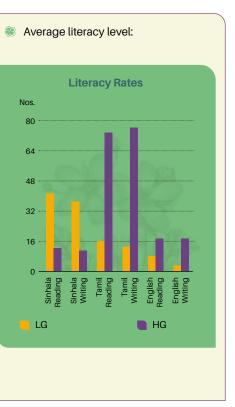




Nos.

80

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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 processreceive 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.





We comply with

Health and Safety

Factories Ordinance

No. 45 of 1942 and

Amendments thereto

all Mandatory

Requirements

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



Led by the Estate

Manager

70% Manual Grade

55% Staff

69% Executive

Key Responsibilities

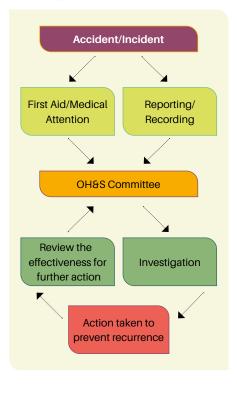
- Implement, communicate and extend training on health and safety standards and measures to all estate-level employees
- Review accident/incident investigation reports and take corrective action on findings
- Support new measures introduced to enhance and upgrade health and safety standards across the 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.

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.

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



The risk assessment outcomes stand as the basis for preparing the annual OHS planentailing 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.



Tiazaid. Agro-chemical exposure			
Health & Safety Risks	Persons at Risk	Procedures in Place/ Control Measures	
 Respiratory issues Skin and eye irritation Mental health issues Accidental poisoning Environmental contamination 	 Chemical sprayers Field workers Community Store workers 	 Procedures for agro-chemical usage and emergency response PPE provided with mandatory use and training Eye, hand washing and bathing facilities Training on agro-chemical storage and handling Annual health screening Timely pruning and pollarding Chemical-free buffer zones established 	
Hazard: Poor Ergonomics due to repetitive task like plucking tea leaves			
Musculoskeletal disorders	Tea harvesters	 Ergonomic tea baskets provided Proper training on tea plucking provided Adequate rest breaks given 	
Hazard: Exposure to insects and snak	e bites	Risk Level: Moderate	
 Venom toxicity Tissue damage/Paralysis Respiratory failure Bleeding disorders Neurological impairments. 	Field workers	 Controlling weeds Training on first aid First aid centres in the fields 	
Applicable Regulation			

Applicable Regulation

- Pesticide Control Act No. 33 of 1980/National Environment Act No. 47 of 1980
- National Institute of Occupational Safety & Health Act No. 38 of 2009.

Lost work days FY 2023/24

Health and Safety Training Initiatives FY2023/24





Hazard: Accidents caused by machine	Democra et Diala			Risk Level: High	
Health & Safety Risks	Persons at Risk		Procedures in Place/Control Measu		
Injuries	Machine operator	S	Emergency preparedness proced		
Secure Cuts			Regular training on safety of operating machinery		
Fractures			PPE provided and training on cor	•	
Amputations			Awareness programmes on emer		
			Prerequisite programmes and mo	onitoring formats	
			established at point of use		
			Hazardous parts are guarded		
			Regular maintenance of machine	ery	
			Use of safety signage		
Hazard: Loud machinery noises				Risk Level: Moderate	
Health & Safety Risks	Persons at Risk		Procedures in Place /Control Meas	ures	
Hearing loss	🏶 Mechanic		Installed sound-proof enclosures		
Ear aches and tinnitus	Machine operator	'S	Mandatory use of PPEs		
Stress and fatigue					
Poor illumination				Balance and the	
Poor information	brillumination			Risk Level: High	
Health & Safety Risks	Persons at Risk		Procedures in Place/ Control Meas	ures	
Eye strain and fatigue	All workers		Improvement of illumination		
Risk of accidents					
Strain on posture and muscles					
Mental health issues					
Flufflevel				Risk Level: High	
Health & Safety Risks	Persons at Risk		Procedures in Place/Control Measu	ıres	
Hazard: Explosion - boiler, air receiver	and pneumatic hydra	ulic vess	el	Risk Level: High	
Health & Safety Risks	Persons at Risk	Procedu	ures in Place/Control Measures		
Loss of life	Operator	🏽 Regi	ular inspection by authorised person		
Burns	and workers	-	ned and licensed boiler operator		
Lacerations,	around the				
🛞 Crush injuries	boilers				
Hazard: Fire				Risk Level: Moderate	
Health & Safety Risks	Persons at Risk	Procedu	ures in Place/ Control Measures		
Loss of life	All workers	🛞 Fire	extinguishers provided and extinguish	ning procedure in	
 Burns 		plac	e		

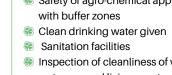
National Institute of Occupational Safety and Health Act No. 38 of 2009

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

- Se Worker empowerment and participation in health and safety
- committee decision making Sonsistent 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





harvesters

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



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Health, Nutrition & Hygiene

Antenatal and postnatal clinics

- Immunisation programme
- OPD treatment

Eye clinics

- 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

- Proper storage, handling and
- disposal of agro chemicals
- Safety of agro-chemical applications
- 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

- Emergency response plans and drills to handle fires, accidents and other emergencies
- Safety of handling and spraying agrochemicals
- First aid
- Safety procedures on operating equipment and machinery handling

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



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.





Goal 1: No Poverty

Target: By implementing policies and practices

- Search State State
- 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



- Health and safety committees with worker representations

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

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5 GENDER EQUALITY

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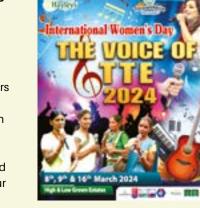
Target: Productive employment for all, enabling inclusive value creation

- 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

"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.





Somprehensive Training on health and safety standards and measures

Goal 8: Decent Work and Economic Growth

Well-respected and leading regional plantation company with significant value creation Extensive employment opportunities with training and exposure for career advancement

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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 pursing 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.



5159 ka Waste Recycling FY 2022/23: 5,530 kg

Renewable Material Used

FY 2022/23:88%

1.93 GHG Emissions Intensity FY 2022/23: 1.5

85% Renewable Energy Share FY 2022/23:88%



Input

Our Environmental Footprint

Land

🏽 Tea Fields

Other Crop

Biodiversity

Water bodies

Strategic Investments

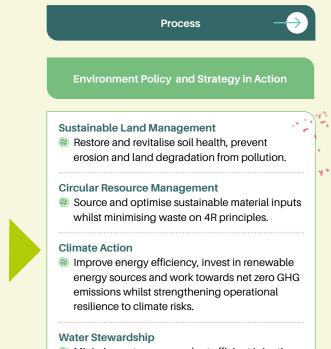
and conservation

Environment management

Energy

Section 2017

Rs 62 Mn Environment Management and Conservation Investment FY 2022/23: 48.9 Mn



bodies.

- native plant species and protect wildlife.





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

Kiruwanaganga 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 Kiruwanaganga 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



Material Consumption GRI 301-1,2 &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 'takemake-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 exportoriented 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 a Value chain

Factory Operat Green Leaf Packing materia **Field Operation** Fertiliser Agrochemicals Dolomite

Efficient plumbing fixtures

Rainwater harvesting system

Reusing factory waste water for landscape irrigation

Materials

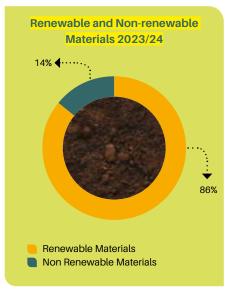
- Environmentally friendly building material
- Waste management system

Indoor Environmental Quality

- Adequate ventilation
- Natural lighting

The Green building factory is scheduled to commence commercial operations in end of the 2024.

acrossed the TTE	2023/24	% Share	2022/23	% Share		
tions / Renewable Materials - Tons						
	25,270	86%	22, 201	88%		
al	75	0.25%	0.20	0.2%		
n / Non-renewable materials						
	2, 121	7%	1,735	7%		
	14	0.05%	11	0.04%		
	1,880	6%	1,297	5%		



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
Waste diverted from disposal (kilograms)		
Composting		
Biodegradable mix waste	132,414	125,204
Recycling		
Glass	396	492
Plastic	871	1,314
Polythene	1,014	1,704
Metal/Iron	457	616
Paper	2,422	1,404
Total Recycling	5,159	5,530
E-waste	287	439
Bulbs-used	643	649
Total on-site storage	930	1,088
Waste directed to disposal (kilograms)		
Authorized Landfill		
Non-hazardous mix waste	6,786	3,412

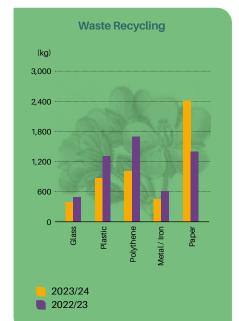
Our biodegradable waste, generated both in factories and by the resident communities, is recycled as compost, enriching our tea fields and home garden plots. Agricultural waste is reused to make briquettes, used as biomass fuel. Non-biodegradable waste-metal, glass, plastic, polythene and paper is systematically 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.











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.



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.



Biochar Project



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.



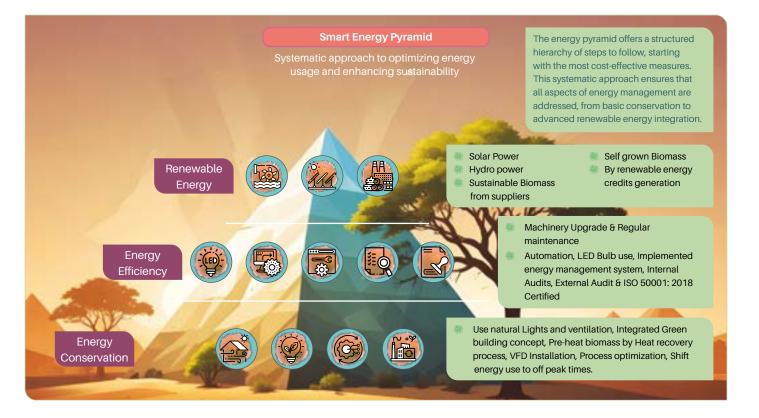
Upholding responsibility, we adhere to stringent quality and standards and regulatory guidelines when using agrochemicals in our operations. As recommended by the Tea Research Institute, we only use registered agrochemicals sourced from authorised suppliers within the country. Necessary precautionary 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-onyear. 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

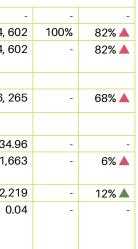
Energy consumption by	2023/24	%	2022/23	%	%
scope		Share	2022,20	Share	Change
Within the organisation (Gj)					
Direct					
Biomass	177,085	82%	172, 856	86%	2% 🔺
Gasoline	9,314	4%	2,621	1%	255% 🔺
Diesel	6,386	3%	7,365	4%	13% 🔻
Indirect					
Electricity	16,910	8%	11,751	6%	44% 🔺
Energy consumed within the organisation (1)	214,663	-	201,663	-	6% 🔺
Outside the organisation (Gj)					
Direct					
Gasoline for vehicles	-	-	-	-	
Diesel for vehicles	1,191,707	100%	654, 602	100%	82% 🔺
Energy consumed outside the organisation (2)	1,227,827	-	654, 602	-	82% 🔺
Total energy consumed (1+2)	1,442,497	-	856, 265	-	68% 🔺
En a vers lasta en cita	04.01		04.00		
Energy Intensity	34.91	-	34.96	-	
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	-	

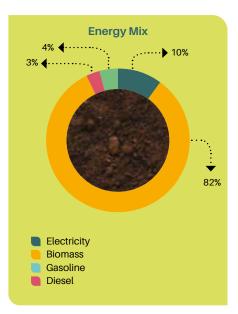
Energy Management and GHG Emissions The National Cleaner Production Centre in partnership with UNDP, offers an extensive training programme focused

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.







Building Team Capacity

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.



Renewable Energy

FY	2023/24	2022/23	tCO ₂ 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.



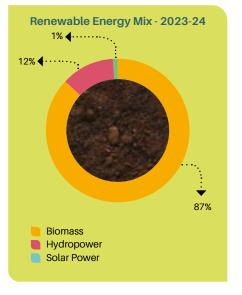
Solar Power

We continued to be bullish in our rooftop 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.

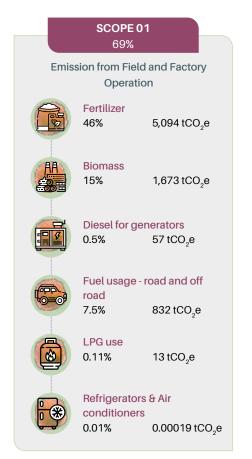
Given the low rainfall in hydro-catchment areas during the end of the year under review period, our hydro-electricity generation decreased by 14 % on-year to 6,860 MWh. However, this exceeded our electricity requirement of 4,697 MWh from the electricity grid, corresponding to 77% of the requirement.







GHG Emissions GRI 305-1, 2, 3, 4, 5, 6 & 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 tCO2e. 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 singnificant 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; NOx or SOx gasses produced through our daily operations and community households are negligible.



Grid electricity consumption 18% 2,011 tCO,e

Transmission Loss1.75%194 tCO2e

Certified ISO 14064-1:2018 for GHG Inventory preparation & management by Sri Lanka Climate Fund.



ng sa hy 4,

from Solar

generation

441 tCO,e

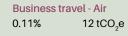
Emission saving from hydro power 4,679 tCO₂e

SCOPE 03 11%

Emission from Upstream & Downstream Supply chain



Fertilizer, firewood, packing material transportation (Upper steam transportation) 0.12% 14 tCO₂e



Made tea dispatch (down stream transportation) 0.65% 72 tCO₂e

Packaging Material0.92%103 tCO2e



Gold Status

Fertilizer indirect emission8.76%968 tCO2e

For measure, reduce and contribute stages UN Climate Neutral Now We are committed to reach NetZero

We are committed to reach NetZero World 2050 target in keeping with the 2015 Paris Climate Agreement.



Emission Summary GRI 305-1,2,3

Emission Source	2023/24 (tCO ₂ e)	2022/23 (tCO ₂ e)	Variance
Direct emission (Scope 01)			
Category : Direct GHG Emissions in tCO ₂ e			
1.1 Direct emission from stationary	1,743	1,898	8% 🗸
combustion	57	114	E0%
Operation of on-site diesel generators	57		50% 🔻
LPG consumption	13	10 1.774	30%
Biomass 1.2 Direct emissions from mobile combustion	1,673	,	6% 🔻
	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% 🔺
1.3 Direct emission from the release of GHG's	5, 094	3, 186	60% 🔺
in anthropogenic systems Fertilizer application	5, 094	3,186	60% 🔺
CO2 fire extinguishers	0,094 0.1	0.1	00%
Refrigeration and air conditioning	0.1	0.1	
Total Direct Emission	7,669	5,662	35% 🔺
	7,000	0,002	55%
Indirect GHG emissions (Scope 02)			
Category : Indirect GHG emissions from	2,205	2,335	6% 🔻
imported energy			
Indirect GHG emissions from imported energy	2,011	2,148	6% 🔻
Indirect emission (Scope 03)			
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%
	10		1370 📥
Total Emission (Excluding biogenic	11,045	9,085	22% 🔺
emission)	11,010	0,000	2270
GHG saving from Hydropower generation	4, 679	6, 381	27% 🔻
GHG Saving from Solar Power generation	441	455	3% 🔻
Total emission saving from renewable energy	5,119	6,836	25% 🔻
generation			

Water Stewardship GRI 303-1, 2,3,4 & 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 noncompliance 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.



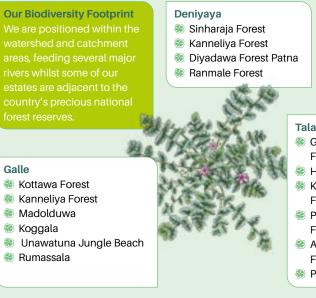
Surface water - Kilolitre	2023/24	2022/23	variance
Total water withdrawn	8,834	9,370	6% 🔻
Total water consumption	2,026	1,627	25% 🔺
Total water discharge	6,808	7,743	12% 🔻

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 nuber 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







Talawakelle/ Nanu Oya

- 🏶 Great Western Natural
- Forest
- B Horton Plains
- 😻 Kikiliyamana Natural
- Forest
- 🛞 Piduratalagala Natural Forest
- 🏽 Ambewela Natural
- Forest
- 🏶 Pattipola Natural Forest

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.

- 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.

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
Project goal	Preservation of a wild life corridor of Horton plans.	Conservation of HCV area at St. Clair waterfall.
Stage of the project	Implementation, monitoring, documentation,	Implementation, monitoring, documentation,
0 . ,	evaluation, reporting and ongoing activities	evaluation, reporting and ongoing activities
Number of Stake holders engagement	10 stakeholders	6 stakeholders
The ecosystem type for the base year	Perennial cropping systems	Natural wetlands
The area under restoration/rehabilitation	3.74 На	5 Ha
The ecosystem condition for the base	More than 50% of the wildlife habitats remain	More than 55% of the wild life habitats remain
year		
The ecosystem condition for the current	80% of the wild life habitats recovered	85% of the wild life habitats recovered
reporting period		
The beneficiaries affected	TTEL & Local community	Local Community







We ensure our raw material to the field

also invasive alien species, establish

buffer zones next to protected areas

to safeguard biodiversity, avoid using

fertilizers to promote soil health and

prohibited pesticides to protect wildlife

reduce chemical runoff. We located our

factories in less sensitive areas to minimize

included creating pathways that connect

environmental disruption. Our initiatives also

habitats, reducing ecosystem fragmentation.

කෘත්ති මනාවලිය වතුයාගේ වෙසෙන ක්ෂිරපායි සතුන්

MAMMALS IN CALSEY MAHA ELIYA ESTATI

and is under

enter brach

and ecosystems, limits the use of synthetic

operation are free from pest and diseases

Targeted Species and Ecosystems

Native tree species and various endemic shrubs and grasses.

Local Name	Scientific Name
Maha rathmal	Rhododendron arboreum ssp. zeylanicu
Bombu / Wal bombu	Symplocos cochinchinensis ssp. laurina
Bulu	Terminalia bellirica
Keena	Calophyllum tomentosum
Aridda	Campnosperma zeylanicum
Gini sapu / Sapu	Michelia champaca var. champaca

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.

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 carryout an extensive biodiversity assessment covering the Dessford estate in the year under review. This initiative goes hand-inhand 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.

ensuing year.

Key Findings:



Status
Endemic
Native
Native
Endemic
Endemic
Native

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.

- 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

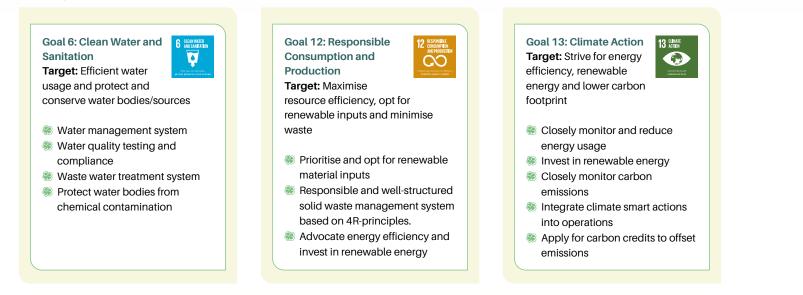
Ecosystem Restoration Certification

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.





Tracking UN Sustainable Development Goals



Goal 15: Life on Land

Target: Soil health, biodiversity conservation and ecosystem restoration



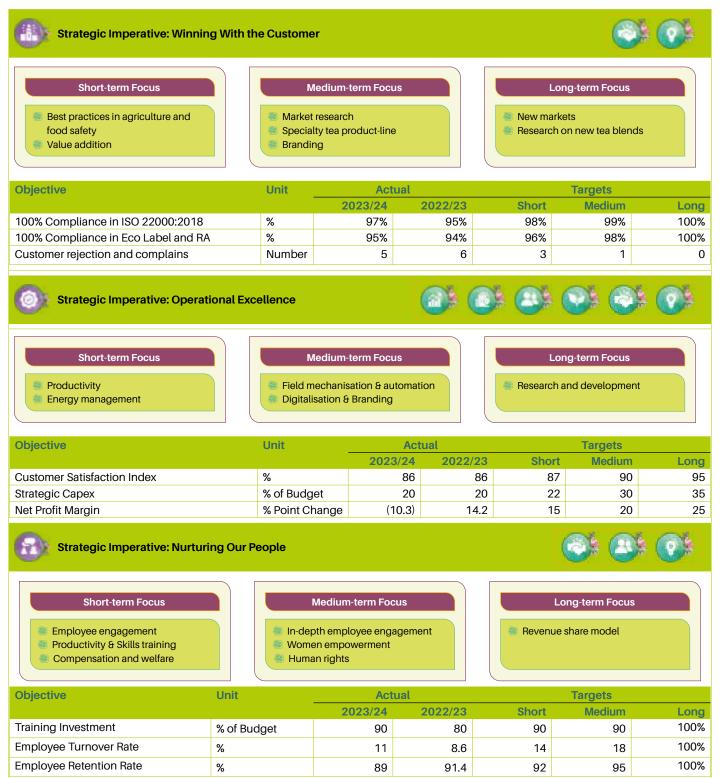
15 UFE ON LAND

- 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	97%	97%	100%
Waste water treated	sanitation	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%
	Goal 15: Life on land			
Reforestation (Hectares)		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



Short-term Focus		Medium-term Focus		Long	g-term Focus	
 Crop diversification GHG emissions Permaculture business practices Energy management Biodiversity and ecosystems Soil health Waste management 	techn Resea agricu Renev Low e	rch on climate resilie	nt	Transition to agriculture	o regenerative	
Objective	Unit	Actua	t	1	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	18
GHG Emissions	% Change	26	(4)	(10)	(25)	(50
Investment in Environmental Initiatives and Field Development	% of Budget	27	1	5	10	15
Strategic Imperative: Busine		ledium-term Focus		Long	-term Focus	
 Specialty and organic tea Crop diversification Market diversification 		opportunities for nor htres	n-core	Partnerships product lines	to promote brand	ed
 Specialty and organic tea Crop diversification 	 Market crop Tea cer 	opportunities for nor ntres n <u>Actu</u> :	al	product lines	Targets	ed
 Specialty and organic tea Crop diversification Market diversification 	Market crop Tea cer Tourisr	opportunities for nor ntres n <u>Actua</u> 2023/24	al 2022/23	product lines	Targets Medium	Lon
 Specialty and organic tea Crop diversification Market diversification Objective Exposure in Cinnamon	Market crop Tea cer Tourisr Unit % Change	opportunities for nor ntres n <u>Actua</u> 2023/24 32	al 2022/23 7	product lines Short 35	Targets Medium 40	Lor
 Specialty and organic tea Crop diversification Market diversification Objective Exposure in Cinnamon Exposure in Coconut	 Market crop Tea cer Tourisr Unit % Change % Change	opportunities for nor ntres n <u>Actua</u> 2023/24 32 9	al 2022/23 7 8	short 35 20	Targets Medium 40 25	Lor
 Specialty and organic tea Crop diversification Market diversification Objective Exposure in Cinnamon	Market crop Tea cer Tourisr Unit % Change	opportunities for nor ntres n <u>Actua</u> 2023/24 32	al 2022/23 7	product lines Short 35	Targets Medium 40	



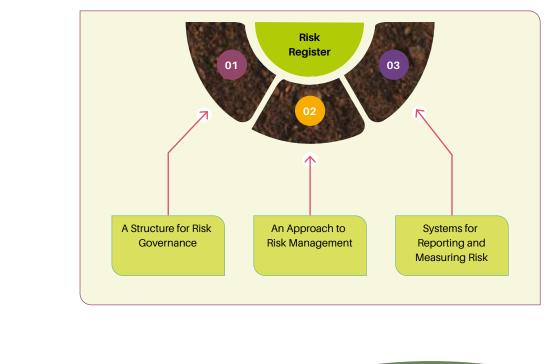
Long-term Focus	
Transition to regenerative agriculture	



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.



"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.

TTE's Risk Management Approach goes hand in hand with the development and execution of the Company's strategy. We believe that doing so paves the way for preemptive risk mitigation measures that will complement our business objectives and increase our corporate value. Furthermore, by disclosing appropriate risk information to the public, we aim to earn the trust and respect of our stakeholders and strengthen our reputation as a well-managed corporate entity.

management based on TTE's Approach to Management sound risk management fundamentals safeguards TTE's competitive position and supports sustainable long-term growth

isk Fra

Risk

TTE has implemented an enterprise-wide Risk Management Framework which sets out how risk management principles are embedded across business operations and integrated into decision-making processes at all levels. According to ISO 31000, the framework outlines the relevant components that enable TTE to design, implement, monitor, review and continually improve risk management across the organization. The framework is supported by the Risk Register that documents all current risks applicable to the Company along with the relevant risk mitigation and control frameworks relating to each category.

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.

Hayleys PLC Board & **1st line of Defence** 2nd **Business Units/ Estate Level** MD + **Management Primary risk and** Comm control Responsibility CE Promoting the risk awareness Develops p culture Develops ris Complies with risk appetite processes a Owner of risk management Assign risk responsibili processes Responsible for day-to-day risk Review, ass management in line with Board to the Board approved risk management framework Identification of emerging risks and escalation to MD/ CMC

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.

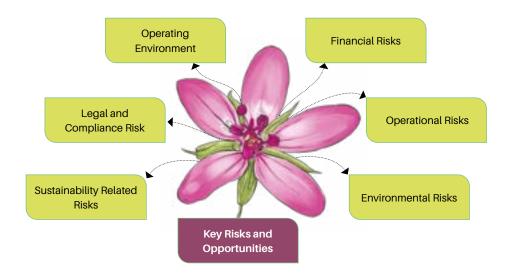
Risk Governance and Management Framework

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 are inherently required to manage risk for sustainability.

Risk Management Committe	
sk Management Committee	
line of Defence	3rd line of Defence
ESEG Steering nittee Chaired by EO Oversight policies and standards isk management and controls duties and ities sess, preview and report d	Audit Committee - Assisted by the Hayleys Group Internal Audit Division and Independent Assurance given by Internal/ External Auditors Provide independent and objective assurance regarding the efficacy of the risk management framework External Audit provides assurance on TTE's financial and ESG statements

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.

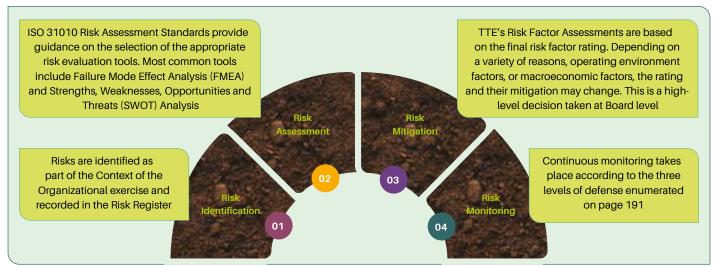


These are the top risks we identified. Table on page 191 indicates the risk categories that are encapsulated in these top risks, their impact on the business and the risk weightage.

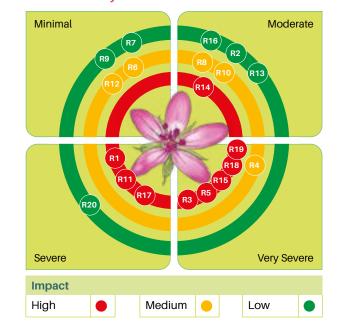
Risk and Opportunity Management Process

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



Risk Factors, Risk Grading and Mitigation Action

Risk Factor	Risk Exposure	Ke	y Contro
Operating Environ	nent		
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.		Continu factors geopol Market markets Being in busines internat disrupt
		83	Enhand
		8 3	Prepari
R2.Macroeconomic and political developments	Macroeconomic instability in the domestic economy impacts both the demand	88	Scenari identify
	and supply	*	Being in organiz that are be in to demand

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 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	Implement the Business Continuity Plan	
R4.Change in consumer demand behavior	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 Growing global demand for black teas and speciality teas, mainly post the pandemic where furit/flowe and green teas gained a centre place for immunity boosting and healing properties. This is prevalent among the younger generation of tea drinkers.	 The Company has carved our three tea gardens which are nurtured agro chemical free. 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. While our strong R&D team researching into new varieties Radella Green Tea center is equipped with both steamed and pan-fried equipment. Diversification to non-tea less labour intensive agro products 	U709 Price & Usage Variance Rs/Kg Kg 700,000 4,00 560,000 2,40 420,000 2,40 140,000 0 2,0 2,1 2,2 2,3 2,4 U709 (Rs/Kg) Usage (000'Kgs)
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.	 Export management and expanding the markets Build up cost saving methods and efficient logistic handling Improve Supply chain sustainability Focus on productivity development through field optimization and modernizing factory set up 	Cost Of Production Fs. Mn 1,200 960 720 480 240 0 18/19 19/20 20/21 21/22 22/23 23/24
Financial Risk			
R6.Liquidity Risk	Geopolitical and domestic macroeconomic uncertainties can adversely impact the cash flow	Preserve cash flow and unutilized credit facilities to ensure being liquid	
R7.Credit Risk	Risk of customer defaulting on payments	 Evaluate customer creditworthiness Stringent credit policies in place Periodic confirmations on outstanding balances Regular follow up 	Interest risk Rs. Mn % 3,950 25 3,800 20 3,650 15 3,500 10 3,350 5 3,200 22/23 23/24 0 Investment (Rs.Mn) Average interest (%)

Risk Factor	Risk Exposure	Key Controls and Mitigating Actions	Risk Grading
			2023/24 2022/2
R8.Interest Rate Risk	Fluctuations impact investments and borrowing costs	 Prudent management of financial assets Closely monitor the financial markets and regulatory stand-point 	How do lenders assume credit mit for startup score-to:
		Close relationships and negotiations with financial institutions	
		Diversifying the investment and liability portfolios	
R9.Exchange Rate Risk	Depreciation of the Rupee is likely to increase operating	Regular monitoring of the currency fluctuations	The same shalling the Property is suffer front to the
	cost and dollar-borrowing costs	Hedging the exposure through financial instruments	which
R10.Financial	The possibility of breaching	Closely monitor debt repayments	•
Covenant Breach	repayments due to finance institutions due to liquidity constraints	Where necessary, re-negotiate with banks to adjust repayment terms	
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.	 Continued with the non-wage model to increase earning capacities of individuals Automated manual processes to engage more of human capital Special incentive schemes and motivation plans to induce productivity and retention Invest in employee wellbeing by enhancing the quality of estate infrastructure 	Employee Vs Employee Retention Nos. 7000 4200 2800 1400 0 20 21 22 23 No of Employees Rate
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.	 Robust policies, procedures and processes in place Periodic audits to ensure the effectiveness of internal controls Strengthening the Business Continuity Plan to ensure smooth operations in case of disruption Robust documentation process supported by technology to lodge disruptive incidents Periodic review of the Risk Register Improving the operational KPIs to generate service efficiency Continue to invest in renewable energy Utilize Group synergies to circumvent disruptions 	Lotid 1 EXC freemen Buildent Freeman Control of the second secon





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	 Well documented health and safety procedures Periodic audits to test the strength of internal controls Periodic training to inculcate a safe working environment 	OSHA OSHA OSHA OSHA OSHA OSHA OSHA OSHA
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	 Sound internal controls supported by audit and assurance Pre-employment screening Board mandated ethics framework and Code of Conduct Operation of the Whistleblower policy Continuous training and awareness 	
R15.Brand reputation and impact	Events that can negatively impact the Brand reputation and confidence of stakeholders, breakdown of trust and business relationships	 Brand positioning, development and marketing Periodic training and development of staff Strict adherence to statutory and regulatory requirements Channeling all media communications through a central team 	
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	 Dedicated IT experts manning the IT team Use licensed software Periodic IT audits Implementation of Disaster Recovery with latest technologies to support business continuity Conduct user awareness sessions to upgrade knowledge and application Continuous devise monitoring to prevent cyber-attacks 	Challed Basurdy Challenges to Address is Hybrid Charl
R17. Competitor Risk	Emergence of new competitors, locally and globally, declining the revenue in captive markets	 Reinforce product stewardship towards the customer base Product diversification through innovation Develop new global markets 	Tea Export Mn kg 50 40 20 10 0 iraq Turkiye Russia USA China Qty 2022 Qty 2023

Risk Factor	Risk Exposure	Key Controls and Mitigating Actions	Risk G	rading
			2023/24	2022/23
Environmental I	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.	 Setting up standards, training and monitoring the responsible consumption of water, energy, and effective management of effluents and emissions Long-term expansion plans to consider long-term climate change and impact on the business Promoting a sustainable operation Voluntary adoption of global climate action protocols 	e To Sto	
		R&D input to develop drought resistant cultivars and improve soil-health		
		Invest in renewable energy		
		Invest in crop diversification		
		Promote and operate in a way to conserve biodiversity		
		management for a circular economy		
		Implement environment friendly agricultural practices for a sustainable Planet and a business		
Legal and Compl	iance 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	 Monthly report and review statutory compliance Legal policies and procedures Screening processes to avoid dealing with sanctioned entities Improved governance structure Periodic self-evaluation and audits testing the effectiveness of internal controls 		
Sustainability Rel	ated Risks			
R20.Non or inaccurate financia 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.	•	
luce and				
Impact				

Realizing Our Opportunities Strategically





Context

- Climate change, deforestation and resource depletion have raised awareness of the need for sustainable practices.
- Consumers are looking for products with minimal environmental impact.
- Issues such as fair labor practices and ethical sourcing are increasing.

How we realised

- 🏽 Conduct market research, analyze consumer trends, or consult with industry experts to understand growing demand for sustainable products.
- Organizing internal discussions or strategic planning meetings where the team recognizes the importance of sustainability.

O2: Rising Demand for Certain Commodities



Context

- The impact of rising commodity prices varies depending on the country concerned with the specific commodity.
- Governments may implement policies to mitigate the impact of rising commodity prices, such as subsidies or import quotas.
- Technological innovation can play a role in increasing the efficiency of resource extraction and developing substitutes for scarce goods.

How we realised

- 🏽 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.
- Attending industry events and conferences allows for networking and discussion with other stakeholders, providing a platform to learn about market trends and potential shortages.

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.





Context

- Conduct thorough research to identify new markets with favorable conditions, growing population and demand for company products.
- Consumers are increasingly interested in sustainable practices and emphasize company commitment to responsible land management and environmentally friendly production methods when entering new markets.
- Improved crop varieties require less water and pesticides, contributing to more sustainable agricultural practices.

How we realised

- 🏽 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.
- Emphasize the company's commitment to growth and innovation.

O4: Investing in research and development of high-yieldi disease-resistant and drought-tolerant crop varieties.

Context

- requires increased agricultural production to feed a large population.
- future food production capacity.
- failure, providing more consistent yields and higher profits for farmers.

How we realised

- 🏽 Ensuring long-term crop security, profitability and contributing to a more sustainable agricultural future.
- The emphasis should be on finding solutions and ensuring long-term growth.

05: The natural beauty while promoting sustainable practices, attracting new visitors, and contributing to the local community.

Context

- attraction for eco-tourists looking for unique experiences.
- Eco-tourism provides an additional income stream beyond traditional plantation products.
- guides, showcasing local crafts and traditions, and supporting community-led conservation projects.

How we realised

commitment to sustainability, and a desire to contribute positively to the local community.

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 i

- Geopolitica
- Fuel and e
- Climate Ris
- Talent/Lab
- Changing
- Increasing
- Currency f
- Domestic r

ng,	(1)	2022/23 2023/24 2024/25	•

The world population is projected to grow significantly in the coming decades. This puts a lot of pressure on food security, which

Overuse and unsustainable agricultural practices can lead to soil erosion and depletion, reducing land productivity and limiting

Disease-resistant and drought-tolerant varieties are less p Disease-resistant and drought-tolerant varieties are less prone to crop

2022/23 🔴
2023/24 🔴
2024/25 🔴

The plantation often boasts stunning natural beauty, diverse plant life and opportunities for wildlife viewing. These can be a major

By partnering with local communities, they benefit from ecotourism and foster cultural exchange. This may include employing local

🏽 TTE PLC recognizing the potential of natural beauty for eco-tourism. This approach demonstrates a strong connection to nature, a

ntrusively focused on:
al conflicts
nergy prices
sks
our migration and cost of labour
demographic that demand a product differentiation
competition
luctuations
egulations impacting inflation and market volatility

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
Governance Framework and Structure	202
Culture and Ethical Conduct	201
Sustainability Governance	204
The Board of Directors	204
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.

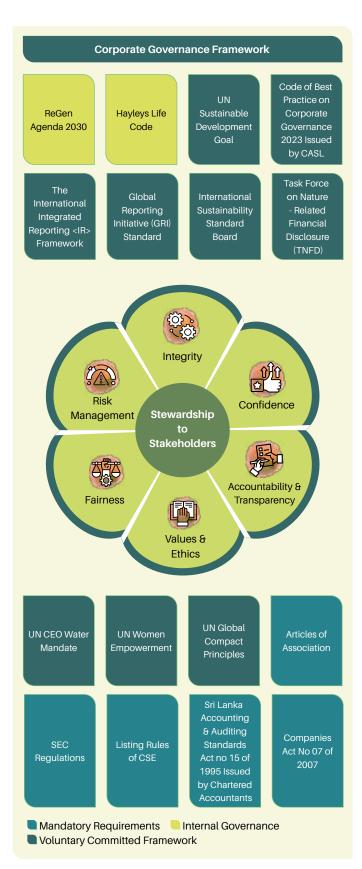
Culture and Ethical Conduct

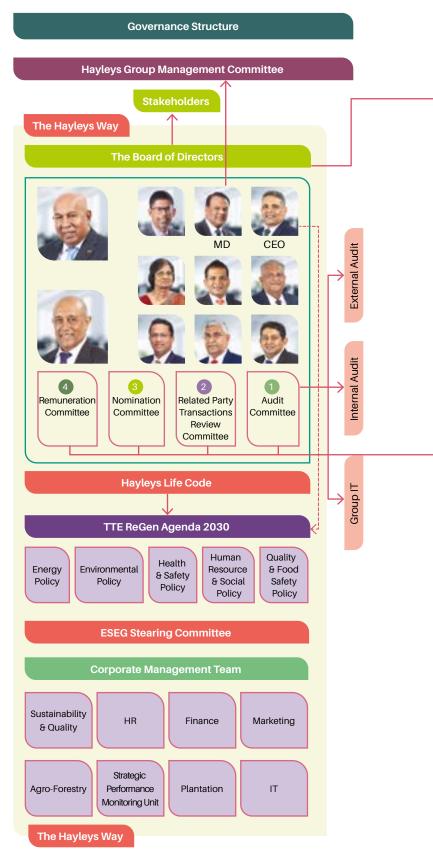
The Board of Directors plays a pivotal role in establishing an ethical culture that permeates throughout the entire organization. They set the tone from the top by exemplifying transparency, integrity and fairness in all their actions and decisions. The Board leads by example, demonstrating the highest 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, antibribery, discrimination, and protection of confidential data and trade secrets.

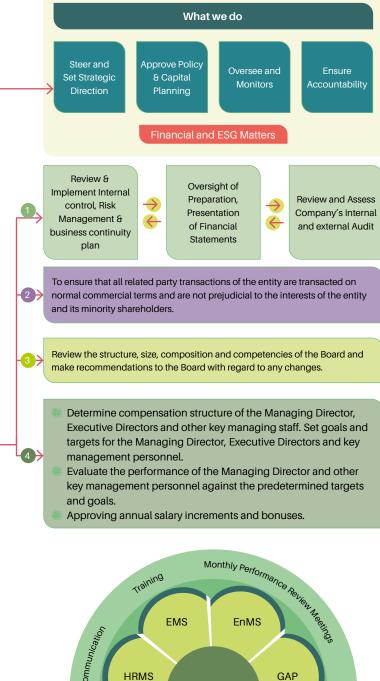
Whistle-blower Provision

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 whistleblower 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.







Management

Systems

GHGEmMS

Implementation of St

FSMS

QMS

al Control

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bili	ty

Made Tea	5,719 MT <u>Kg</u> 2024	5,102 MT <u>Kg</u> 2023
Net Profit	Rs.1,643 <u>Mn</u> 2024	Rs. 2,578 <u>Mn</u> 2023
Total Assets	Rs. 9,857 <u>Mn</u> 2024	Rs. 9,145 <u>Mn</u> 2023
ROE %	25.80% 2024	41.80% 2023
Dividend Paid	Rs. 1,275 <u>Mn</u> 2024	Rs. 902 <u>Mn</u> 2023
Employee Payment	Rs. 3,684 <u>Mn</u> 2024	Rs. 3,115 <u>Mn</u> 2023
Income Tax	Rs. 352 <u>Mn</u> 2024	Rs. 335 <u>Mn</u> 2023
Investment in Community Development	Rs. 104 <u>Mn</u> 2024	Rs. 165 <u>Mn</u> 2023
Investment in Environmental Protection	Rs. 62 Mn 2024	Rs. 49 Mn 2023

Sustainability Governance

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

Review emerging trends and issues in the ESG areas and assess potential impact on the Group. Identify ESG related risks, opportunities and impacts and recommend the implementation of appropriate measures to effectively address these dynamics.

Review and provide guidance on ESG related policies and 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 Stearing 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.



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
 Approval of the corporate strategic plan Monitoring domestic and international macroeconomic trends that may impact the Company's business, and making timely decisions to navigate any uncertainties integrate sustainability considerations into the company's overall strategy 	 Review impacts from the operating environment Risk review Performance review of the Group Assets and liquidity management 	 Implement Hayleys Life Code Sustainability agenda Succession Planning Review Policy and Frameworks to be relevant and manage internal and external risks 	 Review of stakeholder communications and engagement initiatives, in setting strategy and building brand Dividend Planning 	 Financial impacts from adverse operating conditions Approve the budget for the new financial year Approval of 2023/24 Financials and the Disclosures in the Annual Report Approval of 2024/25 budget

Responsibilities of the Chairman and the Managing D

Chairman

Leads the Board, retaining good corporate governance and ensures the Board works ethically, responsibility and in line with Company's ESG Agenda.

Setting an ethical tone for the Board and the Group for all dealing internally and externally.

Set up the Board's annual work plan and agendas in consultation with the Board Secretary and MD.

Maintaining stakeholder trust built over the years and further augmenting their confidence in the Company and the Board.

Monitoring the effectiveness of the Board and encouraging openness to ensure effectiveness of the Board.

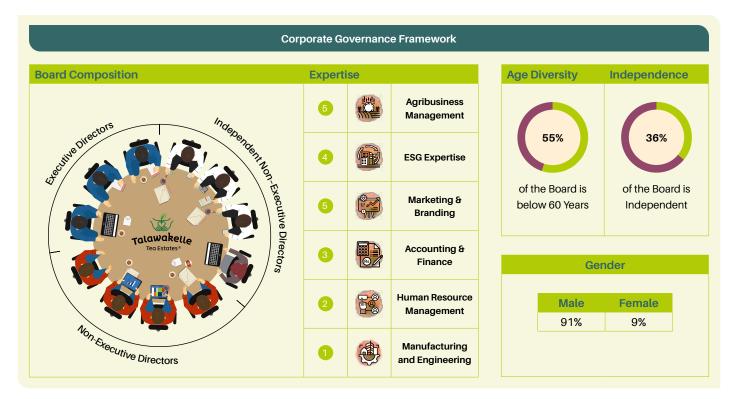
Board Secretary

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.

Director				
	Managing Director			
n the	Accountable for implementation of the Company's Strategic plan and driving performance and escalating any high-level risks/issues to the Board.			
ngs,	Succession Planning			
on	Developing the Company's Strategy and Budget for approval of the Board.			
	Monitoring and reporting to the Board on the Company's performance and compliance with laws and regulations.			
	Monitor Risk appetite and working within the allowable risk.			
	Ensure Group culture permeates across all operations.			

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.



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

Se 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

Appointment	*	Group Nomination and Governance Comm considered the combined knowledge, exp plans and any gaps thereof.		
	8 8	Appointments are communicated to the Co disclosures and include a brief resume of the		
Re-Election/Re- Appoitnment		One third of the Directors in office retire at a served for the longest period since their ap eligible for re-election. The provisions of the by rotation.		
	83	These Directors are eligible to stand for re-e		
	8	The Nomination and Governance Committ reviews the participation, engagement and		
	8 8	A director appointed by the Board to fill a c election at the next AGM		
Resignation/	8 3	Resignations, retirement, or removal of any		
Retirement				
Resignations, Retirement and Appointments in 2023/24				

Mr. Merill J Fernando, Non-Executive Director - it is with deep sadness, we record the demise of Mr Merril 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. Merril 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		Seats in Listed panies	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 Alawattegama	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 alternativ	e directorship		· · · · · ·		·

mittee makes recommendations to the Board in this regard having perience and diversity of the Board in relation to the Group's strategic

Colombo Stock Exchange and shareholders through corporate the director.

each Annual General Meeting by rotation with the directors who have ppointment/re-appointment retiring first. Retiring Directors are generally he Articles of the Company do not require the Managing Director to retire

-election by the Shareholders at the Annual General Meeting.

ttee of the Company assesses the Board's composition as a whole and d contribution of each Director prior to recommendation for Re-election.

casual vacancy arisen since the previous AGM, will offer himself for re-

y Director is promptly advised to the CSE.

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

GRI 2-15

Committee

GRI 2-18

Appraisal

The Committee	Areas of Oversight	Composition 2023/24	More Information
Audit Committee (AC)	Financial Reporting	🏶 🛛 Mr S L Athukorala (SI)	AC Report on Page 215
	🏶 Internal Control	Chairman	
	🏽 Internal Audit	🏶 Ms M D A Perera (NE)	
	🏽 External Audit	🏽 Mr N Ekanayake (INE)	
		🏽 Mr M C B Talwatte (INE)	
Nominations and	Appointment of Key Resource	🏶 🛛 Mr S L Athukorala (SI)	NGC Report on Page 213
Governance Committee	Personnel (KRPs) and Directors	Chairman	
(NC)	Succession Planning	🏽 Ms M D A Perera (NE)	
	Monitoring and evaluating the	🏽 Mr N Ekanayake (INE)	
	effectiveness of the Board, its	🏽 Mr M C B Talwatte (INE)	
	composition and its Committees		
Remunerations Committee	Remuneration policy for KRPs	Mr S L Athukorala (SI)	RC Report on page 217
(RC)	Goals and Targets for KRPs	Chairman	
	Monitoring and evaluation of	🏶 Ms M D A Perera (NE)	
	performance of MD and KRPs	🏽 Mr N Ekanayake (INE)	
	🏶 Approve annual salary	🏽 Mr M C B Talwatte (INE)	
	increment and bonuses		
Related Party Transactions	Review related party	🏽 Mr S L Athukorala (SI)	RPTRC Report on page 218
Review Committee	transactions	Chairman	
(RPTRC)		🏽 Ms M D A Perera (NE)	
		🏽 Mr N Ekanayake (INE)	
		🏽 Mr M C B Talwatte (INE)	
SI - Senior Independent	NE - Non Executive INE - Indepen	dent Non Executive	

Internal Control Mechanisms for Good Governance

Directors Interests, All Board Directors are expected to exercise the utmost good faith, honesty and integrity in all their dealings **Related Party** with or on behalf of the Company. They are required to always act in the TTE's best interests by disclosing real Transactions, or perceived conflicts to the Board. As per the companies Act, all Directors on appointment and thereafter every **Conflicts of Interest** guarter, 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. An annual evaluation is conducted to assess the effectiveness of the Board as a whole. The process, which is led **Board and Sub** 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. Areas Covered: Degree of fulfillment of Board's requirements, Quality of the Board, Effectiveness of the Board processes and meetings.

Appraisal of the Managing Director GRI 2-18	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.
Responsible and Fair Remuneration GRI 2-19 & 20	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.
	Hayley's Group Remuneration Policy - To attract and retain a highly qualified and experienced workforce
	Reward performance accordingly in the backdrop of industry norms.
	Provide compensation packages appropriate to each business within the group
	Compensation to commensurate with each employee's level of expertise and contributions, depending on the business' performance and shareholder returns.
Responsible and Fair Remuneration	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.
	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.
	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.
Group Bribery and Anti Corruption Policy	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
Succession Planning	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.
Risk Management and Internal Control	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.
Financial and Business Reporting	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.
	Prior to publishing, Annual reports and quarterly financial reports are scrutinized by the Audit Committee and submitted to the Board for their approval.

Compliance	TTE's commitment to compliance is under compliance with regulatory requirements compliant with all relevant statutory and r noncompliance recorded in the year under
Assurance	Internal Auditors assures the efficacy of the integrity of the Company's financial positi The Board Audit Committee, on behalf of internal auditors, including coordinating a
Workforce Diversity and Gender Parity	A workforce with diverse skills, experience development of a business. The Company and inclusion providing a healthy and saf operational units and estates.
	In the year under review, the female repre management. Please refer Human Capita
Responsible Branding and Stakeholder Communications	The TTE Board is guided by the Hayleys C and other external visibility initiatives. As s gender- stereotyped portrayals limits the in society, contributing to negative outcou of our communications.
Communications with Shareholders	The Board has established multiple chann (AGM), the annual report, interim financial in the CSE and a dedicated investor relationshareholders to comment or make suggest a platform to afford shareholders the opport management. The Shareholder and Invest website.
Constructive use of AGM	AGMs are conducted in a manner that add the shareholders. The Board and the Aud process required to conduct a valid AGM vote on each resolution is informed to the
IT and Digital Governance	IT and Digital infrastructure are an absolu scalability and ability to the market. As suc Company also takes note of the many pitf to ensure a stringent framework to protec responsible for implementing the Groups cyber threats.
	The Group Head of IT functions as the Ch item in the monthly Group Management (deemed necessary considering risk, impa
Group IT Policy	Controls connectivity, access, data storag
Group Information Security Policy	Protects data confidentiality, identifies risk reporting and Business Continuity Plan
Principles	These dictate the ethical, responsible and
Guidelines for Corporate Website	Dictates the crafting, designing, maintaini

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.

lerpinned by the Hayleys Group policy framework that facilitates and the early adoption of new regulatory requirements. TTE remains regulatory requirements. There were no reported incidents of der review.

the internal control environment while the external Auditors validates the tion validating the integrity of the Company's decision-making process. If the Board reviews the plans and work output of both external and activities to support the combined assurance model.

ces, soft skills and business acumen, is a foundation for sustainable ny has implemented several policies to ensure diversity, equity afe workplace promoting the wellbeing of all its employees, across

resentation is stood at 58% of the workforce and 13% in the senior al section for a detailed report on this aspect.

Group marketing and communications policy in relation to branding stipulated by these guidelines, the Board works with the awareness that e aspirations, expectations, interests and participation of girls and women omes in health and wellbeing. We do not engage in greenwashing in any

nnels to engage with shareholders including the Annual General Meeting al statements, notification of key events through announcements tions tab on the company's website. The annual report encourages estions to the Board through the Secretaries, while the AGM serves as portunity to raise questions directly with the TTE Board and corporate estor Communications Policy has also been published on the company's

dds value to the business and transparently disseminates information to dit are present to respond to any queries and clarify any grey areas. The *I* are all addressed, pre and post the meetings and the outcome of the e CSE, upon conclusion of the AGM.

ute necessity in the current business environment for profitability, uch, investing in such is a priority for the Company. In doing so, the tfalls of cyber-attacks and hacking and has implemented several policies act the Company's intellectual property. Hayley's Group IT Department is as digital strategy including adopting IT policies and safeguarding against

hief Information Security Officer (CISO). Cybersecurity is a key agenda Committee meetings with matters escalated to the TTE Board where bact and other prudential measures.

ge, recovery and responsible disposal of hardware

sk issues and/or breaches, timely escalation and takes care of regulatory

d confidential use of IT and digital platforms

ning and contenting the Group's web

Statement by the Senior Independent Director

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.

Jan St.

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.

- specific requirements.
- discharged.
- commitments.
 - Personnel.

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

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

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

Develop succession plans for Board of Directors and Key Management

- 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 reclassified as a Non-Executive Director.

The fitness and proprietary of the Directors were examined.

213

Nominations and Governance Committee Report

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. Alawattegama 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 reappointed as a Director in June 2022. His directorships and other principal commitments are given in the profile on page 38.

Mr. S.B. Alawattegama 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

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	N:
Director	

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)
Mr. N.T Bogahalande * * *

(resigned on 31st December 2023)

**** 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.

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

- external auditors.
- and the external auditor.

Audit Committee Report

Attendance
4/4
4/4
2/2
2/2
2/2

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.

Recommend appointment, dismissal, service period and audit fee of the

The Audit Committee shall establish and maintain a direct communication channel with the external auditors.

Resolve any issues regarding financial reporting between the management

- 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.

Audit Committee Report

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

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
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)

- **** 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.

Assess and recommending to the Board of Directors of the promotions of the Key Management Personnel and address succession planning.

norms.

Company.

Remuneration Committee Report

Attendance
1/1
1/1
1/1
1/1
-

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

Formulate guidelines, policies and parameters for the compensation structures for all Executive staff of the

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. 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.

Jacob P

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
Mr. S.L. Athukorala * * * - Chairman	4/4
Ms. M.D.A. Perera **	4/4
Mr. N. Ekanayake * * * (appointed to the Committee on 8th January 2024)	2/2
Mr. M.C.B. Talwatte*** (appointed to the Committee on 8th January 2024)	2/2
Dr. N.T. Bogahalande*** (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 gualified 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.

Annual Report of the Board of Directors on the Affairs of the Company

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. 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 31st December 2023)	-	-
Mr. Merril 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

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.

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

Executive Directors

Mr. A.M. Pandithage (Chairman) Dr. W.G.R. Rajadurai (Managing Director) Mr. S.B. Alawattegama (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. Merril J. Fernando (deceased - 20th July 2023)

Independent Non-Executive Directors

Mr. S.L. Athukorala (Senor 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. Bogahalande (resigned on 31st

December 2023)

* Mr. D.C. Fernando was the Alternate Director of Mr. Merril 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. MC.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.

Annual Report of the Board of Directors on the Affairs of the Company

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 Charted 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.

Goldern 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.

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 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.

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

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 Reelection, 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,

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A. M. Pandithage Chairman

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Dr. W. G. R. Rajadurai Managing Director

Wingles

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,

May

Hayleys Group Secretaries

09th May 2024

Hayleys Group Services (Private) Limited

Managing Director's, Chief Executive Officer's and **Director-Finance's Responsibility Statement**

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 Raiadurai Managing Director

and Burnt gal

S B Alawattegama Chief Executive Officer

White power

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 adoption of new SLFRS processes.
- The comments made by External

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.

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

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

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Dr. Roshan Rajadurai Managing Director

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S L Athukorala Chairman, Audit Committee

09th May 2024

Consolidated Statement of ESG Performance

	Note	2023/24	2022/23
Environmental Performance			
Resources			
Energy consumption (GJ)	2.1	214,663	201,664
Renewable energy generation (GJ)	2.2	26,937	30,767
Water consumption (m^3)	2.3	2,026	1,742
Portion of renewable materials use of material mix (%)	2.4	86%	88%
Waste			
Total solid non-hazardous waste generated (Tonnes)	2.5	138	140
Total solid hazardous waste generated (Tonnes)	2.5	1	1
Emission			
Scope 1 (Direct) tCO2e	2.6	7,668	5,662
Scope 2 (Indirect) tCO2e	2.6	2,205	2,335
Scope 3 (Indirect) tCO2e	2.6	1,170	1,089
Investment in environment and biodiversity conservation		.,	.,
Biodiversity conservation and protection (Rs. 000)	2.7	2,723	1,982
Environment friendly Agriculture practices (Rs. 000)	2.7	46,808	47,576
Environmental compliance		,	,
Breaches of environmental regulatory	2.8	0	0
Social performance			
Employees			
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
Community			
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
Value chain			
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%
Social compliance			
Breaches of laws and regulation	3.11	0	0
Governance performance			
Board Quality			
Board position (ratio Indipendat:Non independent)	4.1	4:7	1:1
Code of conduct			
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
Management Systems			
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**



: ESG Report - 2023/24 of Talawakelle Tea Estates PLC, 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

- 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
- by TCFD

5. Governance

Code of Best Practices on Corporate Governance, Issued by Chartered Accountants of Sri Lanka - 2017

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 processcontinuous stakeholder engagement,

Corporate Standard of Greenhouse Gas Protocol, World Resource Institute (WRI) and World Business Council for Sustainable Development (WBCSD)

Recommendations of the Task Force on Climate-related Financial Disclosures

Reporting principles as highlighted below are aligned with GRI standards, SLFRS Sustainability Standards S1 and S2, and SASB Framework, which ensure the quality

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

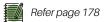
Refer page 176

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



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	Туре	Capacity
Radella		200
Somerset	Mini Lhadro (L)M)	1,100
Palmerston	Mini Hydro (kW)	800
Total		2,100
Bearwell		108.24
Moragalla		149.08
Dessford	Color Doofton (UM/n)	113.95
Deniyaya	Solar Rooftop (kWp)	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 agrochemicalsaccounting 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, nonhazardous 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



Greenhouse gas emissions covering all three scopes reached 11,045 tCO2e in the FY 2023/24—an increase of 22% percent over the FY 2022/23. Scope 1 emissions reached 7,669 tCO2e whilst scope 2 and 3 reached 2,205 and 1,170 tCO2e 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
Energy factors	2006 IPCC AR5
Global warming potential	IPCC sixth Assessn

GHG Inventory Calculation

GHG Scope 1 refers to direct GHG emissions	Lan excl
GHG Scope 2 refers to indirect GHG emissions from energy use	100
GHG Scope 3 refers to indirect GHG emissions from other so	urces
Purchased goods and service	Scre
Capital goods	Scre
Fuel and energy-related activities	Calc
Transportation and distribution of goods (Upstream)	Scre
Waste management in operations	Scre
Business travel	Calc
Employee commuting	Scre
Leased assets	Scre
Transportation and distribution of goods (Downstream)	Scre
Processing of sold products	Scre
Use of sold products	Calc
End-of-life treatment of sold products	Scre
Leased assets	Scre
Franchises	N/A
Investments	Scre

2.7 Environment and Biodiversity Conservation



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.

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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.

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Notes to the Consolidated ESG Statement

3.3 Employee Trust Index

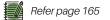
Refer page 158

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

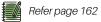


In the FY 2023/24, the recorded number of occupational injuries and work-related illnesses stood at 89 resulting in 48 lost work-days. This represents a 16 percent increase compared to the previous year.

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



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 nongovernmental 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 biannually 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

Reporting Methodology

aspects.

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



No breaches of social-related laws and regulations reported during the FY 2023/24.

Reporting Methodology

Instances of non-compliance with socialrelated 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



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.

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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

the FY 2023/24.

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.

4.2 Training on Code of Conduct

Zero whistleblower cases were recorded in

Reporting Methodology



🖉 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



Ernst & Young Chameseo Accountants Regurda Towers No. 109, Gale Road P.O. Bea 105 Colombo 03, Shi Lanka

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

Tel : 194 13 246 3500 Fax: 194 11 768 7669 Emell: eys. & wey comey.(@%)

- (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.



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

Description of Procedures Performed

regulatory requirements.

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:

- recalculation.
 - standards/frameworks.
- staff.

We also performed such other procedures as we considered necessary in the circumstances.

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Validated the information presented and checked the calculations performed by the organization through

Performed a comparison of the content given in the Report against the criteria given in the selected sustainability

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

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.

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.

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.

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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	2023/2024	2024/2025
(CSE)	Submitted on	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



Strist & Young Chartered Accountants Rotuints Towers Sin (109, Gale Roat 20, Box 102 Cisomop 03, Sti Lanka

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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.

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Key audit matter

Measurement of retirement benefit obligation

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 202. The value of the retirement benefit obligation was based on the actuarial valuation carried out by an external actuary engaged by the Group.

This was a key audit matter due to:

- the materiality of the reported retirement benefit obligation balance; and
- the degree of management judgements, assumptions and estimation uncertainties associated with measurement of the retirement benefit obligation.

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.

Assessment of the carrying value of bearer biological assets As of 31 March 2024, the Group's bearer biological assets amounted to Rs. 2,048 Mn and represented 21% of the Group's to assets. Bearer Biological Assets comprised of Rs 542 Mn Immatur Plantations and Rs 1,497 Mn of Mature plantations, as disclosed Note 13.B. to the financial statements.

This was a key audit matter due to:

- the materiality of the reported bearer biological asset balance and
- The degree of judgement involved in identification of costs to be capitalized as immature plantations, point at which transfe are to be made from immature plantations to mature plantation and identification of possible indicators of impairment, as disclosed in Note 13.B. to the financial statements.

	How our audit addressed the key audit matter
	Our audit procedures included the following key procedures:
)24.	 assessed the competence, capability and objectivity of the external actuary engaged by the Group
у	• 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.
	 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.
e	 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.
6	We also assessed the adequacy of the disclosures made in note 23 to the financial statements.
he	
	Our audit procedures included the following key procedures:
total ure 1 in	• 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.
	 Tested the significant expenses incurred by examining related invoices, capital expenditure authorisations and other corroborative evidence.
to	 Tested transfer of immature plants to respective matured plantation categories by examining ageing profile of immature plantations
fers ions	Assessed the reasonableness of depreciation provided on the matured plantations by performing independent computations.
	 Inspected the ageing profile of the immature biological assets as of the reporting date to ensure that possible indictors of impairment have been identified, assessed for probable

We also assessed the adequacy of the disclosures made in notes 13.B. and 3.7.7 to the financial statements.

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

 Talawakelle Tea Estates PLC / Integrated Annual Report 2023/24
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Statement of Profit or Loss

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		Gro		Comp	
For the year ended 31 March	Notes	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)
Gross Profit		1,775,190	2,857,302	1,740,112	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)
Results from Operating Activities		1,571,458	2,707,053	1,554,098	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
Profit Before Tax	9	2,134,648	3,298,269	2,115,468	3,285,228
Income Tax Expense	10.1	(491,196)	(719,483)	(483,119)	(714,802)
Profit for the Year		1,643,452	2,578,786	1,632,349	2,570,426
Attributable To:					
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
Basic/Diluted Earnings Per Share (Rs.)	11	34.63	54.21	34.37	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.

For the year ended 31 March Profit for the Year **Other Comprehensive Income** Other comprehensive income not to be reclassified to profit or loss in subsequent periods: Actuarial Gain/(Loss) on Retirement Benefit Obligations Income Tax Effect Other Comprehensive Income for the year, net of tax Total comprehensive income for the year, net of tax Attributable to: Equity holders of the Parent Non- Controlling Interest

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

	Grou	qu	Comp	any
Notes	2024	2024 2023		2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	1,643,452	2,578,786	1,632,349	2,570,426
23	(124,830)	44,162	(124,996)	43,852
10.2	37,466	(3,119)	37,499	(3,026)
	(87,364)	41,043	(87,497)	40,826
	1,556,088	2,619,829	1,544,852	2,611,252
	1,557,377	2,616,087	1,544,852	2,611,252
	(1,289)	3,742	-	-
	1,556,088	2,619,829	1,544,852	2,611,252

Statement of Financial Position

		Group	р	Compa	ny
As at 31 March	Notes	2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'00
ASSETS					
Non Current Assets					
Right-of-use Assets	12	404.089	288,298	404.024	288,23
Tangible assets other than Immature/Mature Plantations	13A	1,539,864	1,395,229	1,305,632	1,144,94
Bearer Biological Assets	13B	2,048,227	1,908,803	2,048,227	1,908,80
Consumable Biological Assets	13C	664,576	483,919	664,576	483,91
Intangible Assets	13D	11,651	13,058	10,776	12,24
Investments in Subsidiaries	14	-	-	225,792	134,93
Deferred Tax Asset	10.4	601	1,215		10 1,00
		4,669,008	4,090,522	4,659,027	3,973,06
Current Accete					
Current Assets Produce on Bearer Biological Assets	15	22,598	22,931	22,598	22,93
Inventories	16	749,802	830,826	749,802	830,78
Trade and Other Receivables	17	453,856	489,834	442,914	430,27
Amounts due from Related Companies	18	5,528	24,627	8,447	12,56
Short Term Investments	19	3,924,891	3,513,695	3,852,557	3,513,69
Cash and Bank Balances		32,082	173,005	18,876	166,47
		5,188,757	5,054,918	5,095,194	4,976,73
TOTAL ASSETS		9,857,765	9,145,440	9,754,221	8,949,79
EQUITY AND LIABILITIES					
Equity	00	250.000	250.000	250.000	050.00
Stated Capital	20	350,000	350,000	350,000	350,00
Revenue Reserves		6,019,537	5,669,312	5,915,925	5,646,44
Equity attributable to equity holders of the parent		6,369,537	6,019,312	6,265,925	5,996,44
Non-Controlling Interests Total Equity	21	6,369,537	<u>147,848</u> 6,167,160	6,265,925	5,996,44
, ,					-,, -
Non Current Liabilities & Deferred Income	22		2,619		2,61
Interest Bearing Loans & Borrowings		-	801,095	-	
Retirement Benefit Obligations Deferred Tax Liability	23 10.4	932,949	544,333	928,821	797,50
Deferred Income		645,084 132,040	136,699	645,084 132,040	544,33 136,69
Lease Liability	24	392,831	259,263	392,753	259,18
	20.3	2,102,904	1,744,009	2,098,698	1,740,33
o					
Current Liabilities	C 2	000.040	040 704	000 500	000 50
Trade and Other Payables	26	992,916	918,724	996,589	899,53
Interest Bearing Loans & Borrowings		2,619	3,492	2,619	3,49
Lease Liability	25.3	14,055	15,355	14,050	15,35
Amounts due to Related Companies		218,665	83,745	225,808	81,98
ncome Tax Payable		118,341	175,532	111,804	175,22
Bank Overdraft		38,728	37,424	38,728	37,42
		1,385,324	1,234,271	1,389,598	1,213,01
TOTAL LIABILITIES		3,488,228	2,978,280	3,488,296	2,953,35
TOTAL EQUITY AND LIABILITIES		9,857,765	9,145,440	9,754,221	8,949,79
Net Assets Per Share (Rs.)		134.10	129.83	131.91	126.2

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.

R. part

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

09th May 2024 Colombo.

Dr. Roshan Raja

Rajadurai Managing Director

For the year ended 31 March			Attributable to	o equity holder	s of the paren	t	
		Re	evenue Reserv	es	-		
Group	Stated	Retained	Biological	Timber	Total	Non	Total
	Capital	Earnings	Crop	Reserve		Controlling	Equity
			Reserve			Interest	
	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 Cain on Timber Sales	-	32,824	-	(32,824)	-	-	-
Dividend	-	(902,500)	-	-	(902,500)	-	(902,500)
Balance as at 31 March 2023	350,000	5,335,371	22,931	311,008	5,669,312	147,848	6,167,160
Profit for the Year	-	1,644,741	-	-	1,644,741	(1,289)	1,643,452
	-	1	-			-	(87,364)
Transferred to the Timber Reserve	-	(172,114)	-	172,114	-	-	-
Transferred to Biological Crop Reserve	-	333	(333)	_	_	-	_
Dealized Cain on Timber Cales	-	6 711	-	(6,711)	-	-	-
Adjustments onchange to non-	-	55,780	-	-	55,780	(146,559)	(90,779)
controlling interest in Subsidiary Distributed Dividend Write-Off							
Distributed Dividend Write-Off	-	12,443	-		12,443		12,443
Dividend	-	(1,275,375)	-	-	- (1,275,375)	-	- (1,275,375)
Balance as at 31 March 2024	350,000	5,520,526	22,598	476,411	6,019,537	-	6,369,537
				Des			
		·		evenue Reserv			
		Stated	Retained	Biological	Timber	Total	Total

		Re	evenue Reserve	S		
	Stated	Retained	Biological	Timber	Total	Tota
	Capital	Earnings	Crop	Reserve		Equit
Company		-	Reserve			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'00
Balance as at 01 April 2022	350,000	3,690,142	17,438	230,116	3,937,696	4,287,690
Profit for the year	-	2,570,426	-	-	2,570,426	2,570,42
Other Comprehensive Income	-	40,826	-	-	40,826	40,82
Transferred to the Timber Reserve	-	(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)	(902,50
Balance as at 31 March 2023	350,000	5,312,508	22,931	311,009	5,646,448	5,996,44
Profit for the year	-	1,632,349	-	-	1,632,349	1,632,34
Other Comprehensive Income	-	(87,497)	-	-	(87,497)	(87,49
Transferred to the Timber Reserve		(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)	(1,275,37
Balance as at 31 March 2024	350.000	5.416.915	22.598	476,412	5.915.925	6.265.92

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.

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Statement of Changes in Equity

Statement of Cash Flows

		Grou	р	Company		
For the year ended 31 March	Notes	2024	2024 2023		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)	-	(13	
Profit on Sale of Trees	7	(9,301)	(27,851)	(9,301)	(27,85	
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)	(167,438	
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)	(197,44	
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	
		(15,161)	(14,760)	(15,161)	(14,760	
Payment of Other lease rentals		(3,492)	(7,642)	(3,492)	(7,642	
····		(0,102)				
Repayment of loans		(1,157,568)	(946,902)	(1,157,568)	(946,902	
Repayment of loans Net Cash used in Financing Activities		(1,157,568)				
Payment of Other lease rentals Repayment of loans Net Cash used in Financing Activities Net Increase in Cash & Cash Equivalents Cash & Cash Equivalents at the beginning of the year (Note C)			(946,902) 1,727,785 1,921,490	(1,157,568) 189,959 3,642,746	(946,902 1,738,258 1,904,488	

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			G	iroup		
	Теа	Rubber	Cinnamon	Others	Hydro	Tota
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'00
NOTE A: Investment in Field Development						
Expenditure						
Investment in Immature Plantations 2024	147,636	2,506	49,808	39,947	-	239,89
Investment in Immature Plantations 2023	145,693	5,181	14,406	32,161	-	197,44
NOTE B: Investment in Property, Plant & Equipment						
Investment in Property, Plant & Equipment 2024	256,623	-	-	-	193	256,8 ²
Investment in Property, Plant & Equipment 2023	357,969	-				357,96
For the year ended 31 March						
l of the year ended of Maron	T	Dubban		mpany	1 to a first	T
		Rubber Rs.'000	Cinnamon		Hydro Rs.'000	Tot
	RS. 000	RS. 000	Rs.'000	RS. 000	KS. 000	Rs.'00
NOTE A: Investment in Field Development Expenditure						
Investment in Immature Plantations 2024	147,636	2,506	49,808	39,947		239,89
Investment in Immature Plantations 2023	145,693	5,181	14,406	32,161		197,44
NOTE B: Investment in Property, Plant & Equipment						
Investment in Immature Plantations 2024	256,623	-	-	-	-	256,62
Investment in Immature Plantations 2023	357,969	-			-	357,96
For the year ended 31 March			Group		Comp	any
	N	otes	2024	2023	2024	202
			Rs.'000	Rs.'000	Rs.'000	Rs.'00
NOTE C Cash & Cash Equivalents at the beginning of the ye	ar					
Cash & Bank Balances		••••••	73,005	29,529	166,475	24,13
Short Term Investments		••••••	13,695	1,901,796	3,513,695	1,886,93
Bank Overdrafts			(37,424) (49,275	(9,834)	(37,424) 3,642,746	(6,57) 1,904,48
NOTE D						
Cach & Cach Foundants at the end of the year						
Cash & Cash Equivalents at the end of the year			32 083	172 005	19 976	166 / /
Cash & Bank Balances		20	32,082	173,005	18,876 3 852 557	166,47 3 5 1 3 6 9
· · · · · · · · · · · · · · · · · · ·			32,082 24,891 (38,728)	173,005 3,513,695 (37,424)	18,876 3,852,557 (38,728)	3,513,69 (37,42

The Accounting Policies and Notes on pages 250 to 298 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

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:

- investee)

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:

- arrangements

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

 Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the

• 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

• The contractual arrangement with the other vote holders of the investee

Rights arising from other contractual

• The Group's voting rights and potential

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, noncontrolling 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.

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 noncurrent.

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 nonfinancial 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

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.

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.

Variable
Timber content
Economic useful
Selling price

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".

	Comment
	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.
ul life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.
	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfill in bringing the trees in to saleable condition.
	Estimated costs for the further development of immature areas are deducted.

The main variables in DCF model concerns.

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 straightline 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-	5
Supervisory	
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

Group

Development (

Useful lives Amortisation Method Used

Period of amortisation Internally generated or 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

amortized cost, fair value through other comprehensive income

model for managing them. to purchase or sell the asset.

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

Cost	
	Finite
	Amortised Straight
	line over the right
	to generate
	hydro power.
	15 Years
	Acquired

- Financial assets are classified, at initial recognition, as subsequently measured at
- (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
- 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

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.

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.

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 postemployment 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 postemployment 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.

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,

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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 faming 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 longterm 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 standalone 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, guantitative 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 sellerlessee 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:

- variable fee approach)
- A simplified approach (the premium allocation approach) mainly for shortduration contracts

 A specific adaptation for contracts with direct participation features (the 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

6. REVENUE

6. REVENUE					
For the year ended 31 March		Group		Company	
	2024	2023	2024	2023	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
6.1 Summary					
Sale of Goods					
Теа	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	
6.2 Segment Information					
a) Segment Revenue					
Tea					
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)		(168,918)	
······			(174,246)	(169,384)	
Other Non Cash Expenditure	(202,380)	(169,384)	(202,380)		
Segment Results	1,518,110	2,663,619	1,518,110	2,663,619	
Rubber					
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)	
Cinnamon					
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	
Mini Hydro Power					
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	-	-	
Others					
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	
Total					
Total 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		2,857,301	1,740,112	2,825,819	

For the year ended 31 March
Change in Fair Value of Biological Assets
Other Income & Gains
Administrative Expenses
Finance Income
Finance Expense
Interest Paid to Government and Other Leases
Profit Before Tax
b) Segment Assets
Non Current Assets
Rubber
Cinnamon
Mini Hydro Power
Investment
Consumable Biological Asset
Current Assets
Tea
Rubber
Mini Hydro Power
Total Assets
c) Segment Liabilities
Non Current Liabilities and Deferred Income
Теа
Mini Hydro Power
Current Liabilities
Теа
Mini Hydro Power
Total Liabilities
d) Segment Capital Expenditure
Cost
Cinnamon
Others
Mini Hydro Power

Group		Company		
2024	2023	2024	2023	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	
 171,781	119,209	171,781	119,209	
 46,194	66,720	48,976	66,720	
 (421,708)	(336,178)	(406,771)	(317,039)	
 620,830	631,567	619,010	630,859	
 (627)	(1,218)	(627)	(1,218)	
(57,013)	(39,132)	(57,013)	(39,122)	
 2,134,648	3,298,269	2,115,468	3,285,228	
 3,586,978	3,266,523	3,586,978	3,266,523	
 	87,694	83,761		
 83,761			87,694	
 97,920	49,860	97,920	49,860	
 235,774	252,386	-	-	
 -	-	225,792	134,933	
664,576	483,919	664,576	483,919	
4,669,009	4,090,522	4,659,027	3,973,069	
5,088,300	4,976,727	5,088,300	4,976,727	
 6,893	3	6,893	3	
 93,564	78,188	-	-	
 5,188,757	5,054,918	5,095,193	4,976,730	
9,857,766	9,145,440	9,754,220	8,949,799	
2,098,698	1,740,338	2,098,698	1,740,338	
 4,207	3,670	2,030,030	1,740,000	
2,102,905	1,744,008	2,098,698	1,740,338	
2,102,903	1,7 44,000	2,030,030	1,740,000	
1,389,598	1,213,012	1,389,598	1,213,012	
 (4,270)	21,260			
 1,385,328	1,234,272	1,389,598	1,213,012	
3,488,233	2,978,280	3,488,296	2,953,350	
 404,259	503,663	404,259	503,663	
 2,506	5,181	2,506	5,181	
49,809	14,406	49,809	14,406	
 24,692	32,161	39,947	32,161	
 24,692 193	32,161	39,947 -	32,161	

7. OTHER INCOME AND GAINS

	Group		Company	
For the year ended 31 March	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

	Group		Company	
For the year ended 31 March	2024	2023	2024	2023
-	Rs.'000	Rs.'000	Rs.'000	Rs.'000
8.1 Finance Income				
Interest Income	620,830	631,326	619,010	630,618
Exchange Gain	-	241	-	241
	620,830	631,567	619,010	630,859
8.2 Finance Expenses				
Overdraft Interest	(269)	(687)	(269)	(687)
Exchange Loss	(73)	-	(73)	-
Term Loan Interest	(285)	(531)	(285)	(531)
	(627)	(1,218)	(627)	(1,218)
8.3 Interest Paid To Government and Other Leases				
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

	Gro	Company		
year ended	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 :

	Grou	р	Company	
year ended	2024	2023	2024	2023
-	Rs.'000	Rs.'000	Rs.'000	Rs.'000
10.1 Income Statement				
Income Tax Expense				
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
Deferred Tax Expense				
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
10.2 Statement of Comprehensive Income				
Deferred tax related to items charged or credited directly to OCI during the year;				
Net (gain)/loss on actuarial retirement benifit 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

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:

	Gro	up	Company		
year ended	2024	2023	2024	2023	
	Rs.'000	Rs.'000	Rs.'000	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 excempt 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 excempt 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	Excempted	
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	202	4	2023		
	Temporary	Тах	Temporary	Тах	
	Difference	Effect	Difference	Effec	
	Rs.'000	Rs.'000	Rs.'000	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	385,948	
As at 31 March	2,147,274	644,483	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	114,718	
Temporary difference of Bearer Biological Assets	2,048,227	614,468	1,828,711	548,61	
Temporary difference of Consumable Biological Assets	664,576	199,373	423,919	127,17	
Temporary difference of Produce on Bearer Biological Assets	22,598	6,779	22,931	6,87	
Temporary difference of Unrealized Exchange Gain	-	-	241	7	
Temporary difference of Inventory	(2 113)	(423)	(3,253)	(97	
Temporary difference of Bad Debt Provisions	(2,437)	(731)	(1,992)	(59	
Temporary difference of Retirement Benefit Obligation	(932,949)	(279,472)	(701,573)	(210,47	
Temporary difference of Deferred Income	(132,040)	(39,612)	(131,203)	(39,36	
Carried Forward Tax Losses	-	-	(2,246)	(63	
Temporary difference of Lease Liability	(406,931)	(122,070)	(272,380)	(81,73	
As at 31 March	2,147,274	644,483	1,810,332	543,11	
Company					
As at 1 April	1,814,443	544,333	1,522,774	159,89	
Amount originating during the year	335,838	100,751	291,669	384,44	
As at 31 March	2,150,281	645,084	1,814,443	544,33	
Temporary difference of Right-of-use asset	404,025	121,207	264,728	79,41	
Temporary difference of Property, Plant and Equipment	480,991	144,297	378,836	113,65	
Temporary difference of Bearer Biological Assets	2,048,227	614,468	1,828,711	548,61	
Temporary difference of Consumable Biological Assets	664,576	199,373	423,919	127,17	
Temporary difference of Produce on Bearer Biological Assets	22,598	6,779	22,931	6,87	
Temporary difference of Unrealized Exchange Gain	-	-	241	7	
Temporary difference of Inventory	-	-	(1,366)	(41	
Temporary difference of Bad Debt Provisions	(2,437)	(731)	(1,992)	(59	
Temporary difference of Retirement Benefit Obligation	(928,821)	(278,646)	(697,982)	(209,39	
Temporary difference of Deferred Income	(132,040)	(39,612)	(131,203)	(39,36	
Temporary difference of Lease Liability	(406,838)	(122,051)	(272,380)	(81,71	
As at 31 March	2,150,281	645,084	1,814,443	544,33	

Temporary difference of Right-of-use asset
Temporary difference of Property, Plant and Equipment
Temporary difference of Bearer Biological Assets
Temporary difference of Consumable Biological Assets
Temporary difference of Produce on Bearer Biological Asse
Temporary difference of Unrealized Exchange Gain
Temporary difference of Inventory
Temporary difference of Bad Debt Provisions
Temporary difference of Retirement Benefit Obligation
Temporary difference of Deferred Income
Temporary difference of Lease Liability

10. INCOME TAX EXPENSE (Contd.)

	Grou	Group		any
year ended	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.

	Group		Company	
year ended	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

		Grou	p	Comp	any
	Notes	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.

	Group		Company	
year ended	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost				
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
Amortisation				
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
Written Down Value	311,758	226,752	311,693	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:

	Group		Company	
year ended	2024	2023	2024	2023
-	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost				
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
Depreciation				
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
Written Down Value	44,122	11,068	44,122	11,068

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			
Cost/ Revaluation									
*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			
Accumulated Amortisation									
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			
Written Down Value	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				Com	pany				
	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			
Cost											
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				Con	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	
Accumulated Depreciation									
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	
Written Down Value	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
Total Written Down Value	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/C	company		
	Permanent Land Development	Roads	Immature Plantations	Mature Plantations	2024 Total	2023 Total
	Cost Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost						
*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	-	-
As at 31st March	23,172	83,025	541,664	2,569,138	3,216,999	2,992,357
Accumulated Amortisation						
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
As at 31st March	14,238	83,025		1,071,509	1,168,773	1,083,554
Written Down Value	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).

13. C. CONSUMABLE BIOLOGICAL ASSETS

Timber Plantations - Managed Trees

	Group/Co	mpany
As at 31 March	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)
As at 31 March	664,576	483,919

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 nill (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

	Group/C	ompany
As at 31 March	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
	171,781	119,209

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

13. C. CONSUMABLE BIOLOGICAL ASSETS (Contd.)

13.D. INTANGIBLE ASSETS

Group	Development	ERP	2024	2023
	Cost	System	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost				
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
Accumulated Amortisation				
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
Written Down Value		10,776	11,651	13,058

Company	Development	ERP	2024	2023
	Cost	System	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost				
As at 1st April	-	14,668	14,668	14,668
Acquisition during the year	-	-	-	-
As at 31 March		14,668	14,668	14,668
Accumulated Amortisation				
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
Written Down Value		10,776	10,776	12,242

14. INVESTMENTS IN SUBSIDIARIES

Talawakelle Tea Estates PLC helds 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
Ordinary	/ Shares
TTEL Hy	dro Power Company (Pvt) Ltd
Acquistic	on during the year
TTEL So	merset Hydro Power (Pvt) Ltd
Acquistic	on during the year
Preferen	ice Shares
TTEL Hy	dro Power Company (Pvt) Ltd
Acquistic	on during the year
TTEL SO	merset Hydro Power (Pvt) Ltd
Acquistic	on during the year
Total Inv	restment
Subsidia	ries
TTEL Hy	dro Power Company (Pvt) Ltd
TTEL 0	

15. PRODUCE ON BEARER BIOLOGICAL ASSETS

As at 31 March

At the beginning of the year

Change in fair value less cost to sell

TTEL Somerset Hydro Power (Pvt) Ltd

Level 2 inputs were used when arriving above figures.

Comp	any	Compa	any
2024	2024	2023	202
Number of Shares	Rs.'000	Number of Shares	Rs.'00
3,519,000	35,190	3,519,000	35,19
3,381,000	39,366	-	
6,900,000	74,556	3,519,000	35,19
3,060,000	30,600	3,060,000	30,60
2,940,000	51,492	-	
6,000,000	82,092	3,060,000	30,60
	156,648		65,79
5,310,830	53,108	5,310,830	53,10
3,577,000	1	-	
8,887,830	53,109	5,310,830	53,10
1,603,440	16,034	1,603,440	16,03
1,540,560	1	-	
3,144,000	16,035	1,603,440	16,03
	69,144		69,14
	225,792		134,93

Principle Activity
Generates Hydro Power
Generates Hydro Power

Group/Company		
2024 202		
Rs.'000	Rs.'000	
22,931	17,438	
(333)	5,493	
22,598	22,931	
	2024 Rs.'000 22,931 (333)	

16. INVENTORIES

	Grou	Group		any
As at 31 March	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

	Grou	Group		any
As at 31 March	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

	Group		Company	
As at 31 March	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 Rs.'000	0-60 days Rs.'000	61-120 days Rs.'000	121-180 days Rs.'000	181-365 days Rs.'000	> 365 days 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

		Group		Company	
As at 31 March	Relationship	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

	Group		Company	
For the year ended 31 March	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

Issued and Fully Paid Ordinary Shares

Number of ordinary shares including one golden share held by th

Stated Capital including one Golden Share held by the Treasury

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.

	Group/C	ompany
	2024 20	
	No. of	No. of
	Shares	Shares
the Treasury which has special rights	47,500,001	47,500,001
	Rs.'000	Rs.'000
/ which has special rights	350,000	350,000
		,

21. NON-CONTROLLING INTEREST

	Gr	oup
	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	<u> </u>	78,663	<u> </u>	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)
Profit/(loss) after tax	3,894	3,465	7,605	3,631
Attributable to owners	6,843	1,932	8,389	1,852
Attributable to non-controlling interests	(544)	1,857	(745)	1,779
Total Comprehensive income	6,299	3,789	7,644	3,631
Dividend paid to non-controlling interest	-		-	

Summarised statement of financial position as at 31 March	TTEL Hydro Company (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 Ma Operating cash flows Investing cash flows Financing cash flows Net increase/(decrease) in cash & cash equivalents

22. INTEREST BEARING LOANS AND BORROWINGS

Group/Company		2024			2023					
	Repayable within 1 year	Repayable after one year less than	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	Repayable after five years	Sub Total over year	Total as at 31.03.2023
	Rs.'000	five years Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	five years 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

March	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	42,304	(2,537)	41,302	(8,405)
	(97)	-	(97)	470
	-	-	(4,402)	-
	42,208	(2,537)	36,803	(7,935)

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	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	five years 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

	Grou	ıp –	2024 Rs.'000 797,503	Company	
As at 31 March	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		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.

	Grou	ip –	Comp	any
	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
Total	932,949	801,095	928,821	797,503

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	Worke	ers	Staf	F
	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	Worke	ers	Staf	f
	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	Work	ers	Staf	f
	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	Work	ers	Staf	f
		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 Deferred Grants and Subsidies Balance at the beginning of the year Add : Grants received during the year Less : Amortisation for the year Balance at the end of the year

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.

		_		_	
As at 01 March		Group		Company	
As at 31 March	Notes	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
		406,874	274,618	406,803	274,534
25.1 Lease liability on Right-of-Use asset-Land Balance at the beginning of the year		261,422	260,540	261,338	260,458
		261,422 99,677	260,540 881	261,338 99,677	260,458 881
Balance at the beginning of the year					881
Balance at the beginning of the year Reassessment Adjustment		99,677	881	99,677	881
Balance at the beginning of the year Reassessment Adjustment Accretion of Interest		99,677 50,542	881 38,488	99,677	

Group/C	ompany
2024	2023
Rs.'000	Rs.'000
136,699	136,644
975	5,551
(5,634)	(5,496)
132,040	136,699

25. LEASE LIABILITY (contd.)

	Grou	р	Comp	any
As at 31 March	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Liability				
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 accured Liability	(12)	(10)	-	-
Gross Liability as at 31st March	1,124,590	885,241	1,124,334	884,973
Finance cost allocated to future periods				
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)
Net Liability as at 31st March	358,089	261,422	358,018	261,338

			0	
As at 31 March	Grou		Comp	-
	2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000
25.1.2 Maturity analysis of lease liability as follows,				
Payable within one year				
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
Payable within two to five years				
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
Payable after five years				
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/-.

	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/Co	
		2023
	Rs.'000	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
Balance as at 31st March	48,785	13,196
Current Liability	10,633	13,196
Non Current Liability	38,152	-

25.3 Lease Liability

Current Liability
Non Current Liability
Total Lease Liability as at 31 March

Group	Company
2024	2024
Rs.'000	Rs.'000
14,055	14,050
392,831	392,753
406,886	406,803

26. TRADE AND OTHER PAYABLES

	Gro	up	Company	
As at 31 March	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

		Grou	p	Compa	iny
As at 31 March		2024	2023	2024	2023
	Relationship	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

	Comp	any
	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			2023/2024	
	Nature of Assets	Nature of Liability	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

30. CAPITAL COMMITMENTS

Followings are the capital commitments as at the Statement of Financial Position date

	Cor	npany
	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.) Reimbursement of Administration Expenses	2,348	3,962
			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	Subsidiary	Mr.A M Pandithage	Preference Share Dividends	-	-
Company (Pvt) Limited		Mr. Malik J. Fernando	Electricity Capacity Charges	25,912	13,910
		Dr. W. G. R. Rajadurai Mr. S. B. Alawattegama Mrs. V. A. Wijeweera	Settlements	(32,010)	(8,036)
TTEL Somerset Hydro	Subsidiary	Mr.A M Pandithage	Preference Share Dividends	3,741	-
Power (Pvt) Limited		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 Mrs. V. A. Wijeweera	Settlements	(14,900)	(1,793)

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
			Settlements	(10,012)	(26,346)
Hayleys Business Solutions International (Pvt) Ltd.	Affiliates	Mr. A.M. Pandithage	Payroll/ FA processing cost	4,671	3,722
			Settlements	(4,323)	(3,696)
Logiwiz Ltd	Affiliates	Mr. A.M. Pandithage	Providing of document Storing Service	643	709
			Settlements	(626)	(734)
Hayleys Agro Farms (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Chemicals	-	8
			Settlements	-	(8)
Hayleys Consumer Products (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Accessories	123	100
			Settlements	(122)	(99)

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	Affiliates	Mr. A.M. Pandithage	Project Management Fees (KG Factory)	6,822	16,813
Projects (Pvt) Limited			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 &	Affiliates	Mr. A.M. Pandithage	Construction Work	145	25,016
Engineering (Pvt) Ltd		_	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.

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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)
- Search Hong Kong and Shanghai Banking Corporation Ltd AA-(lka)
- 🏶 Union Bank Colombo PLC BBB- (lka)
- 😻 Seylan Bank PLC A- (lka)
- Se DFCC Bank PLC A-(lka)
- Se 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	Less than	3 to 12	2 to 5	>5 years	Total
		3 Months	Months	years	-	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group						
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
Company						
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
Group						
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
Company						
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.

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.

	Gro	Group		Company	
	2024	2023	2024	2023	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Interest bearing borrowings					
Current portion	2,619	3,492	2,619	3,492	
Payable After one year	-	2,619	-	2,619	
Liability to make Lease Payment					
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%	

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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		RESIDENTS		NON	-RESIDENTS			TOTAL	
SHARES HELD	No. of	No. of	%	No. of	No. of	%	No. of	No. of	%
	Shareholders	Shares		Shareholders	Shares		Shareholders	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
CATEGORY									
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

	First Interim Dividend for 2023/24
	Second Interim Dividend for 2023/24
	Third Interim Dividend for 2023/24
ľ	

6. SHARE TRADING

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

Mr. A.M. Pandithage
Dr. W.G.R. Rajadurai
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)
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. Merril J. Fernando (Deceased - 20th July 2023)

 \star Mr. D.C. Fernando was the Alternate Director of Mr. Merril J. Fernando until 20th July 2023

Date of	Payment
---------	---------

20th October 2023
29th January 2024
26th April 2024

12 months ended	12 months ended
31.03.2024	31.03.2023

Asat	As at
31/03/2024	31/03/2023
E 000	E 000
5,000	5,000
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	
1,200	1,200
-	-
-	-
-	-
-	-

Investor Information

7. TWENTY MAJOR SHAREHOLDERS

Name of the Shareholder	No.of	%	No.of	%
	Shares as at		Shares as at	
	31.03.2024		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
(i∨)	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

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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
(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	-
9.6.3	Senior Independent Director	Complaint	-
9.6.3. (b)	Senior Independent Director	Complaint	- \ I
9.6.3. (c)	Senior Independent Director	Complaint	- \ F
9.6.3. (e)	Senior Independent Director	Complaint	.! - t
9.7.1 9.7.2	Fitness of Directors and CEO	Complaint	- 2
9.7.4	Fitness of Directors and CEO	Complaint	t
9.8.1	Minimum number of Directors	Compliant	-
9.8.2	Independent Directors	Compliant	F
9.8.3	Independent Directors	Compliant	t t
9.8.5	Disclosure relating to Directors	Compliant	i i
9.9	Appointment of Alternate Directors	Compliant	l F
9.10.(1)	Disclosure relating to Directors		-
9.10.2	Disclosure relating to Directors	Compliant	[6 6 6 7 7
9.10.3	Disclosure relating to Directors	Compliant	/
9.10.4	Disclosure relating to Directors	Compliant	ŀ
9.11.1-3	Nominations and Governance Committee	Compliant	F
9.11.4	Composition of the Nominations and Governance Committee	Compliant	-
9.11.5	Functions of the Nominations and Governance Committee	Compliant	F

The Company's' Extent of Adoption

The Company has a Senior Independent Director (SID).

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. 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. The SID has made a disclosure demonstrating the effectiveness of duties of the SID in page 212. The Company ensures that the persons recommended by the Nominations and Governance Committee fulfill the assessment criteria set out in the Listing Rules 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. The Board consisted of 11 Directors up to 31st March 2024. Four Directors are Independent All NEDs have submitted their confirmations on Independence as per the criteria set by the Company, which is in line with the regulatory requirements. Each ID signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by the Director. Mr. A M J Fernando was appointed as Alternate Director to Mr. D C Fernando. The maximum number of directorships a director can hold in listed companies is twenty. Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board. Please refer pages 34 to 39 for the brief resume of each Director. All changes to Board Committees were immediately informed to the Colombo Stock Exchange. Pages 34 to 39 of the Annual Report contains the relevant information Refer the Nominations and Governance Committee Report on pages 213.

The Nominations and Governance Committee comprises 3 Independent Non Executive Directors and one Non Executive Director. Refer the Nominations and Governance Committee Report on page 213.

 Talawakelle Tea Estates PLC / Integrated Annual Report 2023/24
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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
Α	Directors			
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
A.5	Board Balance
A.5.1	The Board should include sufficient number of NEE
A.5.2.& A.5.3	Independence of Directors
A.5.4	Annual declaration of independence by Directors
A.5.5	Annual determination of independence of NEDs
A.5.6	Alternate Directors
A.5.7	Senior Independent Director (SID)
A.5.8	The SID should make himself available for confider discussions with other directors Report from SID
A.5.9	Annual meeting with NEDs
A.5.10	Recording of dissent in minutes
A.6	Supply of Information
A.7.1	Establishing a Nominations and Governance Comm Chairman and Terms of Reference
A.7.2	Annual assessment of Board composition
A.7.3	Disclosures on appointment of new directors
A8	Directors to submit themselves for re-election
A.9	Appraisal of Board and sub-Committee Performanc
A.10	Annual Report to disclose specified information regarding Directors
A.11	Appraisal of the Managing Director
B	Directors Remuneration
B.1	Establish process for developing policy on executiv director remuneration.
B.2	Level and Make Up of Remuneration
B.3	Disclosures related to remuneration in Annual Repo Remuneration Policy statement Aggregate Board remuneration paid
С	Relation with Shareholders
C.1	Constructive use of the AGM & Other General Meet
C.2	Communication with shareholders
C.3	Disclosure of major and material transactions

DirectorYesChairman meets with NEDs on an informal basisYesBoard Meetings208YesBoard Directors Access to Information and Resource208mittee,YesNominations and Governance Committee Report on page 213.YesBoard Refreshment206YesBoard Refreshment206YesBoard Refreshment206YesBoard Refreshment206YesBoard Refreshment206YesBoard And Sub Committee Appraisal209YesBoard Attendance Directors208Interests, Related Party Transactions209YesAppraisal of Managing Director (MD)210YesResponsible and Fair Remuneration210YesResponsible and Fair Remuneration210Note 9 to Financial Statements269Remuneration Committee report213		Complied	Reference with the Report	Page
YesIndependence206YesIndependence206YesIndependence206YesBoard Profiles36YesStatement by the Senior Independent Director212IntialYesStatement by the Senior Independent Director212IntialYesStatement by the Senior Independent Director212YesChairman meets with NEDs on an informal basis208YesBoard Meetings208YesBoard Meetings208YesBoard Meetings208YesBoard Alefrestors Access to Information and Resource208WesBoard Refrestorent206YesBoard Refrestorent Director206YesBoard Refrestorent Director206YesBoard Refrestorent Directors206YesBoard Refrestorent Directors206YesBoard Profiles Meetings and Attendance Directors Directors208YesAppraisal of Managing Director (MD)210YesResponsible and Fair Remuneration Responsible and Fair Remuneration 210210YesResponsible and Fair Remuneration 213211YesConstructive use of the Annual General Meeting (AGM)211YesThere were no major or material transactions during the year, which materially affected the net asset base211		Yes	Board Composition	206
YesIndependence206YesIndependence206YesBoard Profiles36YesStatement by the Senior Independent Director212IntialYesStatement by the Senior Independent Director212IntialYesStatement by the Senior Independent Director212YesChairman meets with NEDs on an informal basis208YesBoard Meetings208YesBoard Meetings208YesBoard Meetings208YesBoard Meetings208YesBoard Refreshment206YesBoard Refreshment206YesBoard Refreshment206YesBoard and Sub Committee Appraisal209YesBoard Profiles36YesBoard Attendance Directors208YesAppraisal of Managing Director (MD)210YesResponsible and Fair Remuneration 210210YesResponsible and Fair Remuneration 213211YesConstructive use of the Annual General Meeting (AGM)211YesConstructive use of the Annual Yes211YesThere were no major or material transactions during the year, which materially affected the net asset base211	Ds	Yes	Board Composition	206
YesIndependence206YesBoard Profiles36YesStatement by the Senior Independent212DirectorDirector212YesStatement by the Senior Independent212PresChairman meets with NEDs on an informal basis208YesBoard Meetings208YesBoard Directors Access to Information and Resource208Mittee,YesBoard Refreshment206YesBoard Refreshment208YesBoard Profiles36Meetings and Attendance Directors Interests, Related Party Transactions & Conflicts of Interest209YesResponsible and Fair Remuneration 210210YesResponsible and Fair Remuneration 269210YesResponsible and Fair Remuneration 269211YesConstructive use of the Annual General Meeting (AGM)211YesThere were no major or material transactions during the year, which materially affected the net asset base211 </td <td></td> <td>Yes</td> <td>Independence</td> <td>206</td>		Yes	Independence	206
YesBoard Profiles36YesStatement by the Senior Independent Director212ItialYesStatement by the Senior Independent Director212YesStatement by the Senior Independent Director212YesChairman meets with NEDs on an informal basis208YesBoard Meetings208YesBoard Meetings208YesBoard Meetings208YesBoard Meetings208YesBoard Refreshment206YesBoard Refreshment206YesBoard Refreshment206YesBoard Affreshment206YesBoard Profiles Meetings and Attendance Directors208YesBoard Profiles Neetings and Attendance Directors208YesBoard Profiles Appraisal of Managing Director (MD)210YesResponsible and Fair Remuneration Note 9 to Financial Statements 269 Remuneration Committee report 213213YesConstructive use of the Annual General Meeting (AGM)211YesConstructive use of the Annual General Meeting (AGM)211YesThere were no major or material transactions during the year, which materially affected the net asset base211		Yes	Independence	206
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		Yes	transactions during the year, which materially affected the net asset base	

Code of Best Practice on Corporate Governance and Listing Rules

Code Ref Requirement Complied **Reference with the Report** Page D Accountability and Audit D.1 Present a balanced and understandable assessment Yes Financial and Business Reporting 210 of the Group's financial position, performance, and prospects D.1.1 The board should present an annual report including Yes Annual Report of the Board of 219 financial, prepared in accordance with the relevant laws Directors on the Affairs of the and regulations Company 239 D.1.2 Balanced and understandable communication Yes Financial Calender D.1.4 CEO/CFO declaration Yes Managing Director's, Chief Executive 226 Officer's and Director-Finance's **Responsibility Statement** D.1.4 219 Directors Report declarations Yes Annual report of the Board of Directors on the Affairs of the Group D.1.5 Financial reporting -statement on board responsibilities, Yes Statement of Directors' Responsibility 225 Statement on internal control Directors' Statement on Internal 227 Controls 114 - 187 D.1.6 Management Discussion & Analysis Yes **Respective Capital Reports** D.1.7 In the event the net assets of the Company fall below Yes There has been no serious loss of 50% of the value of the Company's shareholders' funds, capital to convene an EGM in terms of the directors shall forthwith summon an extraordinary the Companies Act No. 7 of 2017. general meeting of the company to notify shareholders of the position and of remedial action being taken D.1.8 Related Party Transactions 292 Yes Notes 33 to Financial Statements D.2 Process of risk management and a sound system of Yes Risk Management and Internal control internal control to safeguard shareholders' investments Report of the Audit Committee 215 and the Group's assets Directors' Statement of Internal 227 Control 54 & 190 Risk & Opportunity Management 215 D.3 Audit Committee Yes Audit Committee Report D.4 Yes 215 **Risk Committee** Audit Committee Report D.5 218 Related Party Transactions Review Committee Yes Related Party Transactions Review Committee report D.6 Code of Business Conduct and Ethics Yes Culture and Ethical Conducts 201 D.7 **Corporate Governance Disclosures** Yes Corporate Governance Report 200 Shareholders E&F Institutional and other investors Yes Communications with Shareholders 211 Constructive use of AGM G Internet of Things & Cyber security Yes Information Technology & Cyber 211 Security Governance Principals of Sustainability Reporting About the Report 10 Н Yes Policies relating to its governance Yes About the Report 10

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GRI 1 used		GRI 1: Foundation 20
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General Disclosure		
GRI 2: General		oilo
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	2-2 Entities included ir	n the organization's
	sustainability reporting	•
		requency and contact p
	2-4 Restatements of in	
	2-5 External assurance)
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	relationships	
	2-7 Employees	
	2-8 Workers who are n	ot employees
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	2-15 Conflicts of intere	
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	governance body	
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	2-21 Annual total com	· · · · · · · · · · · · · · · · · · ·
	2-22 Statement on sus strategy	tamable development
	2-23 Policy commitme	nts
	2-24 Embedding polic	
		ediate negative impacts
	concerns	eeking advice and raisin
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tates PLC has reported the information cited in this GRI content index for 2023 to 31 March 2024 with reference to the GRI Standards.

2021 ulture, and Fishing

	Location	Omission		GRI Sector	
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Торіс	Explanation
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13.11 Animal health and welfare	TTE PLC doe
13.13 Land and resource rights	TTE PLC doe related issues
13.14 Rights of indigenous peoples	TTE does not indigenous p
13.25 Anti-competitive behavior	These topics
13.26 Anti-corruption	based on the

s not engage in any form of animal farming within its operations.
s not have any involvement or engagement in land and resource rights-
8
engage or have any involvement in matters concerning the rights of eoples.
are considered low material and are excluded from reporting disclosures materiality assessment.

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.00
Tradius Commune	13.000	10.000	10.000	10.000	113.000	10.000	10.000	10.000	10.000	10.00
Trading Summary	7 700 044	0 100 252	4 707 055	4 400 600	0.006.417	4 005 010	4 061 010	2 224 404	0 404 570	4 701 10
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	4,761,10
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	388,41
Profit before Taxation	2,134,648	3,298,269	837,291	771,718	218,789	483,681	616,828	266,388	186,546	286,38
Income Tax Expense	(491,196)	(719,483)	(19,919)	(59,978)	(22,215)	(70,966)	(69,262)	(24,906)	(42,696)	(18,91
Profit After Taxation	1,643,452	2,578,786	817,372	711,740	196,574	412,715	547,567	241,482	143,850	267,46
Non-controlling Interest	(1,289)	3,636	2,996	3,178	876	7,878	(870)	(7,713)	(28,122)	(28,1
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	239,29
Fund Employed										
Stated capital	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,0
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	1,336,7
Equity attributable to equity holders of the parent	6,369,537	6,019,312	4,305,724	3,551,716	2,861,115	2,641,935	2,522,318	2,073,744	1,680,415	1,686,7
Non-controlling Interest	-	147,848	144,106	160,709	170,534	176,828	170,793	173,609	179,798	167,3
Lease liability	406,886	274,618	286,210	290,856	282,643	186,353	187,174	187,901	188,361	188,9
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	501,5
Asset Employed										
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	3,347,10
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	718,0
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)	(368,4
Retirement benefit obligation	(932,949)	(801,095)		(890,953)	(1,024,164)	(969,573)		(801,101)	(980,734)	(922,3
			(871,316)				(811,824)			
Deferred tax liability	(645,084)	(544,333)	(159,891)	(211,825)	(200,446)	(204,222)	(158,206)	(127,898)	(92,475)	(63,1
Deferred income	(132,040)	(136,699)	(136,643)	(138,717)	(139,527)	(144,826)	(150,126)	(155,426)	(151,102)	(166,6
Capital Employed	6,817,767	6,485,312	4,759,629	4,044,942	3,335,555	3,072,797	3,056,303	2,660,576	2,412,775	2,544,6
Cash Flows		0 400 700	700.005	040 500	505.044			105 070		500.0
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	532,2
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)	(259,6
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)	(327,3
Increase/(decrease) in cash & cash equivalents	268,971	1,727,785	180,775	577,911	177,322	280,884	461,579	267,038	89,992	(54,67
Key Indicators										
Profitability Ratios										
Net Profit margin (%)	21.17	31.45	17.29	15.86	5.06	10.25	13.48	7.24	4.19	5.
Gross Profit Margin (%)	22.86	34.85	19.46	18.28	7.54	14.75	18.57	13.08	9.23	10.
Operating Profit Margin (%)	20.24	33.02	16.73	16.13	4.21	10.94	15.17	9.66	7.24	8.
Return on equity (%)	25.80	42.84	18.91	19.95	6.84	15.32	21.74	11.27	6.89	14.
Return on Asset (%)	16.67	28.20	12.48	12.04	3.86	8.22	11.59	5.84	3.67	6.
Liquidity Ratios										
Current ratio (times)	3.75	4.10	4.37	3.69	3.99	2.46	2.20	1.70	1.23	1.
Quick ratio (times)	3.20	3.42	3.69	3.05	3.25	1.34	1.48	0.92	0.54	0.
Stock Performance Ratios										
Inventory Turnover Ratio (Times)	12.53	8.13	8.39	10.09	9.50	7.57	7.97	8.27	8.24	8.
Inventory Turnover Period (Days)	29.14	44.89	43.51	36.16	38.41	48.25	45.78	44.11	44.32	44.4
Investment/ Market Ratios										
EPS (basic) (Rs.)****	34.63	54.21	17.14	14.98	4.12	17.05	23.09	9.84	4.87	10.
Market price per share (Rs.)	113.75	88.6**	42.6**	37.5**	39.9*	48.7*	54.5*	32*	32.5*	35.
Dividend per share (Rs.) - Company****	26.85	19.00	2.15	3.38	·····	6.00	6.50	2.00		3.
Dividend Yield (%) - Company	23.60	21.44	5.05	9.01	·····	12.32	11.93	6.25		
Dividend Cover ratio (times) - Company	1.28	2.85	7.97	4.43		2.84	3.55	4.92	-	3.
Dividend payout ratio (%) - Company	78.13	35.05	12.54	22.56	-	35.20	28.15	20.32	-	29.
Price earning ratio (times)	3.28	1.63	2.48	2.50	4.84	2.86	2.36	3.25	6.69	3
Capital Structure Ratios										
Interest Cover Ratio	27.26	67.09	20.25	18.27	4.13	9.26	12.00	4.99	3.81	3.
					00.00	111.01	100.00	07.00	70.75	71.
Net assets per share (Rs.)****	134.10	129.84	93.68	74.77	60.23	111.24	106.20	87.32	70.75	
Net assets per share (Rs.)***** Debt to equity (%)	134.10 7.04	129.84 5.16	93.68 6.96	74.77 8.96	10.02	9.01	106.20	18.39	29.70	37

* 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

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:

- The obligation is crystallised by the occurrence or non occurrence of one or more future events or,
- 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.

Glossary

DIVIDENDS

Distribution of profits to holders of equity investments.

CONTINGENT LIABILITY

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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.

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 dayto-day operations (Current Assets less Current Liabilities).

UITE

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 oxygencontaining 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

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Bioenergy, th fuel that is developed from organic materials

BRIQUETTES

Glossary

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 (CO2) 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

Charted Institute of Personnel Management

Child Protection Focal Points

СТТА

Colombo Tea Traders Association

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

FNMS

ENERGY INTENSITY

The amount of energy used to produce a given level of output

EROM

Management **ETHICAL TEA PARTNERSHIP**

Enterprises Risk & Opportunity

(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.

FVP

Employee Value Proposition

EXTENT IN BEARING

The extent of land from which

The Environmental Protection

License (EPL) is a regulatory/

legal tool under the provisions

of the National Environmental

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

Environmental, Social, and

(corporate) Governance Team

A unit extent of land. Estates are

divided into fields in order to

Fellowship of International

facilitate management.

crop is being harvested. Also see

EWHCS

"Mature

EPL

Act No:

ESG TEAM

FIELD

FIT

Tamils

Plantation".

Estate Worker Housing Cooperative Societies

CPFP

CTA

Colombo Tea Auctions

Energy Management System

or activity

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

HRMS

System

ILO

Human Resource Development

Human Resource Management

International Labor Organization

KPI

The extent of the Plantation that is under development and is not

IMMATURE PLANTATION

A method of field development

whereby planting of individual

whilst allowing the field to be

plants is done in order to

Renewable energy credit

- Tradable, Non-tangible

commodities that represent

proof that 1 MWh of electricity

energy resource and was then

fed into the shared system

of power lines that transport

International Organization for

Standardization. A worldwide

federation of national standard

Social Responsibility Standard

Quantification and Reporting

Environmental Management

Quality Management System

Energy Management System

Food Safety Management

International Union for

Conservation of Nature

was generated from a renewable

being harvested.

INFILLING

harvested.

IREC

energy.

bodies.

ISO 26000 : 2010

ISO 14064-1:2018

Greenhouse Gases

ISO 14001:2015

ISO 9001:2015

ISO 50001:2018

ISO 22000:2018

System

IUCN

Standard

System

ISO

Key Performance Indicators

LEADS Life, Education, and **Development Support**

MATURE PLANTATION

increase the yield of a given field,

The extent of Plantation from which crop is being harvested. Also see "Extent in Bearing".

MOH

Ministry of Health

MOU

Memorandum of Understanding

MRI 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 administrates 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 longterm 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.

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/iquid 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

Glossary

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,e

tCO₂e stands for tons (t) of carbon dioxide (CO₂) equivalent (e).



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.

of assurance*

Opinion No	: 5
Date of Issue	:1
Period of Assessment	: 0
Selected Boundary	: Т. Е

Direct GHG Emissions Indirect GHG Emissions Total GHG Emissions



Period of Validity: 16.05.2024 - 30.06.2025 compost application to the managed soil "Materiality threshold is below 5%

Greenhouse GAS Verification Opinion

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

SLCF/CFP/0231

6.05.2024

01.04.2023 - 31.03.2024

Operationally controlled business operations of alawakelle Tea Estates PLC (Head Office and 16 Tea istates)

: 7,669 tonnes of CO2 equivalent : 3.376 tonnes of CO₂ equivalent

: 11,045 tonnes of CO2 equivalent





Chief Executive Officer Sri Lanka Climate Fund (Pvt) Ltd

Exclusions: GHG Emissions from land use change, employee commuting from public transport and 1800 fertilizer and

Independent Assurance Report on Integrated Reporting



Strigt & Young -Chartered Accountance Rotunce Towers Mr. (OR, Galle Roal) 20 80±10; Colombo 07, Sri Lanka

161 : A94 J1 Z46 3500 -ax: +94 11 768 7849 HOLY SHALL BY COM-690CD7D

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"):

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.

Such Criteria were specifically designed

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

(Protocal Devices) provide CRACKED Processing and All Devices of the CALCER AND State Constrained Control of All CALCER AND ENVIRONMENT AND ENVIRONMENTAL AND ENVIRONMENT AND ENVIRONMENTAL AND ENV ENVIRONMENTAL AND E Childrenge and another the release 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.

- Report.
- reporting.

- material aspects.
- Read the Integrated Report in its 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.

Seconducted 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

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

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.

Section 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

entirety for consistency with our overall knowledge obtained during the 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.

. . .

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.
- 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.
- 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.

 To propose the following resolution as an ordinary resolution for the reappointment 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.
- 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

Hundes

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED Secretaries

Colombo 28th May 2024

Notes:

 The Annual Report of the Company for 2023/24 is available on the corporate website -

www.talawakelleteas.com and on the Colombo Stock Exchange website www.cse.lk.

- 2. A Shareholder is entitled to appoint a proxy to attend and vote instead of 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 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.

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 Mr. M.C.B. Talwatte Dr. N.T. Bogahalande

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 Mr. M.C.B. Talwatte Dr. N.T. Bogahalande

Mr. S.L. Athukorala (Chairman) Ms. M.D.A. Perera Mr. N. Ekanayake Mr. M.C.B. Talwatte 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

HEAD OFFICE

Fax: (94-11) -2627782 E-mail : tpl.tea@ttel.hayleys.com

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(appointed to the Committee on 8th January 2024)

(appointed to the Committee on 8th January 2024) (resigned on 31st December 2023)

(appointed to the Committee on 8th January 2024)

(appointed to the Committee on 8th January 2024) (resigned on 31st December 2023)

Related Party Transactions Review Committee

(appointed to the Committee on 8th January 2024)

(appointed to the Committee on 8th January 2024)

400, Deans Road, Colombo 10, Sri Lanka.

400, Deans Road, Colombo 10, Sri Lanka. Telephone: (94-11) -2627754-5, 2697203 website : 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

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



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Talawakelle Tea Estates PLC No. 400, Deans Road, Colombo 10, Sri Lanka.