NATURAL INGENUITY

Sacred Patterns, Sustainable Paths

Talawakelle Tea Estates PLC

Integrated Annual Report 2024/25

Natural Ingenuity

Hieroglyphics are the ancient Egyptian writing system made of symbols and pictures. They were used for religious texts, monuments, and royal records. Some symbols stood for sounds, others for words or ideas. Lost for centuries, they were decoded using the Rosetta Stone in the 1800s.

Talawakelle
Tea Estates®

Natural Ingenuity

Sacred Patterns, Sustainable Paths

Nature has long been revered as a source of wisdom and resilience. In ancient Egypt, Gods like Geb, Shu, and Hapi embodied the ingenuity and balance found in the natural world and at Talawakelle Tea Estates, we draw inspiration from the same elemental forces such as adaptability, renewal, and harmony.

Just as Egyptian deities were portrayed with features of animals and nature, and encouraged growth and progress in line with the natural movements of the world, we look to nature's intricate details for guidance. It is this natural ingenuity that shapes how we cultivate, conserve, and care.

We adapt our farming practices to regenerate the land, conserve water, and protect biodiversity. Like the Nile sustained life in Egypt, we believe our sustainable practices must nourish the present and secure the future. Our workforce, empowered with knowledge and tools, is central to this balance as we bridge tradition with progress in all we do.

With nature and history as our guide, we continue to innovate, adapt, and thrive. This is natural ingenuity.

Earth, Air, Water, Sun, Spirit

The Divine Forces of Egypt

In Egyptian mythology, the world was shaped by five elemental gods. Geb, the Earth god, lay beneath all life, his green skin bringing fertility. Shu, god of Air, held the sky above him, creating space for life to thrive. Hapi, god of the Nile, nourished the land with his life-giving floods. Above all, Ra, the sun god, journeyed across the sky, bringing light and order. At the center stood Amun, the invisible force and king of the gods, embodying hidden power and creation. Together, they formed the sacred balance of nature and divinity.

Geb
The Fertile Earth Beneath Our Feet

From soil to sprout, our roots run deep in the richness of the earth nurturing life and prosperity.

Shu
The Breath Between Earth and Sky

Balance and harmony guide our practices, as Shu balanced the heavens, with utmost care.

Hapi
The Life-Giver of Waters

Like Hapi's sacred floods, our water stewardship sustains growth, community, and continuity.

Ra
Illuminating the Path to Growth

With the energy of the sun god, we cultivate with clarity and purpose, harnessing light to power tomorrow.

Amun
The Hidden Force of Regeneration

Invisible yet powerful, our innovations echo Amun's spirit as we renew the land through sustainable change.

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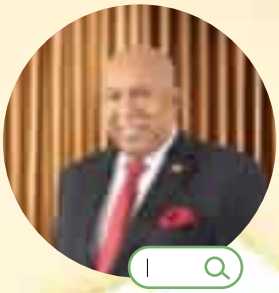

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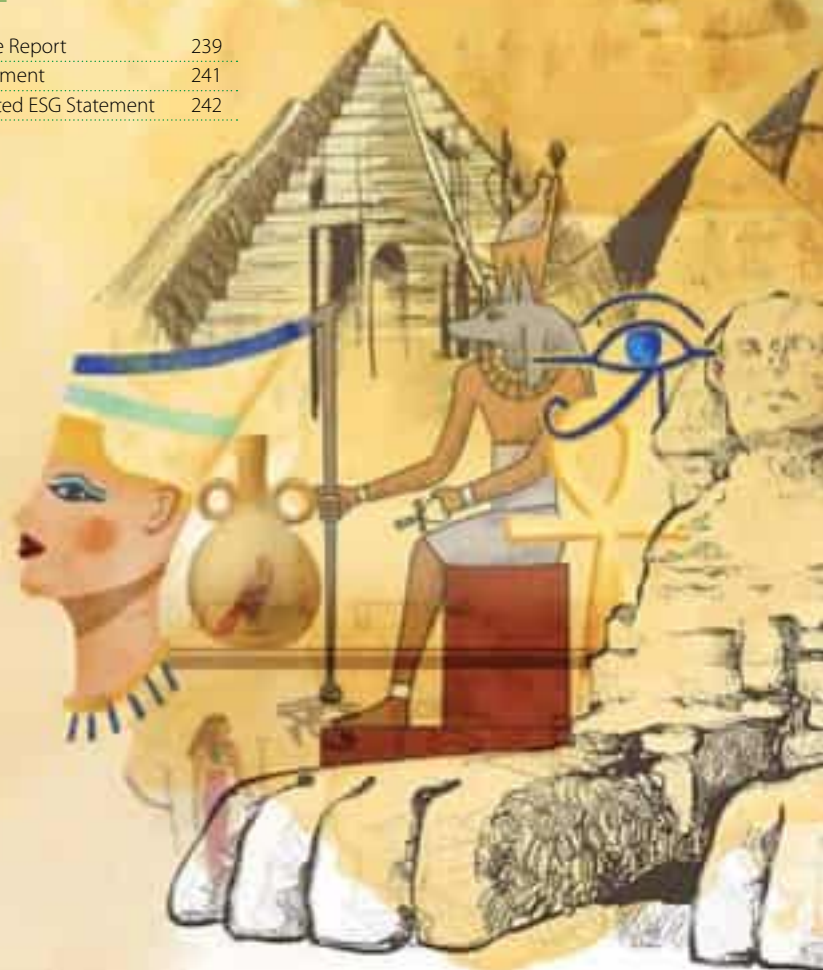

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Vision

To be the most admired
Plantation Company in Sri Lanka

Positive Change Through Growth and Innovation

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

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

Community Engagement and Local Development

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

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

Environment stewardship, Conservation & Climate Action

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

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

Beyond Profit: Conscious and Responsible Future

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

- Environmental Responsibility
- Social Responsibility
- Good Governance

Mission

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

Business Philosophy

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

About the Report

GRI 2-2, 3

Report Profile

This Integrated Annual Report provides a comprehensive and balanced overview of the financial and non-financial performance of Talawakelle Tea Estates PLC (TTE), underscoring our commitment to long-term value creation. It captures the strategic actions undertaken to deliver sustainable growth, while aligning with the evolving priorities of our stakeholders striking a balance between present performance and future potential.

Having commemorated a decade of reporting excellence with our previous report, we have set out to transform reporting norms in Sri Lanka with our current report. . This report, which marks a new chapter of reporting excellence for TTE, seeks to show that transparency, accountability, governance, and sustainability are not merely guiding principles, but serve as key tenets within our operational fabric and strategic decision-making architecture. Through this report, we aim to demonstrate how these values are integrated into every aspect of our business, shaping outcomes that are responsible, resilient, and forward-looking.

11 Years in the Making

Showcasing Our Commitment to Excellence in Integrated Reporting

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

Key Improvements captured in the FY 2024/25

Enhanced Transparency
At TTE, we have deepened the connections between our stakeholder engagements, material topic assessments and strategic resource allocations, ensuring every decision is traceable and every risk visible. By integrating quantitative performance data alongside narrative insights, we present a truly holistic view of our operations bringing clarity to our supply-chain decisions, environmental programmes and community investments.

Strengthened Accountability
Our revamped Risk Report now captures not only financial and operational exposures but also climate-related and broader sustainability opportunities, backed by limited external assurance. For the first time, we have expanded our scope beyond chronic and acute climate risks (CRRO) to include Social, Regulatory and Opportunity dimensions (SRRO), reinforcing our commitment to proactive risk management and outcome-driven governance.

Reinforced Governance
A clear declaration from our Chairman underscores TTE's unwavering adherence to best-practice governance, rigorous regulatory compliance and uncompromising ethical conduct. Enhanced internal controls and refreshed board oversight mechanisms ensure that integrity remains the cornerstone of every aspect of our business.

Elevated Sustainability
This year marks our full alignment with SLFRS S1 and S2 sustainability disclosure standards, underpinned by external limited assurance over key metrics and methodologies. We have adopted a materiality led approach prioritizing disclosures where they drive the greatest long-term value for our plantation, our people and the wider ecosystem.

Integrated Reporting Boundary

Financial Reporting

Company	Subsidiaries
Talawakelle Tea Estates PLC	TTEL Hydropower Company (Pvt) Ltd TTEL Somerset Hydro Power (Pvt) Ltd

Stakeholder Engagement

Investors | Customers | Employees | Suppliers | Community & Environment | Government & Regulatory

Risks and Opportunities
- Implications from the external and internal operating context

Pages: 198 to 205

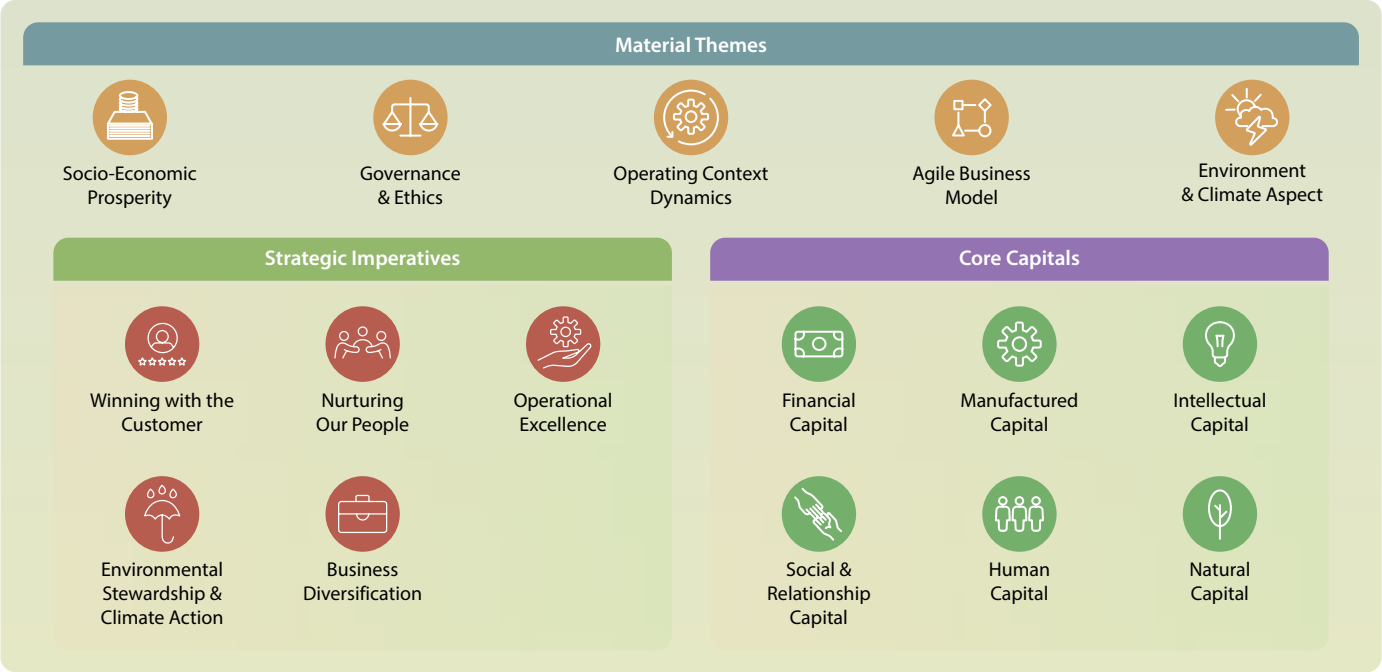
Our Relationships
- Engaging and addressing stakeholder concerns and meeting their expectations

Pages: 156 to 163

Business Model and Strategy
- Driving our strategy aligned with the business model

Pages: 47 to 49

About the Report



Reporting Frameworks

Integrated Reporting (V)

- The International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- "A Preparer's Guide to Integrated Reporting and Supplement 1 & 2 " - The Institute of Chartered Accountants of Sri Lanka

Sustainability Reporting (V)

- SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2) issued by the Institute of Chartered Accountants of Sri Lanka
- Global Reporting Initiative (GRI) Standards - 'In Accordance", issued by Global Sustainability Standards Board
- GRI 13 – Sector Standard for Agriculture, Aquaculture and Fishing, 2022
- United Nations Sustainable Development Goals (SDGs)
- Sustainability Accounting Standards Board (SASB) - Sustainability Accounting Standard for Agricultural Products (Version 2023-12)
- United Nations Global Compact (UNGC) 10 Principles
- CSE Sustainability Reporting Guide, Version 03, Colombo Stock Exchange
- Non-financial Reporting Guideline, The Institute of Chartered Accountants of Sri Lanka
- Guidance on ESG Reporting, Colombo Stock Exchange

Climate Reporting (V)

- ISO 14064-1:2018 Organisation Level GHG Emissions/ Removal Reporting Standard
- Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard (2004)
- GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard

Reporting Frameworks

- Corporate Value Chain (Scope 3) Accounting and Reporting Standard, a supplement to the GHG Protocol Corporate Accounting and Reporting Standard
- Technical Guidance for Calculating Scope 3 Emissions (Version 1.0), supplement to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard
- GHG Disclosures
- SLFRS S2 – Climate-related Disclosures
- Science Based Target Initiative (SBTI)

Financial Reporting (M)

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act No. 07 of 2007
- Listing Rules of the Colombo Stock Exchange

Governance, Compliance and Risk Reporting

- Code of Best Practice for Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (V)
- Corporate Governance Requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE) - (M)
- Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended) (M)
- ISO 31000:2018 Integrated Risk Management Framework - International Organisation for Standardization (V)

M - Mandatory Rquirements V - Voluntary Adoption

Integrated Reporting Process at TTE

GRI 2-5

Assurance

All sections of this Integrated Report covering both financial and non-financial information, along with the accompanying narrative and supporting qualitative and quantitative data, have been reviewed by the Board Audit Committee. This review was conducted to provide the Board with assurance on the accuracy, consistency, and completeness of the report's content.

Independent assurance on the financial statements for the year ended 31 March 2025 has been provided by TTE's external auditors, page 250.

Independent limited assurance has also been obtained for:

- the Integrated Report for FY 2024/25 (pages 194 to 195) ☑ Independent Assurance
- the SLFRS S1 & S2 sustainability-related financial disclosures (pages 79 to 80) ☑ Independent Assurance
- the ESG consolidated statement (pages 239 to 240) ☑ Independent Assurance

This assurance confirms alignment with the GRI Universal Standards (In Accordance) and the GRI 13: Agriculture, Aquaculture and Fishing Sector Standard (2022).

Additionally, our GHG-emission quantification has been subject to external verification.

GRI 2-4

Forward-Looking Statements

This report includes, where appropriate, forward-looking statements that reflect the views, intentions, and strategic direction of the TTE Board and management at the time of publication. However, in light of the dynamic and often unpredictable nature of the operating environment, actual results or future actions may differ from those expressed or implied herein due to unforeseen circumstances or external developments. Accordingly, TTE assumes no obligation to publicly update or revise any forward-looking statements after the publication of this report. Readers are therefore encouraged to interpret such statements with care and avoid placing undue reliance on them.

The Board also confirms that there are no restatements relating to previously published annual reports of Talawakelle Tea Estates PLC.

Board Responsibility Statement

The TTE Board takes full responsibility for the completeness, accuracy, and integrity of this Integrated Annual Report. The Board confirms that it has collectively reviewed the report's content, with the support of assurance provided by both internal and external parties. Based on this review, the Board is satisfied that the Integrated Report for the FY 2024/25 effectively captures all material matters that influence TTE's ability to create, preserve, and deliver value to its stakeholders over the short, medium, and long term.

Chairman
Board of Directors

Chairman
Audit Committee

Chief Executive Officer

Feedback

In line with the commitment to achieving reporting excellence, TTE welcomes feedback regarding this report. All such feedback should be directed to:

The Director – Finance
Talawakelle Tea Estates PLC
No 400, Deans Road, Colombo 10
Telephone: +94-11-2627759
Email: tpl.tea@ttel.hayleys.com

Scan for your feedback

Our Reporting Suite

We've entered a new era where sustainability, digitalization, and innovation are redefining the future of plantation excellence.

A ස அ

Trilingual Financial & Non-Financial Summary 2024/25

AI Powered Bot

Digital Version

Video Version

Audio Version

Interactive PDF

Our **Digital** Landscape

AI Powered Bot

AI powered bot - Instant access to key report insights via a conversational, intelligent virtual assistant.

Digital Version

Digital Versions-Optimized for web and mobile viewing, ensuring easy access anytime, anywhere.

Video Version

Video Version-Engaging visual summary of key highlights and performance through dynamic storytelling.

Audio Version

Audio Versions- Listen to key messages, including the Chairman's and MD's statements, anytime, hands-free.

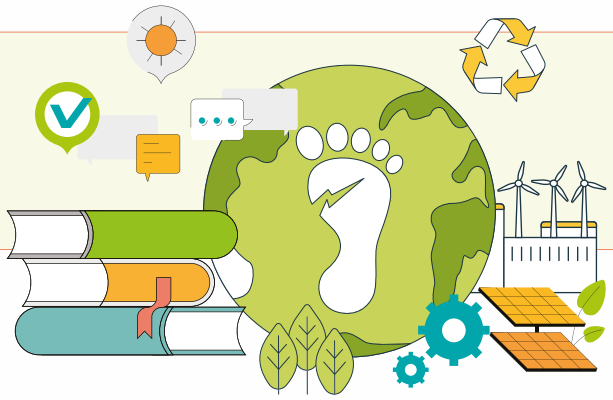
Interactive PDF

Interactive Clickable PDF, user-friendly format for seamless navigation across the full report content.

Key Improvements for FY 2024/25

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.

Other Reports



ESG Report 2024/25

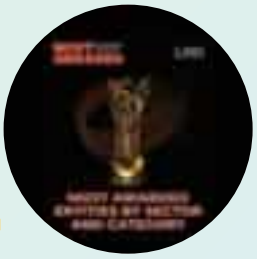
GHG Report 2024/25

Year at a Glance

In the history of Global Performance Awards, we are proud to be the 1st plantation company in the World to win the World Class Award in GPEA 2024.

For the seventh consecutive year, we are ranked as the number one Regional Plantation Company in Sri Lanka. This accomplishment is further underscored by maintaining the number one position in both High Grown and Low Grown operating regions.

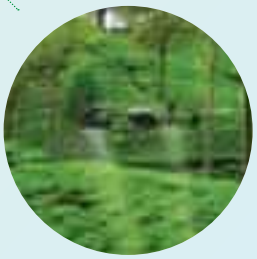
TEATEL launched Envelope Tea Bag range, enhancing convenience and freshness while strengthening premium product portfolio for local and global markets.



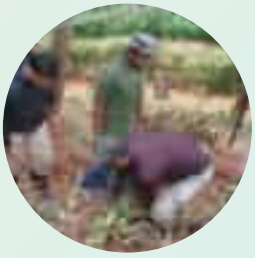
Ranked as Sri Lanka's 2nd most awarded entity by LMD, Talawakelle Tea Estates PLC continues to demonstrate industry-leading excellence and performance.

Securing First Place in the Best Tea Harvester competition for the third consecutive year highlights the outstanding dedication and skill of our field teams, underscoring our commitment to sustainable tea excellence.

The newly inaugurated Kiruwanaganga Tea Factory showcases our commitment to sustainability and innovation, featuring AI-powered colour separators, semi-automated processing and a green-certified building design.



Our plantation has adopted drone technology for chemical spraying, boosting efficiency and safety. This advancement ensures uniform application, reduces waste, and enables operations in challenging conditions, signifying a move towards precision agriculture.



TTE PLC and WNPS launched a 13 km forest corridor project, planting 50,000 native trees across 12 estates, promoting biodiversity, community engagement and sustainable ecosystem restoration in the central highlands.

We pledges net-zero GHG emissions by FY2050, validated by SBTi targets. This includes reducing emissions 42% by FY2030 and 90% by FY2050 across all scopes, with a no-deforestation commitment by 2025.

World Vision and Tea Leaf Trust's cookstove initiative promotes ESG impact by reducing carbon emissions, improving community health through cleaner indoor air and fostering sustainable practices using eco-friendly resources, empowering communities and supporting environmental, social and governance goals.

Awards & Recognitions

Business Excellence

- Tea Producer of the Year (Sri Lanka) - Global Business Awards
- Fastest Growing Tea Plantations (Sri Lanka) - Global Business & Finance Magazine Awards
- Leading Tea Plantations (Sri Lanka) - World Business Outlook Awards
- Best Environment Excellence Awards - South Asian Business Excellence Awards
- Best Place to Work – Work, Health and Safety Award - South Asian Business Excellence Awards
- Extra Large Category Winner (Manufacturing) (National) (Bronze) - CNCI Achiever Awards
- Extra Large Category (Manufacturing) (Provincial) (Silver) - CNCI Achiever Awards
- Excellence in Tea Manufacture (Great Western Estate) - Ralston Tissera Memorial Award

Business Management Practices

Winner of The BIZZ Awards

Human Resources

- Best Corporates for Corporate Happiness in Sri Lanka - LMD/PepperCube Consultants
- Winner in CSR Excellence in Outstanding Community Commitment (CSR) - Commonwealth Business Excellence Awards
- Best Social Change Maker of the Year (Women Leadership) - Commonwealth Business Excellence Awards
- Best Workplaces (Asia) - Asia's Best Workplaces - Great Place to Work (GPTW)
- Best Manufacturing and Production Workplaces in Sri Lanka - Great Place to Work (GPTW)
- Best Workplaces for Women in Sri Lanka - Great Place to Work (GPTW)
- Best Employer Brands (Asia) -CHRO Asia
- Global Best Employer Brands - World HRD Congress
- Best Use of CSR Practices Community Development Award - South Asian Business Excellence Awards
- Best use of CSR Practice in Women and Children Empowerment Award - South Asian Business Excellence Awards
- Merit Award - Community Business (Hong Kong)

Quality and Productivity

- Quality Organization of the Year (Merit) - International Quality Awards
- Global Performance Excellence Winner - Global Performance Excellence Awards
- Best Quality Ceylon Tea Producers (Sri Lanka) - Global Business & Finance Magazine Awards
- Best Quality Ceylon Tea Producer (Sri Lanka) - World Business Outlook Awards
- Highest GSA – Overall Winner - Forbes & Walker Tea Brokers Awards
- Highest GSA – Upcountry Winner - Forbes & Walker Tea Brokers Awards
- Highest GSA – Low country Winner - Forbes & Walker Tea Brokers Awards
- Dimbula Region Award (Merit) - Ceylon Specialty Estate Tea of The Year Competition
- Green Tea (Gold) - Ceylon Specialty Estate Tea of The Year
- Green Tea (Silver) - Ceylon Specialty Estate Tea of The Year

Reporting, Governance and Transparency

- Asia's Best Integrated Report (Integrated Thinking) (Gold) - Asia Integrated Reporting Awards
- Asia's Best Integrated Report (Leadership Message) (Silver) - Asia Integrated Reporting Awards
- Best Presented Annual Report (Agriculture) (Silver) - SAFA Best Presented Annual Report Awards, Integrated Reporting Awards & SAARC
- Sector Award Winner (Plantations) - CMA Excellence in Integrated Reporting
- Ten Best Integrated Reports - CMA Excellence in Integrated Reporting
- Sector Award Winner (Plantation) - TAGS Awards
- Compliance Award for Corporate Governance
- Disclosure (Non-Financial Services) - TAGS Awards
- Recognition Award (Sustainability Reporting) - TAGS Awards
- Recognition Award (Integrated Reporting) - TAGS Awards
- Recognition Award (Digital Transformative Reporting) - TAGS Awards

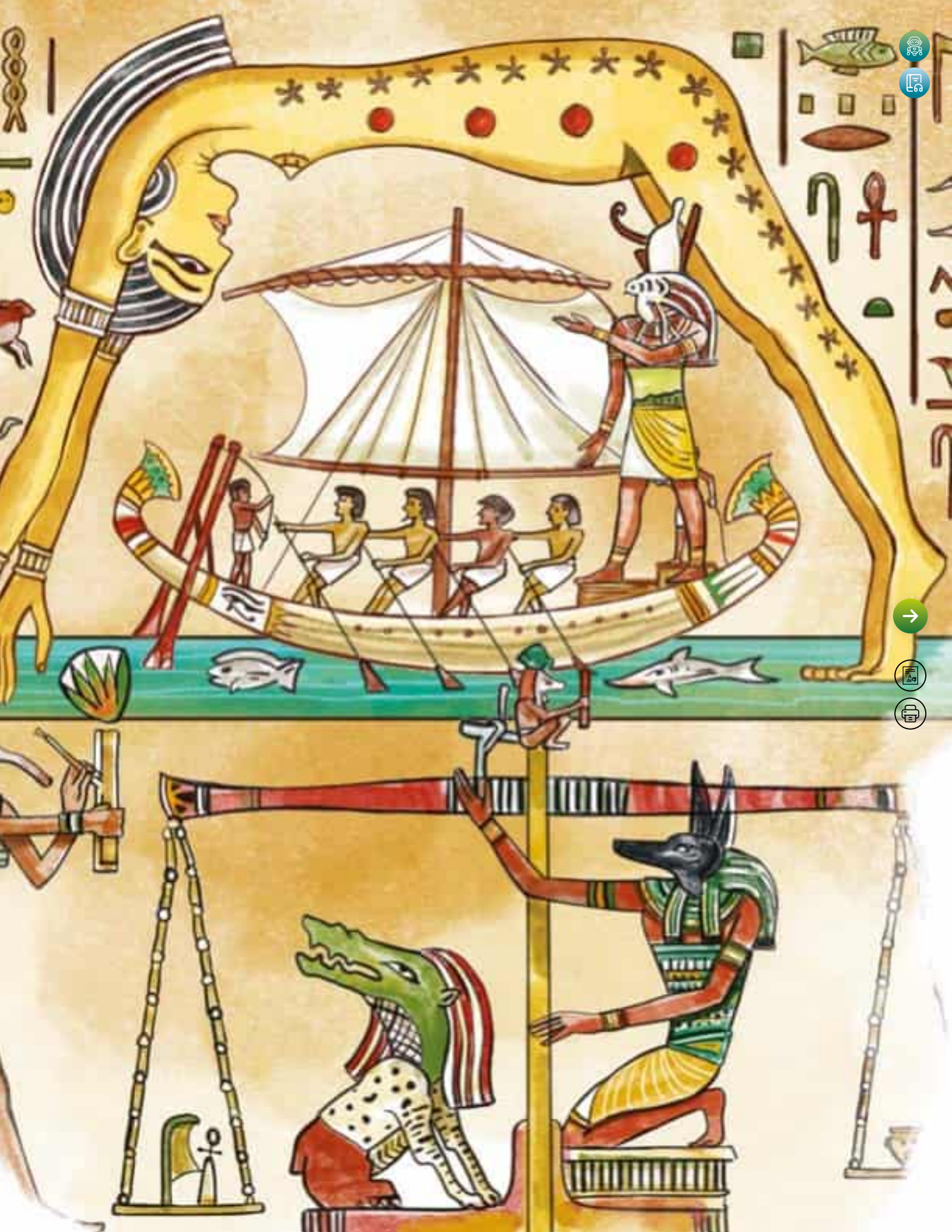
Sustainability

- Global Sustainability Awards (Gold)
- ICSG Global Sustainability Recognition Awards - Global Sustainability Awards
- Sustainability Impact (Merit) - International Quality Awards
- Winner in Renewable Energy Revolution - CSR Awards
- Winner in Best CSR Initiative for Environmental Impact (CSR) - Commonwealth Business Excellence Awards
- Best Business Sustainability (Business Excellence) - Commonwealth Business Excellence Awards
- Best ESG Reporting Award - Capital Market Awards
- Green Productivity Award Winner (Somerset Estate) - Green Productivity Awards
- Green Productivity Award Winner (Radella Estate)
- Green Industry Awards (Gold) - ISGSD 2024 Industry Awards for Green Initiatives
- Gold Award Winner (Bearwell Estate) - Presidential Environmental Awards
- Merit Award Winner (Somerset Estate) - Presidential Environmental Awards
- Merit Award Winner (Mattakelle Estate) - Presidential Environmental Awards
- Sustainability Awards Category (Merit) - North American Tea Conference
- Regenerative Approach for Climate-Smart Agri-Business Management (Gold) - APQO International Best Practice Awards
- Green Apple Environment Award - Green Apple Environment Awards
- Best Environment Excellence awards in Innovative technology Award - South Asian Business Excellence Awards
- Best Environment Excellence Awards in Best Environment sustainability Award - South Asian Business Excellence Awards
- Category B Winner - Best Corporate Citizen Sustainability Awards
- Top 10 Corporate Citizens - Best Corporate Citizen Sustainability Awards
- Sector Award Winner (Agriculture) - Best Corporate Citizen Sustainability Awards
- Consistent Commitment and Continuous Improvement (Environmental Commitment) - Best Corporate Citizen Sustainability Awards
- Award Winner for Planning and Adoption of Resilient Practices - Best Corporate Citizen Sustainability Awards

Geb

The Fertile Earth Beneath Our Feet

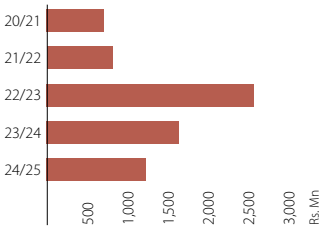
From soil to sprout, our roots run deep in the richness of the earth nurturing life and prosperity.



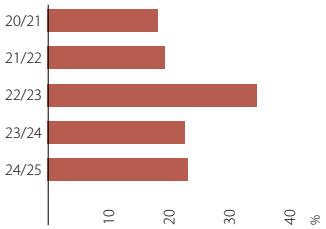
Financial Highlights

	Unit	Group			Company		
		2024/25	2023/24	Change %	2024/25	2023/24	Change %
Earnings Highlights and Ratios							
Revenue	Rs. Mn	**7,806**	7,764	0.54	**7,712**	7,695	0.22
Earnings before interest, taxes, depreciation & amortization (EBITDA)	Rs. Mn	**2,099**	2,418	(13.19)	**2,066**	2,384	(13.34)
Results from operating activities (EBIT)	Rs. Mn	**1,454**	1,571	(7.45)	**1,445**	1,554	(7.01)
Profit before tax	Rs. Mn	**1,771**	2,135	(17.05)	**1,754**	2,115	(17.07)
Income tax	Rs. Mn	**536**	491	9.16	**522**	483	8.07
Profit after tax	Rs. Mn	**1,235**	1,643	(24.83)	**1,231**	1,632	(24.57)
Profit attributable to owners of the parent	Rs. Mn	**1,235**	1,645	(24.92)	**1,231**	1,632	(24.57)
Dividends	Rs. Mn	**340**	1,275	(73.33)	**340**	1,275	(73.33)
Gross profit Margin	%	**23.29**	22.86	1.88	**22.98**	22.61	1.64
Operating Profit Margin	%	**18.62**	20.24	(8.00)	**18.73**	20.20	(7.27)
Net Profit Margin	%	**15.82**	21.17	(25.27)	**15.97**	21.21	(24.71)
Earnings per share (basic)	Rs.	**26.00**	34.63	(24.92)	**25.92**	34.37	(24.59)
Return on Assets (ROA)	%	**11.90**	17.29	(31.17)	**11.99**	17.45	(31.29)
Return on Capital Employed (ROCE)	%	**20.18**	23.63	(14.60)	**20.35**	23.86	(14.71)
Return on equity (ROCE)	%	**18.33**	26.21	(30.06)	**18.57**	26.55	(30.06)
Interest cover	No of times	**21.50**	27.26	(21.13)	**21.37**	26.98	(20.79)

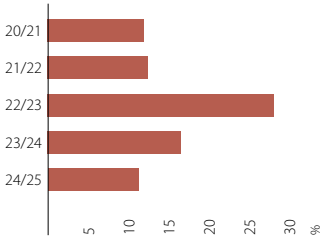
Profit After Taxation Rs.000'



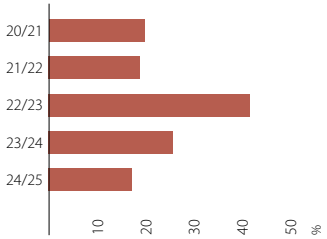
Gross Profit Margin (%)



Return On Assets

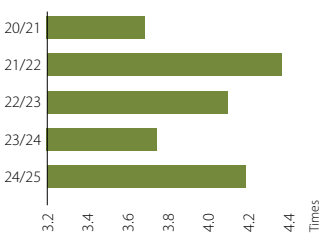


Return On Equity (ROE)

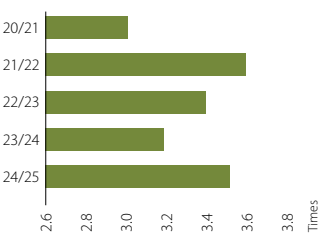


	Unit	Group			Company		
		2024/25	2023/24	Change %	2024/25	2023/24	Change %
Financial Position Highlights and Ratios							
Total Assets	Rs. Mn	**10,891**	9,858	10.48	**10,774**	9,754	10.46
Total Debt	Rs. Mn	**491**	448	9.60	**491**	448	9.60
Equity attributable to equity holders of the parent	Rs. Mn	**7,102**	6,370	11.49	**6,995**	6,266	11.63
Stated Capital	Rs. Mn	**350**	350	-	**350**	350	-
Revenue Reserve	Rs. Mn	**6,752**	6,020	12.16	**6,645**	5,916	12.32
Gearing	%	**6**	7	(14.29)	**7**	7	-
Debt/Equity	%	**6.92**	7.04	(1.70)	**7.02**	7.15	(1.82)
Equity Asset ratio	%	**65.22**	64.61	0.93	**64.93**	64.24	1.07
Net assets per share	Rs.	**149.52**	134.10	11.50	**147.27**	131.91	11.64
Current ratio	Times	**4.19**	3.75	11.73	**4.11**	3.67	12.00
Quick asset ratio	Times	**3.52**	3.19	10.37	**3.44**	3.11	10.61
No. of Shares in issue	No of shares	**47,500,001**	47,500,001	-	**47,500,001**	47,500,001	-

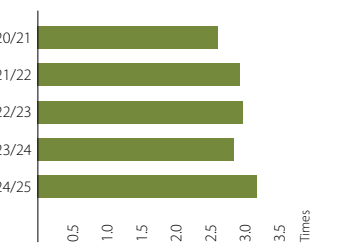
Current Ratio



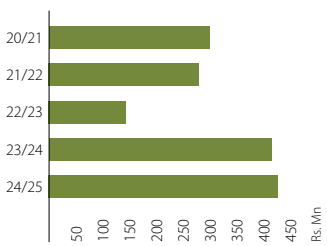
Quick Ratio



Cash Ratio

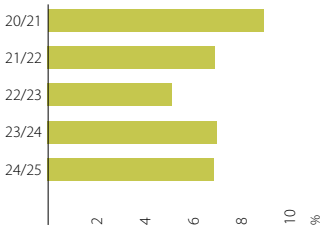


Net Debt

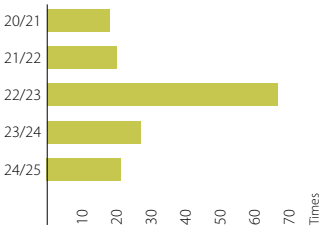


	Unit	Group			Company		
		2024/25	2023/24	Change %	2024/25	2023/24	Change %
Market / Shareholder Information							
Market value per share	Rs.	**139.25**	113.75	22.42	**139.25**	113.75	22.42
Dividend per share	Rs.	**7.15**	26.85	(73.37)	**7.15**	26.85	(73.37)
Group market capitalisation	Rs. Mn	**6,614.38**	5,403.13	22.42	**-**	-	-
Price earnings ratio	Times	**5.35**	3.29	62.61	**5.35**	3.29	62.61
Dividend yield ratio	%	**5.14**	23.60	(78.22)	**5.14**	23.60	(78.22)
Dividend payout ratio	%	**27.50**	77.53	(64.53)	**27.50**	77.53	(64.53)
Dividend Cover	Times	**3.64**	1.29	182.17	**3.63**	1.28	183.60

Debt to Equity Ratio

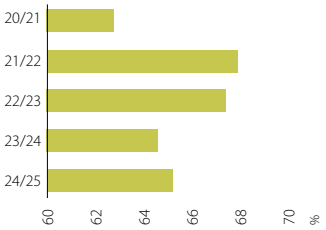


Interest Cover Ratio



Debt to Assets Ratio

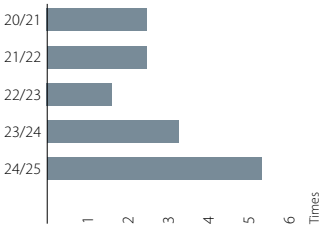
Proprietary Ratio



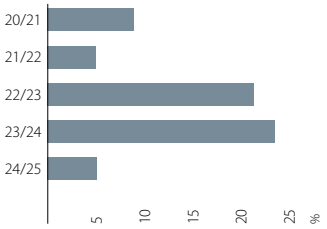
	Unit	Group			Company		
		2024/25	2023/24	Change %	2024/25	2023/24	Change %
Others							
Economic Value Generated	Rs. Mn	**5,787.62**	5,930.49	(2.41)	**5,737.28**	5,879.58	(2.42)
Economic Value Distributed	Rs. Mn	**4,595.32**	5,368.17	(14.40)	**4,565.88**	5,345.36	(14.58)
Government	Rs. Mn	**543.24**	409.56	32.64	**530.05**	401.88	31.89
Employees	Rs. Mn	**3,712.28**	3,683.90	0.77	**3,696.03**	3,667.47	0.78
Others	Rs. Mn	**339.80**	1,274.71	(73.33)	**339.80**	1,276.00	(73.37)
Value Added per employee	Rs.	**1,100,309**	1,380,147	(20.28)	**1,093,441**	1,372,451	(20.33)
Group employment	Nos	**5,260**	4,297	22.41	**5,247**	4,284	22.48
Average Revenue per employee	Rs.	**1,483,972**	1,806,751	(17.87)	**1,469,727**	1,796,137	(18.17)
Average operating income per employee	Rs.	**276,390**	365,710	(24.42)	**275,340**	362,768	(24.10)

Earnings Per Share (Basic)

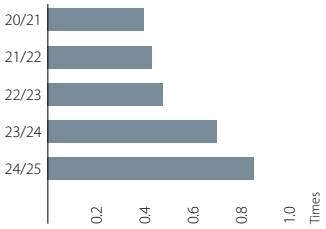
Price to Earnings Ratio



Dividend Yield



Price to Sales Ratio



Financial Goals and Achievement

Financial KPI	Unit	Target	Achievement				
			2024/25	2023/24	2022/23	2022/23	2020/21
Growth in gross income	%	8.52	**0.54**	(5.31)	73.44	4.69	16.19
Growth in profit after tax for the year	%	5.35	**(24.86)**	(36.27)	215.50	14.84	262.07
Growth in total assets	%	1.94	**10.48**	7.79	39.59	10.80	16.21
Earinings per share (EPS) (Rs.)	Rs.	18.76	**7.15**	26.85	19.00	2.15	3.38
Ratio							
Return on average assets (ROA) – After Tax	%	8.57	**11.34**	16.67	28.20	12.48	12.04
Return on average shareholders' funds (ROE) – After Tax	%	12.70	**17.39**	25.80	42.84	18.91	19.95
Return on Capital Employeed	%	22.64	**19.14**	23.05	41.74	16.62	17.90
Debit to Equity	%	7.59	**6.92**	7.04	5.16	6.96	8.96

ESG Highlights 2024/25

Waste Recycling

1,823 Kg

Renewable Material Used

79.1 %

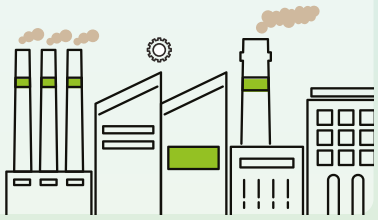
Environment Management and Conservation Investment

Rs. 58 Mn

GHG Emission

23,431 tCO_2e

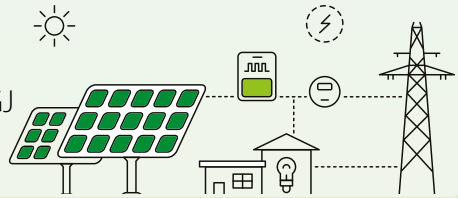
Decreased by 7%



Renewable Energy Generation

30,848 GJ

Increased by 2.4%



Water Withdrawn

7,998 KL

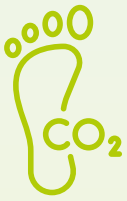
Ecosystem Restoration

62 Ha

Total GHG Emission Reduction

7 %

SBTi Targets Reverification Completed in 2024/25



Customer Satisfaction

92 %

Rs. 119 Mn

Investment "A Home for Every Plantation Worker

Rs. 11 Mn

Training Investment

96.6 %
Employee Retention Rate

Health and Nutrition Investment

Rs. **59.7** Mn

37 %
Reduction in work related accidents

Achieved a stakeholder engagement index of

3 out of 5

4 ESEG
Committee Meetings

Male : Female Gender in Leardership Position

55:8

93
Awards & Recognitions

10 % improvement in stakeholder engagement according to internal assessment

Number of ESEG Meeting conducted

4

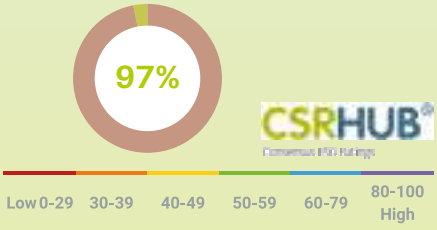
We have achieved 100% estate-wide implementation of the newly reformed **"WeCare-360⁰"** grievance mechanism, ensuring every site is comprehensively covered and every voice is heard.

Our ESG Rating & Score 2024/25

AA **Grade company on ESG Rating by IdealRatings®**

IdealRatings®

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



Chairman's Message

GRI 2-22

> Our largest investment to date – the Kiruwanaganga factory is set to play a defining role in TTE's next phase of growth by cementing our position as a leader in quality, innovation, and sustainable tea manufacturing.

Scan for audio version

In a year characterised by the confluence of complex challenges, Talawakelle Tea Estates PLC demonstrated its characteristic resilience and spirit to maintain its benchmark position in the country's plantation industry, delivering exceptional financial, operational and sustainability performance. On behalf of the Board, I am pleased to present the 11th Integrated Annual Report and the Audited Financial Statements of TTE for the financial year ended 31st March 2025.

Macroeconomic Developments

Following the economic crisis in 2022 Sri Lanka continues to regain its footing, resuming its journey towards growth and stability. Critical structural and policy reforms coupled with the support of the IMF and the conclusion of external debt restructuring have paved the way for economic stability. Accordingly, Sri Lanka recorded four consecutive quarters of growth in 2024, while inflation fell sharply, reaching negative territory by the end of 2024. The rebound in external inflows including a resurgence in worker remittances and the recovery in tourism earnings led to improvements in the external sector, which contributed to a healthier balance of payments and easing pressure on the currency. Resultantly, the Sri Lankan Rupee appreciated nearly 10% during 2024.

Within this economic resurgence, the performance of the tea industry was particularly commendable. National tea production rose on the back of improved agro-climatic conditions in key growing regions, while strong global demand for Ceylon Tea from all key source markets saw Sri Lanka's tea export volumes posting strong growth. However, the industry continued to be hampered by persistent structural challenges, most notably the wage increase implemented in September 2024, which exerted severe pressure on already tight margins. Nonetheless, improved productivity, better estate management practices, and steady demand from key export markets helped offset these pressures, enabling the industry to post higher export earnings, a commendable achievement given the LKR appreciation.

Financial Performance

Against the backdrop of broader macroeconomic recovery, TTE demonstrated improvements in its triple bottom line performance, continuing to deliver on its stakeholder commitments.

The Company recorded Revenue of Rs. 7,805 million during the year, with tea from all elevations commanding record prices at the Colombo Tea Auction. Rubber and Cinnamon also contributed positively to the topline, emphasising the importance of crop diversification. Additionally, favourable rainfall and enhanced operational efficiency enabled our hydropower operations to deliver an impressive 36 % increase in Revenue.

Profit Before Tax stood at Rs. 1,770.5 million for the financial year 2024/25, a result I consider particularly commendable, given the Rs. 270 million increase in wage costs following the government-mandated wage hike in September 2024. Meanwhile at Rs. 1,234.8 million, Profit After Tax was broadly consistent with the 5-year trend average.

Reinforcing Core Competencies

At TTE, we have always operated with the firm conviction that strengthening our core competencies is essential to sustainable growth and long-term success. It is this fundamental belief that set in motion plans for the construction of a state-of-the-art tea factory at Kiruwanaganga Estate. Nearly two years in the making, this world-class facility spans approximately 38,700 square feet and brings together advanced technologies and sustainable practices to deliver exceptional efficiency, quality, and environmental responsibility. The single largest investment ever undertaken by TTE, the Kiruwanaganga factory was commissioned in March 2025 and will remain a key catalyst in our vision to transform the future of tea manufacturing in Sri Lanka.

Chairman's Message

"The implementation of SLFRS S1 and S2 remained a key focus area for the Board and the Board Audit Committee during the year. Having adopted a climate-first approach to reporting in the previous year, TTE has fully aligned its sustainability-related financial disclosures with SLFRS S1 and S2."

Leading by Example in ESG Advocacy

Emboldened by the belief that true leadership is defined by visible action on all fronts, we have over the years accelerated our investments towards climate action and social impact. Attesting to this long-standing commitment, TTE achieved several key ESG milestones during the year. Our near-term, long-term, and Net-Zero 2050 targets, including FLAG emissions were officially re-verified by the Science Based Targets initiative (SBTi), marking a proud and historic moment that places TTE as the world's first plantation Company, and Sri Lanka's first organisation, to have its SBTi targets re-verified.

Our flagship Home for Every Plantation Worker programme continues to gather momentum, creating meaningful impact on the ground, with 331,832 beneficiaries supported to-date.

It is with immense pride that I note our sustainability performance gaining international visibility. In recognition of our continued leadership in the sustainability sphere, TTE was appointed a Patron Member of the UN Global Compact Sri Lanka Network and selected to serve on its Climate Emergency Taskforce. Moreover, the 12% reduction in our Scope 1 and 2 emissions, 2% reduction in Scope 3 emissions, 5.86% improvement in renewable energy use, and the 15% expansion in community investment, was featured at the UNGC's Forward Faster Now – Asia & Oceania event.

Shareholder Value

As always, we remained firmly committed to upholding our strong track record of delivering shareholder value through the consistent distribution of dividends, even amidst challenging operating conditions. This year, we maintained our consistent dividend payout track record by distributing dividends of Rs. 339 million to our shareholders.

Governance Matters

As part of the Hayleys Group, TTE benefits from the robust governance frameworks, practices and culture of the Group. As in the past, the Board continued its active involvement in governance matters, with considerable focus on evaluating the resilience of TTE's strategy and risk management frameworks vis-a-vis the increasingly complex operating environment.

The potential financial implications of the wage hike was a key focal point in Board discussions this past year.

At the same time the Board and the Board Committees guided the management in disseminating and implementing the necessary provisions outlined under section 9 of the new CSE listing rules on corporate governance. I wish to confirm that all stipulated requirements including Sub-Committee reconstitutions and publication of policies were implemented in line with the mandated timelines.

The implementation of SLFRS S1 and S2 remained a key focus area for the Board and the Board Audit Committee during the year. Having adopted a climate-first approach to reporting in the previous year, TTE has fully aligned its sustainability-related financial disclosures with SLFRS S1 and S2. With a comprehensive framework of internal controls, risk management processes, and integrated reporting systems already in place, TTE also voluntarily sought independent assurance for all SLFRS S1 & S2 disclosures in the current year, underscoring the commitment to early adoption of best practices.

Board Changes

We bid farewell to Mr. Dilhan Fernando and Mr. M.H. Jamaldeen, who stepped down from the Board with effect from 01st August 2024 and 14th November 2024 respectively , as well as Ms. M.D.A. Perera and Mr. A.M.J. Fernando who resigned on 24th December 2024. On behalf of the Board, I wish to place on record our sincere appreciation for their valuable contributions over the years. Each of them brought a unique perspective and depth of expertise to the Board, and their service has been invaluable in steering TTE forward.

We also welcomed three new Directors to the Board; Mr. Darshana Gunasekera and Ms. Harshani Randiligama were appointed with effect from 27th December 2024 and Mr. Milinda Hewagama from 05th May 2025 .

Mr. Darshana Gunasekera joins us with a strong track record in finance, governance and strategic transformation, having held several senior leadership roles in both the plantation and food sectors.

Ms. Harshani Randiligama brings to the Board multi-faceted expertise underpinned by her extensive career in local and international companies.

Mr. Milinda Hewagama who serves as Group Chief Financial Officer of the Hayleys Group has extensive experience in financial reporting, ESG, tax, risk, safety and corporate secretarial functions.

Together, these appointments ensure the Board remains equipped with the right balance of experience, knowledge, and diversity to accelerate TTE's strategic aspirations in the years ahead.

Outlook and Prospects

Looking ahead, while the tea industry will continue to navigate complex structural challenges, I believe TTE is well-positioned to adapt, respond, and thrive.

My belief and confidence stems from TTE's solid foundation, unparalleled talent and core strengths that have enabled us to consistently produce some of the finest teas in Sri Lanka. Building on this strong base, our largest investment to date - the Kiruwanaganga factory is set to play a defining role in TTE's next phase of growth by cementing our position as a leader in quality, innovation, and sustainable tea manufacturing.

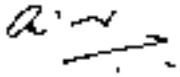
We will thus move forward with a keen sense of purpose to contribute meaningfully to the resurgence of Sri Lanka's tea industry in the years ahead.

Acknowledgements

As we conclude another eventful year, TTE stands stronger and more resilient than ever before, and that is all thanks to the unwavering dedication of our teams and the support of our stakeholders. On that note, I wish to extend my heartfelt appreciation to our Managing Director, Dr Roshan Rajadurai, Chief Executive Officer, Mr. Senaka Alawattegama, the Corporate and Executive Management Teams, as well as our Estate Teams, whose steadfast commitment and perseverance have been the driving force behind our achievements.

I would also like to express my sincere gratitude to my colleagues on the Board for their guidance and foresight, which have been instrumental in navigating a constantly evolving landscape.

To our shareholders, customers, and business partners, thank you for your continued trust and belief in our purpose. It is this collective strength that gives us confidence and inspires us to keep raising the bar, as we remain firmly focused on seizing new opportunities for long-term value creation for all those connected to TTE.



Mohan Pandithage
Chairman
Talawakelle Tea Estates PLC

05th May 2025

Managing Director's Review

Our performance at the Colombo Tea Auction in 2024 stands as an affirmation of TTE's unwavering commitment to quality. At a time when the industry faced considerable headwinds, TTE recorded premiums of Rs. 185.34 per above the national average in High-Grown Teas and Rs. 179.08 per kg in Low-Grown.

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The year under review was one which tested the mettle of TTE, as a multitude of external challenges converged to cause significant disruption across the Sri Lankan plantation industry. In an operating landscape that went far beyond the ordinary, TTE remained steadfast, driven by purpose, and guided by the long-term vision rooted in sustainability, innovation, and operational excellence.

Confronting Challenges

The entire plantation industry came under pressure in 2024, with the year under review proving to be among the most challenging in recent history. For instance, the 35% hike in plantation worker wages without a link to productivity, led to considerable uncertainty across the industry, exerting further pressure on the relatively high cost of production in Sri Lanka's tea industry.

As an industry, we are exposed to a range of non-controllable external factors such as weather patterns, global price fluctuations and agronomic challenges. While these are endemic to our business and can be managed through experience, innovation and foresight, inconsistent and often arbitrary policies are more challenging to address. Given the national importance of the country's tea industry and the livelihoods of those who depend on it, engaging all relevant stakeholders prior to implementing major policy changes such as this is vital in ensuring more informed, inclusive and effective decision-making.

Navigating such drastic shifts in the operating landscape have strengthened the Company's resilience in recent years. Our response to the current crisis was one of strategic recalibration with our corporate and estate management teams focusing on ensuring business continuity under extremely volatile conditions.

Beyond crisis management, we continued to focus on diversification as a long-term hedge against labour dependency and market volatility. Crop diversification, in particular, saw accelerated progress with cinnamon and coconut cultivation gaining momentum, and our strawberry pilot project proving viable enough to warrant expansion. Each of these efforts are executed systematically, guided by ongoing assessment to determine commercial viability, environmental sustainability, and labour efficiency.

At the same time, we diversified into non-traditional areas, specifically diverting resources towards tourism-driven ventures. Investments in our Tea boutique operations, including the newly upgraded Somerset estate, Nanuoya

outlet is the second Tea boutique , aim to capture value from domestic and international Tea tourism. Likewise, the glamping initiative at Great Western Estate further exemplifies our commitment to creating unique experiences in Sri Lanka's scenic hill country. These projects are designed to amplify brand presence, create local employment, and deliver sustained profitability.

Proving our Resilience

The operating environment in 2024 tested the resilience of every player in Sri Lanka's Tea industry. Erratic and prolonged weather disruptions, especially in the up-country regions significantly impacted national crop levels, while rising input costs and increasingly volatile global demand conditions placed further strain on already stretched margins. These external pressures were compounded by structural cost escalations within the industry, most notably a significant increase in labour costs that reshaped the financial dynamics of estate operations.

Amidst these mounting challenges, TTE approached the year with a proactive, performance-driven mindset, anchored by a deep commitment to operational excellence. While weather-related setbacks did result in a marginal contraction in crop volumes, our strategic focus enabled us to extract maximum value from every Kilo produced enabling TTE to secure record-breaking auction prices that outperformed national benchmarks across both High-Grown and Low-Grown categories.

Our performance at the Colombo Tea Auction in 2024 stands as an affirmation of TTE's unwavering commitment to quality. At a time when the industry faced considerable headwinds, TTE recorded premiums of

Managing Director's Review

Rs. 185.34 per kg above the national average in High-Grown Teas and Rs. 179.08 per kg in Low-Grown. Most notably, our Teas fetched an all-time Overall Gross Sale Average of Rs. 1,403.74 per kg, outperforming the national average by an impressive Rs. 178.57 per kg.

Our ability to consistently command premium prices in the Colombo Tea Auction, at levels well above the national averages, I believe that speaks volumes of the strength and trust TTE continues to enjoy in the market. Bolstered by strong performances across all elevations, TTE succeeded in retaining its no.1 position nationally, Moreover the fact that six of our Garden Marks ranked among the Country's "Top Ten" further underscores the exceptional value we continue to deliver.

Meanwhile, I am pleased to note that despite significant pressure on cost structures following the 35% wage increase, without any corresponding productivity gains introduced in September 2024, TTE delivered sound operational performance, reflecting our disciplined cost management, agile response to emerging challenges, and the collective effort of a committed and capable workforce.

Infrastructure Development

As a future-focused company, TTE has continued to drive investments towards capacity expansion and infrastructure upgrades. A relentless focus on innovation and operational excellence forms the backbone of our long-term strategy, ensuring that we are not only keeping pace with global trends but definitively shaping the future of Sri Lanka's Tea industry.

It is therefore with great pride that I highlight one of our most significant milestones in recent years: the commissioning of the state-of-the-art Kiruwanaganga Tea Factory which marks a defining chapter in TTE's journey. With a manufacturing capacity of 14,000 kg Green leaf per day and cutting-edge machinery, the facility is purpose-built to elevate both product quality and operational efficiency.

Moreover, the Kiruwanaganga factory stands at the forefront of sustainability. Built in accordance with global environmental standards and the Green Building Concept, it is already certified by the Rainforest Alliance, ISO 22000:2018, ISO 14064-1:2018, and several other international benchmarks, with Green Building certification soon to follow. Constructed at an investment of Rs.714 million financed entirely through internally generated funds, this facility stands as a benchmark for innovation in the modernisation of the country's plantations sector.

On that note, I proudly note that the Kiruwanaganga factory is now ranked as the no.1 Low-Grown RPC Tea factory in the Country by the Colombo Tea Traders Association.

Progress on the Regen Agenda 2030

As I reflect on TTE journey toward transitioning into a fully sustainable plantation Company, I am proud to share the significant progress made under the Regenerative Agenda 2030. The initiatives undertaken in the past year stand as a testament to our unwavering commitment to preserving the long-term agricultural sustainability across our estates while driving shared value across our universe of stakeholders.

At a time when environmental regulations are becoming increasingly tight and climate-related risks more complex, we at TTE commenced our journey of embedding regenerative thinking into the core of our business strategy. Our efforts are strategically guided by evidence-based approaches, with a strong emphasis on nature-based solutions, in alignment with our newly standardised 'Nature Positive Business Policy' across all core operations. For instance, through our circularity initiatives we repurpose biomass and plant waste into high-quality compost, enhancing both soil fertility and water retention. Simultaneously, our widespread use of cover crops and reforestation efforts serve the dual purpose of protecting against erosion while actively restoring biodiversity.

We continue to strengthen our field development activities, investing Rs. 271 million in 2024/25 to boost the long-term health and productivity of our lands. With a strong focus on nursery management, soil rehabilitation, and precision agriculture, we are advancing regenerative practices that are both environmentally sound and operationally viable, and applied holistically across our agricultural practices. In parallel, we are increasingly adopting an Integrated Pest Management model, aligned with our core strategy to prioritise nature-based solutions for pest control. Guided by the Food and Agriculture Organization (FAO), our integrated pest management model prioritises biodiversity conservation and natural predation to reduce agrochemical use in our Tea fields.

Technology and data remain central to our transformation and we have invested in drone surveillance and IoT devices, offering richer data insights for decision making and improving the efficiency of our operations.

TTE's transition to low-carbon energy is another key component of our Regen Agenda 2030. Over the past three years, we have significantly scaled up investments in renewable energy, expanding our solar footprint, optimising mini-hydro capacity, and harnessing biomass for factory operations. Biomass alone now represents the largest component of our renewable energy mix. These efforts are aligned with our Science-Based Targets initiative, through which we've already achieved a 27% reduction in Scope 1 and 2 emissions from our 2022/23 baseline.

We are committed to driving sustainable action in partnership with industry stakeholders and partners. Reflecting our strong commitment and impactful contributions, TTE has been recognised and appointed as a "Patron Member" of the Climate Emergency Task Force under the United Nations Global Compact Sri Lanka Network.

Operating in areas which are rich in biodiversity, the Company has taken a strategic approach towards ecosystem preservation.

Our environmental audits are science-driven, supported by universities and conservation partners, and inform our broader goal of zero net loss of nature. In 2024, we took a decisive step forward by launching our Nature-Positive Business Policy outlining TTE's commitment to halt nature loss by 2030 and work towards full recovery by 2050.

A landmark reforestation project undertaken in partnership with the Wildlife and Nature Protection Society, was also a key intervention during the year as we committed to establishing a 13-kilometre forest corridor consisting of over 50,000 native trees across 80-100 hectares .

Investing in the Team

At TTE, we believe that to truly reset the plantation industry, it is imperative that we develop our most vital pillar - our people. Our aim is to cultivate empowered individuals, leaders, and changemakers, essentially people who will carry this industry forward to the next century.

We began this transformation with the pioneering launch of our Revenue Share Model (RSM) in 2014, where we looked beyond the conventional wage model towards a complete mindset shift that would nurture a new breed of entrepreneurs. By assigning estate workers their own plots and positioning them as Block Managers, we have empowered them to take control of their productivity, income, and ultimately, their future. The early results are clear: higher yields, stronger motivation, and a more entrepreneurial workforce. I am very proud to say that TTE's Deniyaya Estate operates entirely under the RSM, and its success is paving the way for adoption across our estate portfolio.

We are also digitalising our HR processes through investments in data-driven systems, where AI and predictive analytics are used to track performance of our conventional harvesters, thus creating an environment where workers can thrive. These efforts are completed by such initiatives as the Best Harvester Competition, an effort to reward and recognise our workforce on an ongoing basis.

Similarly, our landmark HerLead program continued to the second year as an - effort to break gender barriers in estate field supervision. Traditionally male dominated, these roles are now being successfully filled by female supervisors who have undergone comprehensive training and empowered their true potential

This year, we launched an initiative called "EmpowerU"- Pathways to Leadership,' aiming to train 40 youth, both male and female, from the estate community as Factory, Field and Office Trainees across our estates. The key criteria of this program is to develop the career prospects of the estate children with the aim of professionalizing the next generation of talent within our industry.

In 2024, we also launched a broader Women in Leadership initiative aimed at increasing female representation in leadership roles both administrative and estate levels. All of these efforts have culminated in TTE has been officially certified as a "Great Place to Work" with a 99% employee satisfaction score, which I believe reaffirms that our people-first culture is delivering real and measurable results.

Progress on SLFRS S1 & S2

In 2023/24, Talawakelle Tea Estates PLC took a progressive step forward by fully adopting SLFRS S1 and S2 under a 'climate-first' approach, aimed at providing investors and other primary users with clear, decision-useful information. Strengthening our corporate reporting suite, this year's report presents comprehensive sustainability-related financial disclosures, supported by limited assurance that positions TTE as a pioneer in advancing corporate transparency within the plantation sector. In alignment with the double materiality principle, the report also concisely presents impact-related information to benefit a broader range of stakeholders and enhance the relevance and completeness of sustainability insights.

Awards and Accolades

TTE is proud to be the second most awarded company by LMD in 2024 in Sri Lanka's Corporate Sector—and the most awarded in the plantation industry having earned top national and international accolades including the Best Corporate Citizen Sustainability Awards, Global Sustainability Awards, and Global Performance Excellence Awards, reinforcing our leadership in sustainable, high-performance business practices.

Looking Ahead

As we look to the future, our ambition is clear: to lead the regeneration of Sri Lanka's plantation industry. In doing so, we will not merely wait for change; but focus instead on being the changemaker.

We will continue to challenge the status quo by scaling up our Revenue Share Model (RSM) across all estates to promote entrepreneurship at the grassroots and transforming operations through AI-driven, data-backed decision-making. These are not pilot projects or incremental improvements; they are deliberate, future-focused interventions that will reset the way plantations operate.

Equally importantly, we will aim to stay ahead of the curve in Environmental, Social, and Governance (ESG) action, from trailblazing gender equity initiatives like HerLead and Women in Leadership, to sustainable cultivation practices and community empowerment programmes.

Simply put, the future we envision is not just one we inherit, it is something that is our own design - a blueprint that will redefine what a plantation Company can achieve with clarity of thought and an even deeper conviction to act.

Appreciations

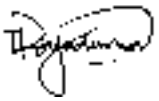
In what has been a year marked by unprecedented challenges, I would like to take this opportunity to extend my deepest appreciation to all those who stood by TTE.

To our Chairman, my fellow Board members, and the Group Management Committee, thank you for your forward-thinking leadership and unwavering commitment. It is your strategic insight that has been instrumental in ensuring TTE stays at the forefront of the plantation sector, even amidst turbulent times.

I would also like commend our Chief Executive Officer, Mr Senaka Alawattegama, along with our Corporate and Operational Management teams, for their ability to lead with integrity and purpose.

To our teams at the head office and across our estates, your tireless commitment, passion, and discipline have been nothing short of extraordinary. Each of you has played an integral role in delivering on our mission, and for that, I offer my sincere thanks and admiration.

Finally, to our valued shareholders, buyers, brokers, and business partners, thank you for the confidence and trust you continue to place in us. I wish to reiterate that your support remains crucial to our success, and we look forward to your patronage as we pursue our bold ambitions for the future.



Roshan Rajadurai PhD, DSc.
Managing Director
Talawakelle Tea Estates PLC

05th May 2025

About US

Talawakelle Tea Estates®

Welcome to the Talawakelle Tea Estates PLC

Our Journey

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

Looking Ahead

"As we reflect on the past year, we are reminded of the lush green landscapes that define our heritage and the unwavering commitment to excellence that drives our future. Talawakelle Tea Estate PLC has continued to cultivate not just tea, but a legacy of sustainability, innovation, and community empowerment."

In This Report

"We invite you to journey through our achievements, challenges, and aspirations. From the meticulous care in our tea gardens to the strategic initiatives that propel us forward, every page is a testament to our dedication to quality and our vision for a thriving, sustainable future.

Join us as we celebrate the essence of Talawakelle Tea Estates PLC – where tradition meets progress, and every cup tells a story.

Our Purpose

"Brewing a Better Future"

16 Tea Estates

2 Tea Cum Rubber

6,491 ha
Located in Talawakelle, Nanuoya, Galle & Deniyaya Regions

5,134 ha
Cultivated - Mature & Immature

41,976
Resident Population

Employees
5,247

Male (46%)
2,438

Female (54%)
2,809

3 Brands

TEA
3,913 ha (76%)

Timber
730.7 ha (14%)

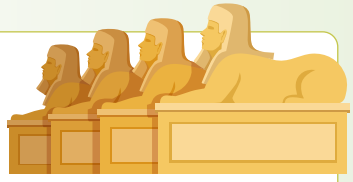
Coconut
47.12 ha (1%)

Rubber
190ha (4%)

Cinnamon
86.18 ha (2%)

Other
167 ha (3%)

Brewing Success: A Year in Review at Talawakelle Tea Estates



"Differentiation and diversification are key strategies that have been applied in various contexts,"

Differentiation

- **Quality and Flavor:** Emphasize the unique flavor profiles and superior quality of its teas. Highlighting the meticulous cultivation and processing methods can attract tea connoisseurs.
- **Sustainable Practices:** Promote eco-friendly and sustainable farming practices. This can appeal to environmentally conscious consumers and enhance brand reputation.
- **Innovative Products:** Introduce new tea blends or specialty teas that cater to niche markets, such as organic or wellness teas.
- **Customer Experience:** Enhance customer service and engagement through personalized experiences, such as tea tasting events or interactive online platforms.

Diversification

- **Product Line Expansion:** Develop new products related to tea, such as tea-infused cosmetics, health supplements, or ready-to-drink beverages.
- **Market Expansion:** Enter new geographical markets, both domestically and internationally, to reach a broader audience.
- **Vertical Integration:** Invest in downstream activities like packaging and distribution to control more of the supply chain and increase profitability.
- **Related Ventures:** Explore related agricultural ventures, such as growing herbs or spices that complement tea production.

Organisations Structure

The World Of Hayleys since 1878

Hayleys Plantation Services (Private) Limited

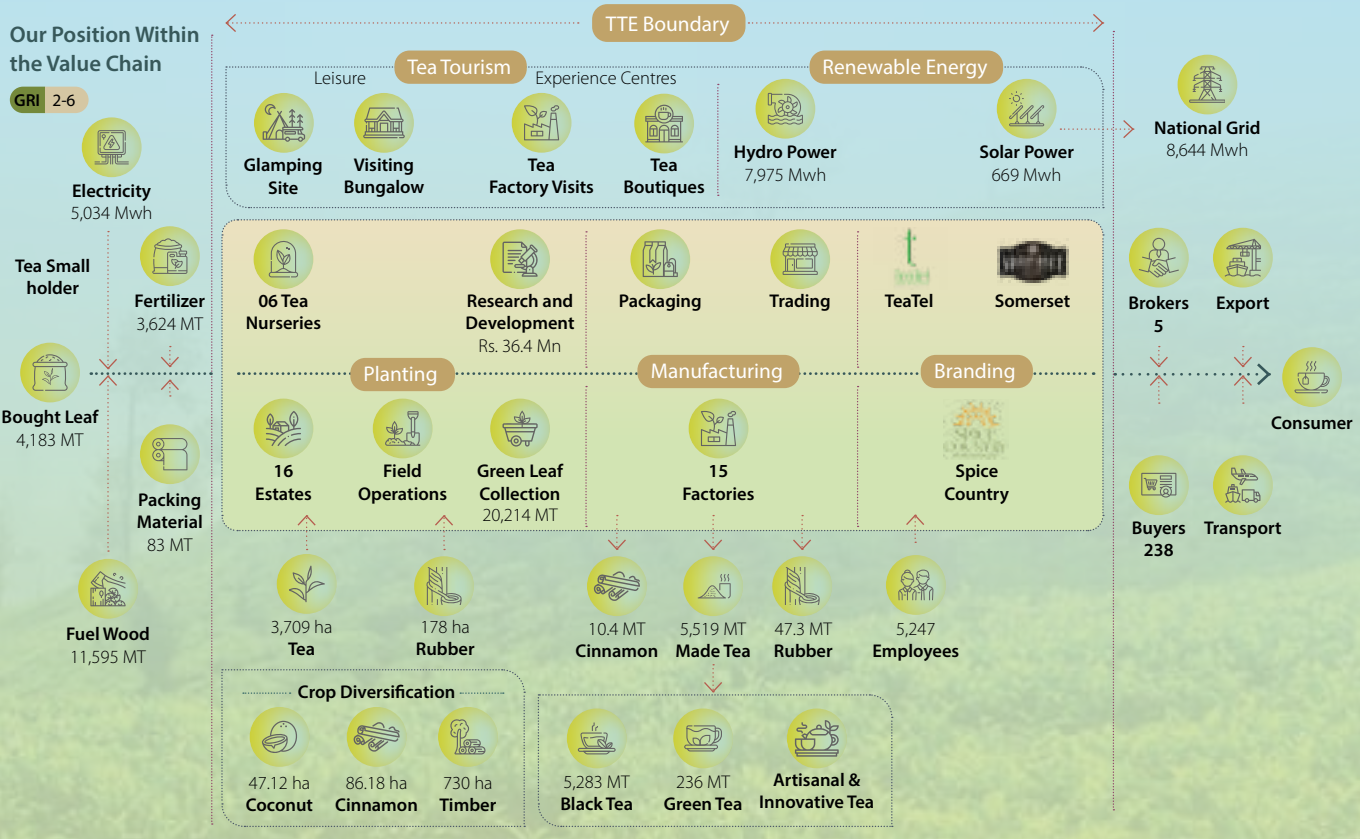
Golden Share - Secretary to the Treasury page 233 → 74.74%

TTEL Somerset Hydro Power (Pvt) Ltd → 100% → Talawakelle Tea Estates®

Talawakelle Tea Estates® ← 100% ← TTEL Hydro Power Company (Pvt) Ltd

Our Position Within the Value Chain

GRI 2-6



Our Estates

GRI 2-6

Bearwell Estate

Total Extent (ha)	424.84
Area in Tea (ha)	321.38
Others (ha)	53.32
Total Cultivated (ha)	374.70
No. of Workers (Nos)	356
Tea Production (Kg)	394,849
Factory Elevation (M)	1,230

Great Western Estate

Total Extent (ha)	628.48
Area in Tea (ha)	387.20
Others (ha)	93.52
Total Cultivated (ha)	480.72
No. of Workers (Nos)	394
Tea Production (Kg)	438,953
Factory Elevation (M)	1,337

Mattakelle Estate

Total Extent (ha)	361.96
Area in Tea (ha)	264.82
Others (ha)	34.45
Total Cultivated (ha)	299.27
No. of Workers (Nos)	476
Tea Production (Kg)	447,313
Factory Elevation (M)	1,412

Wattegoda Estate

Total Extent (ha)	529.89
Area in Tea (ha)	305.40
Others (ha)	107.65
Total Cultivated (ha)	413.05
No. of Workers (Nos)	322
Tea Production (Kg)	447,379
Factory Elevation (M)	1,245

Holyrood Estate

Total Extent (ha)	465.96
Area in Tea (ha)	321.10
Others (ha)	85.40
Total Cultivated (ha)	406. 50
No. of Workers (Nos)	267
Tea Production (Kg)	357,558
Factory Elevation (M)	1,262

Logie Estate

Total Extent (ha)	329.88
Area in Tea (ha)	212.30
Others (ha)	44.12
Total Cultivated (ha)	256.42
No. of Workers (Nos)	145
Tea Production (Kg)	223,872
Factory Elevation (M)	1,222

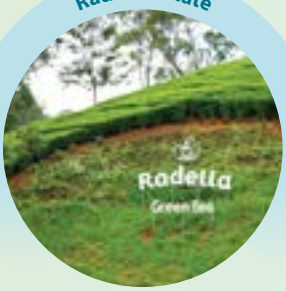
Palmerston Estate

Total Extent (ha)	203.11
Area in Tea (ha)	150.61
Others (ha)	24.75
Total Cultivated (ha)	175.36
No. of Workers (Nos)	124
Tea Production (Kg)	184,394
Factory Elevation (M)	-

Somerset Estate

Total Extent (ha)	456.14
Area in Tea (ha)	324.38
Others (ha)	53.99
Total Cultivated (ha)	378.37
No. of Workers (Nos)	488
Tea Production (Kg)	425,620
Factory Elevation (M)	1,377

Radella Estate



Total Extent (ha)	458.76
Area in Tea (ha)	261.82
Others (ha)	111.98
Total Cultivated (ha)	373.80
No. of Workers (Nos)	RD 304
No. of Workers (Nos)	WO 12
Tea Production (Kg)	394,477
Factory Elevation (M)	RD 1,399
Factory Elevation (M)	WO 1,316

Dessford Estate

Total Extent (ha)	431.99
Area in Tea (ha)	311.38
Others (ha)	38.33
Total Cultivated (ha)	349.71
No. of Workers (Nos)	445
Tea Production (Kg)	344,808
Factory Elevation (M)	1,459

Calsay Estate

Total Extent (ha)	282.25
Area in Tea (ha)	188.23
Others (ha)	36.36
Total Cultivated (ha)	224.59
No. of Workers (Nos)	146
Tea Production (Kg)	192,517
Factory Elevation (M)	1,500

Clarendon Estate

Total Extent (ha)	191.42
Area in Tea (ha)	147.28
Others (ha)	23.66
Total Cultivated (ha)	170.94
No. of Workers (Nos)	100
Tea Production (Kg)	145,494
Factory Elevation (M)	1,548

Kiruwanaganga Estate

Total Extent (ha)	482.71
Area in Tea (ha)	330.16
Others (ha)	17.77
Total Cultivated (ha)	347.93
No. of Workers (Nos)	551
Tea Production with Bought Leaf (Kg)	724,217
Factory Elevation (M)	408

Deniyaya Estate

Total Extent (ha)	578.15
Area in Tea (ha)	213.55
Area in Rubber (ha)	13.35
Others (ha)	134.70
Total Cultivated (ha)	361.60
No. of Workers (Nos)	407
Tea Production with Bought Leaf (Kg)	545,384
Factory Elevation (M)	387

Moragalla Estate

Total Extent (ha)	388.71
Area in Tea (ha)	92.55
Area in Rubber (ha)	99.26
Others (ha)	107.86
Total Cultivated (ha)	299.67
No. of Workers (Nos)	MG 109
No. of Workers (Nos)	PG 08
Tea Production with Bought Leaf (Kg)	167,555
Factory Elevation (M)	MG 40
Factory Elevation (M)	PG 49

Indola Estate

Total Extent (ha)	282.16
Area in Tea (ha)	80.60
Area in Rubber (ha)	77.59
Others (ha)	63.54
Total Cultivated (ha)	221.73
No. of Workers (Nos)	122
Tea Production (Kg)	84,597
Factory Elevation (M)	-

Product Portfolio

GRI 2-6

Tea

TTE's tea range presents premium Black tea, Green tea and artisanal carefully crafted to preserve traditional flavors, delivering a rich taste experience and showcasing the company's commitment to quality and craftsmanship.

Other Crops

Alongside our premium teas, we offer high-quality Ceylon spices including cinnamon, black pepper, cardamom, cloves, turmeric, and additional products like strawberries, coconuts, and rubber. Sourced from trusted estates, they reflect Sri Lanka's rich flavors and heritage.

Value Added

Our value-added tea collection from Talawakelle a showcase of premium, flavourful blends packed with care and creativity. Each pack reflects the richness of Sri Lanka's tea heritage, crafted to deliver an exceptional tea experience

Tea Tourism

Every visit to Talawakelle Tea Estate reveals the soul of Ceylon tea. With each leaf handpicked by experienced hands, we carry forward a tradition worth tasting.

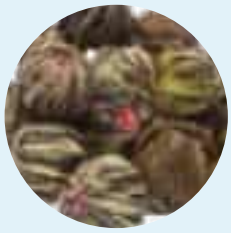
Renewable Energy

TTE Renewable Energy offers sustainable solutions like solar and hydro power, supporting eco-friendly power generation and reducing carbon footprint for a cleaner, greener future.

Black Tea
Orthodox Rotorvane

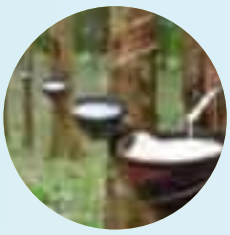
Black Tea
Orthodox Leafy

Green Tea
Steam & Pan Fired



Artisanal Tea

Cinnamon



Rubber

Strawberry

Coconut

Tea Bag Range

Single Garden Range

Tea Gift Collection

Spice Gift Collection

Leisure

Experience Centre

Hydro Power

Solar Power

Our Journey

1992
Incorporated as Talawakelle Plantations Limited

2000
Listed at CSE & were Issued 4Mn ordinary shares

2005
Invested in Mini Hydro Plants in Somerset, Palmerston & Radella

2010
Home for every plantation worker project Initiation

1992 ..... 1999 ..... 2008 2012

Commence

Established in 1992 as a Regional Plantation Company, our organization expanded its horizons significantly in 1998 when Hayleys Plantations Services (Pvt) Ltd acquired controlling interest. This strategic move introduced new opportunities, enhanced capabilities and set the stage for future growth and development within the company.

Stabilizing

Our journey of growth is marked by trailblazing milestones and innovative strides. Notably, in 2000, we listed at CES with 4 million shares, marking our entry into the public eye. In 2001, we set new standards by earning HACCP certification, showcasing our commitment to food safety. We embraced sustainability in 2004 with renewable biomass, reducing our carbon footprint. By 2008, we expanded into Green Tea at Radella Estate and in 2005, we invested in Mini Hydro Plants, all reinforcing our leadership and resilience. Additionally, converting debentures into 3.75 million shares boosted our financial stability.

Thriving

We thrived by enhancing living conditions and prioritizing workforce well-being, demonstrating true environmental and social stewardship. In 2011, Rainforest Alliance certification underscored our commitment to sustainability, while the Presidential Award celebrated our outstanding replanting efforts and land management. Our dedicated actions not only propelled growth but also supported our people, preserved ecosystems and paved the way to industry leadership proving that a thriving company nurtures both people and the planet. In 2010, we became a home for every plantation worker.

2013
First Integrated report Initiated

2018
First Rooftop Solar Power project of Hayleys Plantation sector

2019
Overall Winner-National Business Excellence Awards

2021
1st Plantation Company to Certified as a Great Place to Work

2022
Highest Ever Profit with 73% Revenue Growth

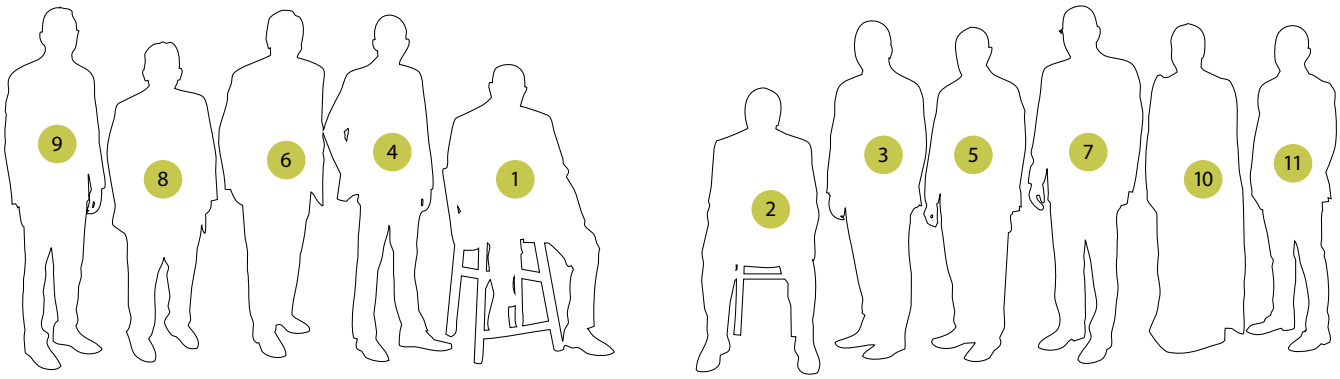
2023
Overall Winner-Best Corporate Citizen Sustainability Award

2024
Kiruwanaganga Tea Factory represents the single highest investment in Sri Lanka's tea sector, boasting modern & state-of-the-art facilities.

2018 2022 2024

Advancing	Elevate	Unparalleled
Our advancing journey is marked by impactful milestones and visionary initiatives. In 2013, we launched our first integrated report, reaffirming transparency and in 2018, we introduced the first rooftop solar project in the plantation sector, championing renewable energy. We also planted one million trees in 2013, demonstrating our commitment to conservation. By adopting advanced technology like electronic scales and web-based monitoring in 2015, along with aligning with UN Global Compact principles, we seamlessly blend sustainability and innovation. These strides propel us towards a resilient, eco-friendly future.	We elevate our journey through innovation and excellence, highlighted by winning the 2019 National Business Excellence Award; the first agriculture company to achieve this honor. We rewarded shareholder trust with our highest-ever dividend and introduced the Block Management concept to optimize operations. Our commitment to employee well-being was further reflected in 2021 when we became the first plantation company certified as a Great Place to Work, underscoring our dedication to a thriving, progressive organization.	Our story exemplifies unparalleled performance, forging holistic, sustainable value through innovative practices. We launched a state-of-the-art tea factory at Kiruwanaganga, unveiled an eco-friendly Glamping Site at Great Western and expanded Somerset Estate's Tea Boutique. As the first plantation company globally to win the prestigious Global Performance & Excellence Award, TTE is among Sri Lanka's most respected. In 2022, we achieved our highest profit with 73% revenue growth. By 2024, we earned 93 awards and was recognized as the 2nd most awarded corporate entity in Sri Lanka by LMD, reaffirming our unwavering commitment to excellence and stakeholder well-being.

Board of Directors



1. **Mr A M Pandithage** - *Chairman - Executive Director*
2. **Mr W G Roshan Rajadurai** - *Managing Director/Executive Director*
3. **Mr S B Alawattegama** - *Chief Executive Officer/Executive Director*
4. **Mr Malik J Fernando** - *Non-Executive Director*
5. **Mr S L Athukorala** - *Non – Executive Director*
6. **Mr J M Kariapperuma** - *Independent Non-Executive Director*
7. **Mr N Ekanayake** - *Senior Independent Non-Executive Director*
8. **Mr M C B Talwatte** - *Independent Non-Executive Director*
9. **Mr J D N Gunasekara** - *Non-Executive Director*
10. **Ms H D K Randiligama** - *Independent Non-Executive Director*
11. **Mr T M Hewagama** - *Non-Executive Director*

Board of Directors

GRI 2-9

1 A M Pandithage

Chairman/Executive Director
Appointed to the Board of Talawakelle Tea Estates PLC in July 2009

Skills and Experience

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

Mr. Pandithage's strategic vision has redefined the growth trajectory of Hayleys, transforming the Group to one of Sri Lanka's most diversified, sustainable and socio-economically impactful enterprises. His foresight in capturing emerging opportunities and driving strategic investments in key industries have significantly enhanced the Group's earnings potential and long-term resilience. Mr. Pandithage is an accomplished industry veteran and respected leader in the field of transportation and logistics, having led the Group's Transportation Sector prior to this appointment as Chairman of the Group. He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport and has been honoured with the prestigious 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. He was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association

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 the Executive Chairman of multiple companies within the Hayleys Group, Mr. Pandithage possesses extensive leadership experience across a broad spectrum of industries.

Other Appointments

He holds the Position of Executive Chairman of Haycarb PLC, Dipped Products PLC, Hayleys Fabric PLC, Singer (Sri Lanka) PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Horana Plantations PLC, Alumex PLC, The Kingsbury PLC and Hayleys Leisure PLC.

He also serves as Non-Executive Director on the Board of Diesel & Motor Engineering PLC.

Key Competencies

- Strategic Leadership
- Global Trade
- Corporate Governance

2 W G Roshan Rajadurai

Managing Director/Executive Director
Appointed to the Board in 2013.

Skills and Experience

Dr. Roshan Rajadurai joined Hayleys Group in 2013 as a member of 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 Chairman of the Consultative Committee on Estates of Tea Research Board. He is a Member of 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, served 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.

Other Appointments

He holds the position of Managing Director at;

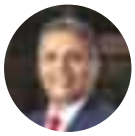
- Kelani Valley Plantations PLC
- Horana Plantations PLC as well

He also serves as a Director of a Hayleys Plantation Services (Pvt) Ltd and our two subsidiary companies;

- TTEL Hydro Power Company (Pvt) Ltd,
- TTEL Somerset Hydro Power Company (Pvt) Ltd.

Key Competencies

- Agriy Business Management
- Sustainability
- Agriculture Policy



3 S B Alawattegama

Chief Executive Officer/Executive Director
Appointed to the Board in 2020.

Skills and Experience

Mr. Alawattegama has 40 years of experience in the Plantation Sector. He joined Sri Lanka State Plantations Corporation as an Assistant Superintendent and after privatization 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 and also, a Fellow Member of the National Institute of Plantation Management.

He serves as;

- Deputy Chairman of - Colombo Tea Traders Association
- Member of the Committee of Ceylon Tea Road Map 2030
- Member of the Executive & Finance Committee of The Planters' Association
- Member of the GI Management Committee of Sri Lanka Tea Board

- He is the immediate past Chairman of the Planters' Association of Ceylon
- Former Board Member of Sri Lanka Tea Board and Rubber Research Institute
- A Committee Member of Management of Estate Staffs' Provident Society

Other Appointments

He also serves as a Director of Hayleys Plantation Services (Pvt) Ltd. and our two subsidiary companies;

- TTEL Hydro Power Company (Pvt) Ltd,
- TTEL Somerset Hydro Power Company (Pvt) Ltd.

Key Competencies

- Operational Leadership
- Human Resource Management
- Plantation Management

4 Malik J Fernando

Non-Executive Director
Appointed to the Board in 1998.

Skills and Experience

Mr. Fernando is a Co-Chairman of MJF Holdings Ltd and Dilmah Ceylon Tea 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 sold in over 100 countries, founded on a passionate commitment to quality and authenticity in tea. Dilmah also a part of a philosophy that goes beyond commerce in seeing business as a matter of human service. 15% of earnings are directed to social justice and the environment.

Mr. Fernando is the Founder and Chairman of Resplendent Ceylon Ltd and MJF Leisure, pioneer Sri Lankan luxury hotel brand Resplendent Ceylon's collection of 5 intimate resorts offer the discriminating traveler 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. Ceylon Tea Trails, Wild Coast Tented Lodge and Cape Weligama are the sole Sri Lankan members of Relais & Chateaux, the global fellowship of individually owned & operated luxury hotels and restaurants. Resplendent recently launched their Reverie collection of small, laid-back properties that embrace slow living.

He is the founder of the Sri Lanka Tourism Alliance. A coalition of private sector leaders in tourism to help with the recovery post the April 2019 attacks. Acknowledged by the reputed Skift travel research organization in the USA as "a case study for a private sector response to a crisis".

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

Other Appointments

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

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

Key Competencies

- Brand Strategy
- Ethical Business
- Luxury Tourism

5 S L Athukorala AC NGC RC RPTC

Non – Executive Director
Appointed to the Board in 2016.

Skills and Experience

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.

Other Appointments

Mr Athukorala who was the Audit Committee Chairman of TTE PLC till 27.12.2024 now serves as member of the committee. He 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).

Key Competencies

- Accounting & Finance
- Corporate Governance
- International Business

6 J M Kariapperuma

Independent Non-Executive Director
Appointed to the Board in 2020.

Skills and Experience

Lt Col J M Kariapperuma has dedicated 36 years to the Plantation Industry, with 30 years in senior management roles within the corporate sector until his retirement in 2020. He served as the Director and Chief Executive Officer of Horana Plantations PLC from December 2013 to March 2020. His experience includes positions as Head of Produce and Marketing at Hapugastenna Plantations PLC and Udapussellawa Plantations PLC, both managed by Finlays Tea Estates Lanka Ltd., as well as Manufacturing Advisor at Balangoda Plantations PLC.

He is commissioned a Lieutenant Colonel in the Sri Lanka Army Volunteer Force as a Professional Officer. He has successfully completed the General Management Programme at the Business School of National University of Singapore.

Board of Directors

Other Appointments

He currently serves as the Director General of BMICH and the Bandaranaike National Memorial Fund.

He has served on the Board of Directors for Vallibel Plantation Management Ltd., Uni-Dil Packaging Ltd and Plantation Human Development Trust.

He also contributed as a Consultant for Sri Lanka Cricket's women's cricket operations and development and served as the Manager of the National Men's Team in 2021, including during the World Cup held in the UAE.

Key Competencies

- Agri Business Management
- Discipline & Governance
- Public Services

7 N Ekanayake CC AC NGC RC RPTC

Senior Independent Non-Executive Director
Appointed to the Board in 2024.

Skills and Experience

Mr. Ekanayake is currently serving as the Chairman/CEO 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 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 and a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka. He is also an alumna of the London Business School UK and IMD Business School in Switzerland.

Other Appointments

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

Key Competencies

- Strategic Finance
- Infrastructure Development
- Board Leadership

8 M C B Talwatte AC NGC RC RPTC

Independent Non-Executive Director
Appointed to the Board in 2024.

Skills and Experience

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

Other Appointments

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.

Key Competencies

- Project Management
- Manufacturing & Engineering
- Cultural Advocacy

9 J D N Gunasekara

Non-Executive Director
Appointed to the Board on 27.12.2024.

Skills and Experience

With over 25 years of progressive experience in Finance and General Management, Mr. Gunasekera has gained significant international exposure. His professional background includes key positions at notable local and multinational companies across diverse sectors, such as FMCG, Retail, Leisure, Tea, Plantations, Financial Services, Renewable Energy and Apparel.

Mr. Gunasekera currently serves as the Group Finance Director of the MJF Group. He began his tenure with the MJF Group in 2015, initially taking on the role of Chief Financial Officer. In October 2020, he was appointed as an Executive Director on the Board of Dilmah Ceylon Tea Company PLC.

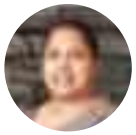
Mr. Gunasekera is a double-qualified Accountant, holding Fellowships from the Chartered Institute of Management Accountants (CIMA) in the UK and the Association of Chartered Certified Accountants (ACCA) in the UK. Additionally, he is a member of the American Institute of Certified Public Accountants (AICPA). He earned his Bachelor of Science degree from the University of Sri Jayewardenepura and has further qualifications in Marketing and various other disciplines.

Other Appointments

Mr. Gunasekera holds directorships on the Boards of several other Public Limited Companies and Private Limited Companies, both in Sri Lanka and overseas. He is also the current Chair of the Integrity and Ethics Committee of the International Chamber of Commerce, Sri Lanka (ICC SL) and serves as a committee member of ICC SL.

Key Competencies

- Finance & Governance
- International Business
- Marketing and Branding



10 H D K Randiligama

Independent Non-Executive Director
Appointed to the Board on 27.12.2024.

Skills and Experience

Ms. Randiligama currently serves as the Group General Manager - Procurement and Inventory Control of Vallibel One PLC.

Ms. Randiligama holds an MBA in Business Administration from the Postgraduate Institute of Management (PIM) in Sri Lanka and a Bachelor's Degree in Business Management specializing in Accountancy from the University of Kelaniya, Sri Lanka. Her career journey began with MAS Holdings - Silueta Pvt Ltd, followed by lead roles at Dialog Axiata PLC and Hayleys-Dipped Products PLC. Her international experience includes roles at Teys Australia, Wesfarmers Industrial & Safety Australia, and EnerSys Australia & New Zealand.

Throughout her career, she spearheaded key process transformation initiatives in the supply chain, including ERP implementations and capability development.

Other Appointments

She also serves as a Board Member on the Board of Investment of Sri Lanka (BOI), Hayleys Leisure PLC and National Apprentice and Industrial Training Authority (NAITA) Sri Lanka.

Key Competencies

- Procurement Strategy
- Organizational Transformation
- Supply Chain Management

11 T M Hewagama

Non-Executive Director
Appointed to the Board on 05.05.2025

Skills and Experience

Mr. Hewagama is a skilled finance professional, currently serving as the Group Chief Financial Officer and a member of the Group Management Committee (GMC) of Hayleys PLC, with responsibility for the Group's Finance & Reporting, Environmental, Social and Governance (ESG), Tax, Risk & Safety and Corporate Secretarial functions among others. He joined Hayleys in 2010 and was appointed to the GMC in 2023 since which time he has contributed actively to the organization's strategic direction and growth aspirations. He has also played a pivotal role in driving the Group's Environmental, Social and Governance (ESG) agenda in line with Hayleys' aspirations of strategically embedding ESG across all aspects of its operations. He has been instrumental in advancing the Group's corporate reporting practices, helping to ensure that the Hayleys PLC's Annual Report continues to set benchmarks in corporate and sustainability reporting.

Mr. Hewagama holds an MBA and BBA (Special) in Finance from the University of Colombo. He is a Member of the CA Sri Lanka.

He has served as a Member of the Corporate Governance Committee of CA Sri Lanka, which was responsible for the formulation of the Code of Best Practice in Corporate Governance 2023.

Other Appointments

Mr. Hewagama was recently appointed to the Boards of Hayleys Leisure PLC and The Kingsbury PLC as a Non-Executive Director and to several fully owned subsidiaries of the Hayleys Group. He also serves as a Board Member of the United Nations Global Compact Network of Sri Lanka.

Key Competencies

- ESG & Sustainability
- Corporate Finance
- Strategic Planning

CC Committee Chairman
AC Audit committee
NGC Nomination & Governance committee
RC Remuneration Committee
RPTC Related Party Transaction Committee

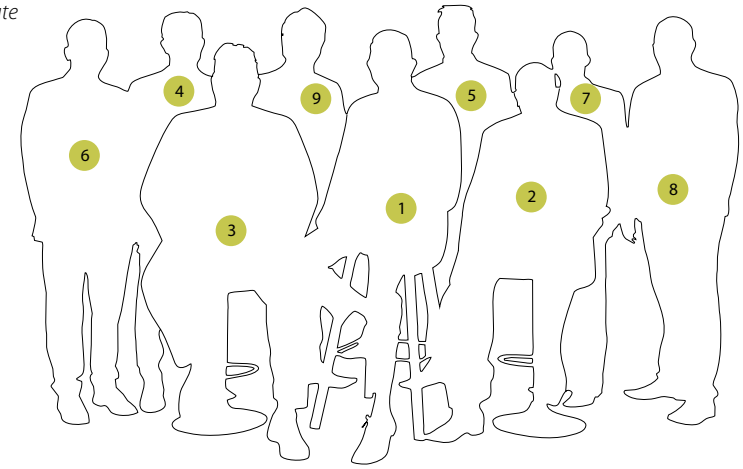
For further details, refer page 207 - 220 under Corporate Governance.

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. **R A K S C Ranagala** - *General Manager - Sustainability & QSD*
5. **Ms. S K Dharmasekara** - *Deputy General Manager - Human Resources*
6. **Mr. M E Suraweera** - *Senior Manager - Management Information Systems*
7. **Mrs. M D Mendis** – *Senior Manager - Accounts*
8. **Mr. Y M S R Yapa** – *Senior Manager – Marketing*
9. **Mr. K W Jayantha** – *Manager - Finance*

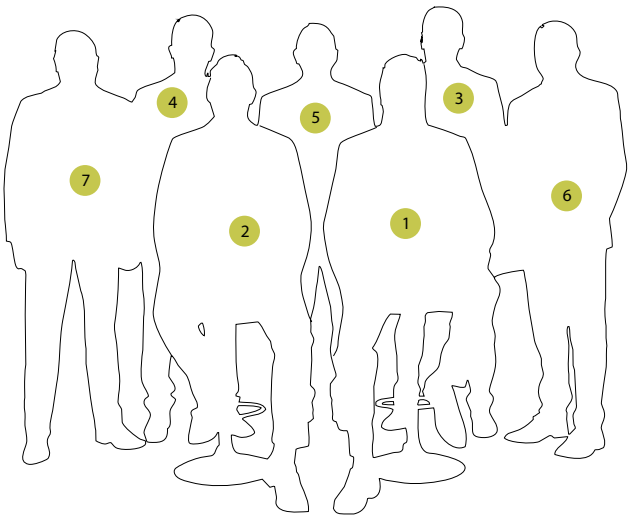
Estate Management

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

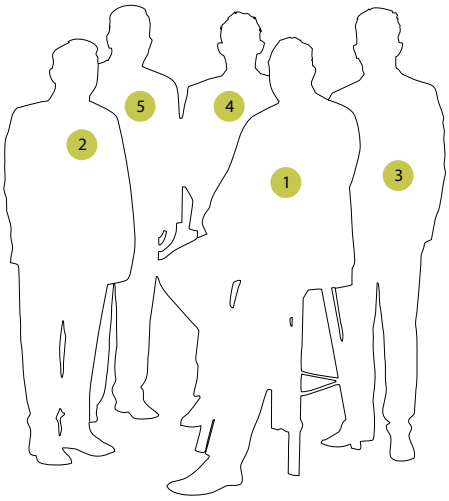


Estate Management

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



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



somerset

Our Approach to Integrated Thinking and Value Creation

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

Integrated Thinking

Understanding Business "Purpose"

"Brewing a Better Future"

Operating Context (Page 51- 60) | Stakeholder Need & Expectations (Page 61- 65) | Risk & Opportunities (Page 198 - 206)

Identifying What Matters Most: Our Double Materiality Lens

Company — Impact Materiality / Financial Materiality — People, Planet & Economy

Our integrated approach identifies key material topics, focusing on sustainability and climate issues. Through stakeholder input and double materiality assessment, we ensure informed, strategic decisions.

Page 66

Integrated Strategy and Resource Allocation

Our strategies, shaped by stakeholder input and double materiality, address key issues and drive long-term resilience. Guided by integrated thinking, we allocate resources across the six capitals to ensure balanced and sustainable value creation aligned with strategic priorities.

Financial Capital | Manufactured Capital | Intellectual Capital | Social & Relationship Capital | Human Capital | Natural Capital

Page 130

Business Activities

Within the global tea industry and plantation sector, we focus on regenerative and sustainable agricultural practices, community engagement, and responsible resource use to ensure long-term value creation. While our core operations remain centered on tea cultivation and processing, we are also expanding into renewable energy and tea tourism emerging sectors that support our commitment to sustainability and diversification.

Renewable Energy

Plantation

Tea Tourism

Page 116

Corporate Governance Through Risk Management

We proactively identify and mitigate risks, with a particular focus on climate-related challenges, while harnessing opportunities for resilience and growth. Pages 198.

A robust corporate governance framework underpins all our actions, ensuring ethical conduct, accountability, and alignment with our core values across every level of operation. Pages 207.

Page 81

Sustainable Value Creation for Organization and Realisation Stakeholder Expectation

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

Page 61

Value Creation Model

OPERATING ENVIRONMENT

Sharing Cost
Jointly investing financial, natural, human, intellectual, manufactured, and social capitals across operations and communities.

Values Added by Organisation
Leveraging integrated management systems to produce premium teas, renewable energy, and immersive tea-tourism services.

INPUT

Society | Organisation

Financial Capital
Equity based pool of funds that fuel our growth
- Rs. 7102.32 Mn Equity
- Rs. 491.44 Mn Debt

Manufactured Capital
Advanced factories and tech enable high-quality, efficient manufacturing.
- 16 Estates & 15 Factories
- 06 No of Rooftop Solar Unit
- 03 No of Hydro Power Plant
- Glamping and Experience centers

Intellectual Capital
Intangible knowledge assets shape future earnings and competitiveness.
- Number 1 RPC National
- Standardisation & certifications for 7 management systems
- Brand Value
- Digital infrastructure

Social & Relationship Capital
Robust relationships build reputation, trust with stakeholders.
- 05 No. of brokers
- 17% Bought leaf
- Investment in Community Development Rs. Mn. 119

Human Capital
We enhance asset value via collective knowledge and skills.
- Knowledge, skills & abilities of 5,247 employees
- Average training hours per employee 1.91 hrs
- Experience and diverse management

Natural Capital
To protect and improve for greener tomorrow
- Rs. 58 Mn Environmental investment
- 20,223 MT Renewable Material use
- 217,833 Gj Energy consumption
- Number of Tree Planted 441,571

REDEPLOYED

VALUE CREATION

VISION

Our Purpose
"Brewing a Better Future"

MISSION

Operational Excellence

Strategies and Resource Allocation

Energy Management System (EnMS) | **Management System** | GHG Emission Management System

Nurturing Our People | Good Agriculture Practices (GAP) | Food Safety Management System (FSMS) | Winning with the Customer | Quality Management System (QMS)

Food Safety Management System (FSMS) | Human Resource Management System (HRMS) | Environmental Stewardship & Climate Action | Business Diversification

At TTE, our purpose drives us to weave sustainability into every fiber of our value-creation journey harnessing regenerative agricultural practices, renewable energy innovations, and immersive tea plantation with tea tourism experiences to safeguard natural capital, uplift local communities, and deliver enduring value for our organization and all stakeholders.

OUTPUT

5,283 MT Black Tea	**236 MT** Green Tea	**Rs. 7.8 Bn** Revenue Generation	**23,431 tCO2e** Emission
47.3 MT Rubber	**8,644,491 kWh** Renewable Electricity Generation	**10.4 MT** Cinnamon	**225 MT** Waste

OUTLOOK Page 193

Internal Environment Factors — Corporate Governance Page 207 - 220

Micro Environment Factors — Risk & Opportunity Management Page 198 - 206

Macro Environment Factors — The Future Navigator (Sustainable Business Agenda) Page 74 - 77

Share of Value
Equitably distributing financial returns, community investments, employee welfare, supplier benefits, and environmental stewardship outcomes.

OUTCOMES

	ORGANISATION	SOCIETY	TRADE-OFF
Financial Capital	• Appreciation of share Prices 22.42% (S +) • Decreased of Profit Before Tax (PBT) by 17.06% (S −) • Sustainable financial growth & stability (S M L +)		**With Human Capital -** Wage and benefit payments improve employee loyalty but increase short-term costs. **With Social & Relationship Capital -** Timely payments to suppliers enhance relationships but require maintaining liquidity. Page 130
Manufactured Capital	• Increased production efficiencies (M +) • Premium quality products (S M L +)		**With Financial Capital -** High capital expenditure for machinery and factory upgrades impacting short-term finances. **With Natural Capital -** Sustainable practices in manufacturing reduce environmental impact, ensuring long-term operational sustainability. Page 138
Intellectual Capital	• New Specialty Grades 4 (S M L +) • Awards won 93 (S M +) • Opportunities for value addition (S M L +)		**With Financial 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 Page 144
Social & Relationship Capital	• Customer satisfaction rate of 92% (S M +) • Community development (S M L +)		**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 Page 152
Human Capital	• Employee satisfaction 99% (S M +) • Enhanced quality of life of employees (S M L +)		**With Financial Capital -** Significant financial outflows for training and benefits to improve long-term productivity and loyalty. **With Natural Capital -** Enhancing community well-being and social cohesion ensures stable labour supply Page 164
Natural Capital	• Biodiversity preservation (S M L +) • Energy consumption Increased by 2.43% (S M −)		**With Financial Capital -** Short-term costs for sustainable practices ensuring long-term environmental and economic benefits. **With Natural Capital -** Employment opportunities in sustainable projects improve workforce stability and skills Page 178

Shared Values / Strategy / Structures / Systems / Skills / Management style / Corporate Culture / Employee

Suppliers / Customers / Competitors / Subsidiaries

Political / Economic / Social / Technological / Environmental / Legal

S Short Term | M Medium Term | L Long Term | + Value Created | − Value Eroded | Value Preserved

Integrated Capital Position Statement

+ Value Created − Value Eroded Value Preserved

	Capital Performance Metrics	Value derived as at 01st April 2024	Value derived as at 31st March 2025	Growth in value Created	Approach to Manage Finance Capital
Financial Capital	Total Equity (Rs. Mn)	6,369.54	7,102.32	11.50% +	Plan, budget, and carefully manage financial capital to ensure sufficient resources are allocated efficiently and effectively to create sustainable value
	Total Debt (Rs. Mn)	448.23	491.44	9.64% +	
	Earning per Share (Rs.)	34.63	26.00	(8.63) −	
	Net Asset per Share (Rs.)	134.10	149.52	15.42 +	
	Net Cash Generated from Operation (Rs. Mn)	1,997.12	1,512.93	-24.24% −	
	Return on Capital Employeed (ROCE) (%)	23.05	19.14	-16.96% +	

	Capital Performance Metrics	Value derived as at 01st April 2024	Value derived as at 31st March 2025	Growth in value Created	Approach to Manage Manufactured Capital
Manufactured Capital	Number of Factories in Operation	15.00	15.00	-	Strategically planned capex paving the way for organic growth, fortifying the brand for premium quality teas thereby, securing sustainable value creation
	Production Capacity (Made tea KG, per year)	7,412,000	7,412,000	-	
	Total Mature/Immature Cultivated Hecterage - Tea	3,925.04	3,912.76	-0.31% −	
	Total Mature/Immature Cultivated Hecterage - Other Crops	1,164.78	1,221.60	2.30% +	
	Investment in Capital Expenditure (Rs. Mn)	496.71	633.60	27.56% +	
	Number of Tea Boutiques	4	4	-	

	Capital Performance Metrics	Value derived as at 01st April 2024	Value derived as at 31st March 2025	Growth in value Created	Approach to Manage Intellectual Capital
Intellectual Capital	Number of Certifications	13	14	1.00 +	Reinforcing and leveraging our intangible asset base, accentuating our capabilities, brand equity and our competitiveness for sustainable value creation
	Number of New Brands	2	3	1.00 +	
	R&D Centers (Nos.)	0	1	1.00 +	
	Specialty Tea Grades Introduced	6	4	4.00 +	
	Top Price Ranking (Nos.)	232	223	(9.00) −	
	ESG Rating and Score	97% / AA	97% / AA	-	

	Capital Performance Metrics	Value derived as at 01st April 2024	Value derived as at 31st March 2025	Growth in value Created	Approach to Manage Social & Relationship Capital
Social & Relationship Capital	Number of Buyers	318	238	-80.00 −	Leveraging on strong, engaged and sustainable relationships with buyers, brokers and customers, suppliers and estate communities to create and optimise shared value
	Investment in Local Community Development (Rs. Mn)	103.60	119.00	14.86% +	
	Customer Satisfaction Rate (%)	86	92	6.98% +	
	Number of Approved Suppliers	2,288	2,157	-5.73% −	
	Value Shared to Government (Rs. Mn)	409.56	543.25	32.64% +	
	Value Shared to Employees (Rs. Mn)	3,683.90	3,712.29	0.77% +	

	Capital Performance Metrics	Value derived as at 01st April 2024	Value derived as at 31st March 2025	Growth in value Created	Approach to Manage Human Capital
Human Capital	Number of Employees	4,284	5247	22.48% +	Innovative, creative and positive work environment with skilled, empowered and motivated employees to optimise value creation
	Employee Turnover Rate (%)	11	3.4	(69.09%) +	
	Employee Retention Rate (%)	89	96.6	8.54% +	
	Employees Trust Index (%)	99	99	-	
	% of Women in Workforce	57.80%	53.54%	-7.37% −	
	% of Unionised Workforce	98%	98%	-	

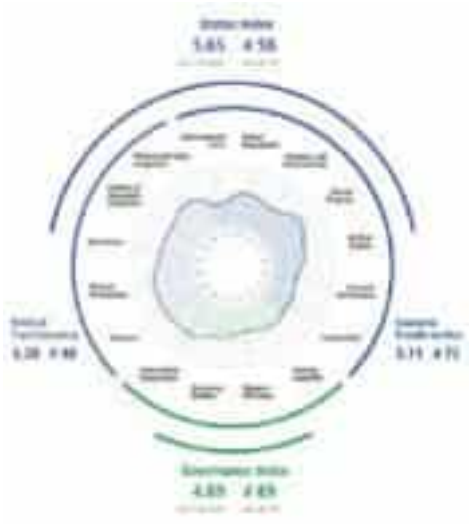
	Capital Performance Metrics	Value derived as at 01st April 2024	Value derived as at 31st March 2025	Growth in value Created	Approach to Manage Natural Capital
Natural Capital	Area Under Conservation (ha)	8.74	2	(6.74) −	Implementing an effective environmental management framework to build, conserve and protect natural capital, thus ensuring sustainable value creation
	Investment in Environment Related Initiative (Rs. Mn)	46.8	58.3	24.57% +	
	Number of Tree Planted	213,139	441,571	107.18% +	
	Solar Power Generation Capacity (kWp)	599.43	819.86	36.77% +	
	Hydro Power Generation Capacity (MW)	2.1	2.1	-	
	Waste Recycled (Kg)	5,159	1,823	-64.66% −	

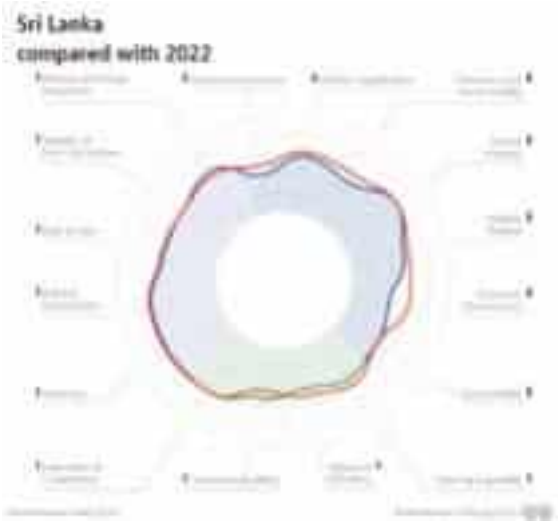
Operating Environment

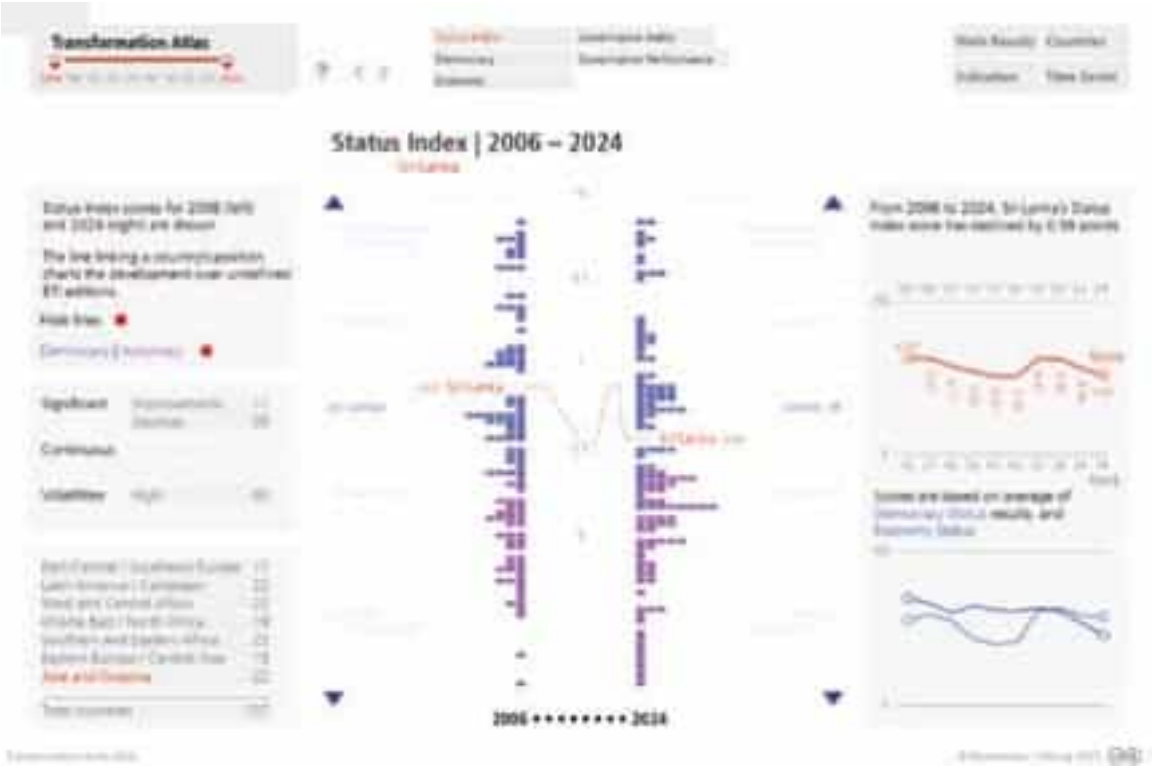
Sri Lanka's economy displayed signs of notable recovery in 2024 after experiencing its most severe crisis since independence. The Central Bank of Sri Lanka reported a 5.2% GDP growth in the third quarter of the year. Simultaneously, inflation saw a significant decrease, reaching -2.1% year-on-year. The nation's foreign reserves are also projected to increase, reaching USD 8.7 billion by 2026, according to the Central Bank's forecasts. This improved macroeconomic stability, partially attributed to successful debt restructuring efforts, led Fitch Ratings to upgrade Sri Lanka's rating to 'CCC+'.

Despite these positive economic indicators, challenges remain. The Bertelsmann Transformation Index (BTI) 2024 report underscores persistent governance issues, including weakened institutional trust and ongoing social unrest rooted in past policy failures. This complex environment necessitates a strategic approach from businesses operating within the country.

In response, TTE PLC adopting strategies focused on resilience, sustainability and innovation. This approach aligns with global trends and addresses stakeholder expectations, acknowledging the need for long-term growth alongside responsible and ethical business practices in a recovering but still vulnerable Sri Lankan economy. This proactive approach demonstrates a commitment to navigating the existing challenges and contributing to a more stable and prosperous future for the nation.







Operating Environment

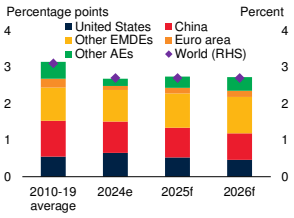
Political

Geopolitical Turmoil Weighs Down Global Trade Flows

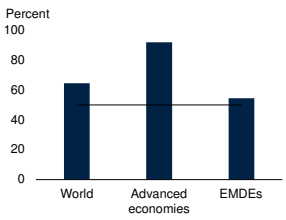
In 2024, escalating geopolitical tensions contributed significantly to the global economic slowdown, with growth decelerating to 2.4%. The prolonged Russia–Ukraine war continued to disrupt energy and agricultural markets, driving price volatility and weakening external demand, particularly in the Euro Area. Simultaneously, tensions in the Middle East marked by intermittent conflict fueled oil price instability and logistical delays. The intensifying US-China strategic rivalry, especially over technology and trade controls, further dampened global investment sentiment and strained supply chains. These overlapping crises also weighed heavily on global trade, which remained subdued due to heightened policy uncertainty, trade fragmentation and shifting supply chains. Together, these factors heightened inflationary pressures, constrained cross-border flows and undermined consumer and business confidence reinforcing a broader deceleration in global economic activity.

Against this backdrop advanced economies registered a further growth deceleration in 2024, with projections indicating a slowdown to 1.2% from 1.5% in the previous year, while emerging market and developing economies (EMDEs) showed an expansion of 3.9%.

A. Contributions to global growth



B. Share of economies with average trade growth in 2025-26 lower than in 2010-19



Source: Global Economic Prospects - Jan 2025 (World Bank)

Impact to TTE

The 2024 global slowdown has challenged Talawakelle Tea Estates PLC through subdued international trade and supply chain disruptions, mainly affecting exports to Europe, North America, and other key markets. However, demand for Ceylon tea remained steady in traditional markets like Iraq, Russia, the UAE, and Turkey, with notable growth in the Middle East, North Africa and parts of Europe and Asia, supported by its strong reputation. Additionally, increased tourist inbound, especially from China and Europe, boosted tea tourism. While broader economic pressures persist, these regional demand improvements and tourism recovery offer some resilience for the company's performance.

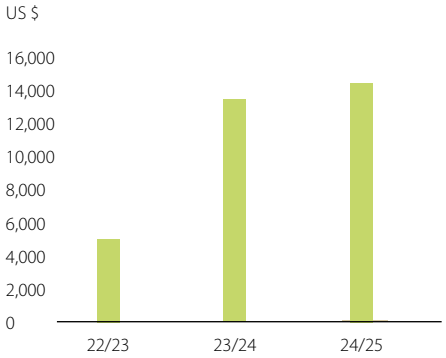
BR1
FR1
FR2

Impact on Value Creation Activities

Main Segments	Impact			Period		
	High	Medium	Low	Short	Medium	Long
Plantation	☑			☑	☑	☑
Tea Tourism			☑		☑	
Renewable Energy		☑			☑	

CRR4
SRO2

TTE Tea Export Value



Outlook and Prospects for 2025 and Beyond

The global geopolitical landscape in 2025 will be marked by intensifying rivalries, shifting alliances, and growing protectionism. The strategic competition between the United States and China is expected to deepen, particularly around technology and trade controls, driving supply chain reconfigurations and contributing to global economic uncertainty. Meanwhile, the emergence and consolidation of new geopolitical blocs such as BRICS+ and Weimar+ indicate a rebalancing of global power and influence which will also likely be accompanied by a resurgence in protectionist trade policies, as countries seek to shield domestic industries through tariffs and trade barriers, undermining the multilateral trading system.

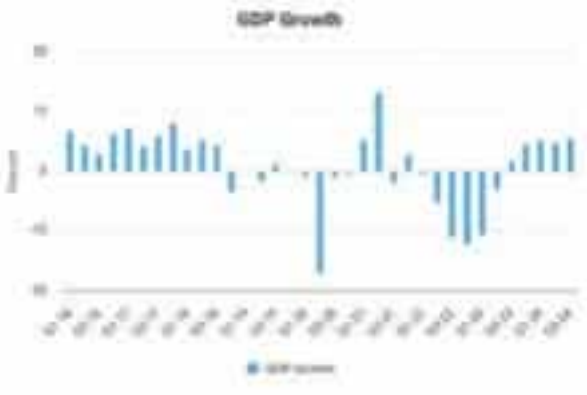
These developments will have direct implications for the global tea industry, including the demand for Ceylon tea. Supply chain disruptions, driven by both conflict-related risks and logistical inefficiencies, will affect the timely and cost-effective movement of tea across borders. Rising geopolitical risks and trade fragmentation will also complicate market access, especially for countries that rely heavily on exports. Exporters will need to recalibrate their strategies, diversifying into emerging or politically stable markets to maintain sales volumes.

TTE Resilience

Economic

The Sri Lankan Economy Stages a Strong Comeback

In 2024, Sri Lanka's economy experienced a strong recovery, achieving a real GDP growth of 5%, the highest in seven years and well above the Central Bank's estimate of 3%. Key drivers included a rebound in the industrial sector supported by improved energy supply and rising domestic demand and a revitalised tourism industry. The services sector, especially information technology and business process outsourcing, also grew. Also credited for the economic resurgence is the IMF programme initiated in early 2023 and the successful completion of a $25 billion debt restructuring by the end of 2024.



Source: Annual Economic Review (CSBL)

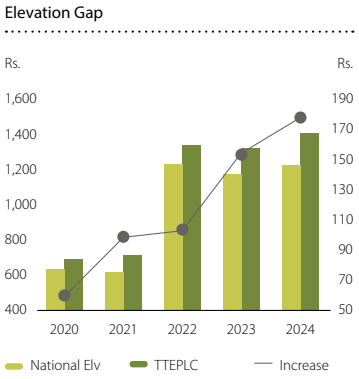
Impact to TTE

TTE achieved an average price increase of Rs. 112/kg over the previous year at the Colombo Tea Auction. National Western High Grown prices rose from Rs. 1,123.01/kg in 2023 to Rs. 1,189.14/kg in 2024, while TTE's high-grown GSA increased from Rs. 1,303.61/kg to Rs. 1,374.48/kg, maintaining a premium of Rs. 185.34/kg over national levels. TTE's low-grown GSA rose from Rs. 1,399.33/kg to Rs. 1,483.46/kg, surpassing the national low-grown price of Rs. 1,317.05/kg by Rs. 166.41. The company set a record overall gross sale average, increasing from Rs. 1,326.06/kg in 2023 to Rs. 1,403.74/kg in 2024, which was Rs. 178.57 above the national average of Rs. 1,225.17/kg. Despite a crop decline, TTE retained its #1 position nationally and in both high-grown and low-grown categories, with six of its marks ranked among the top ten.

BR2

Impact on Value Creation Activities

Main Segments	Impact			Period		
	High	Medium	Low	Short	Medium	Long
Plantation			☑		☑	
Tea Tourism		☑			☑	
Renewable Energy			☑		☑	



Interest Rates on the Decline

In 2024, the Central Bank of Sri Lanka (CBSL) undertook significant reforms to its monetary policy framework, transitioning from a dual policy rate system to a single policy interest rate mechanism. Effective 27 November 2024, the CBSL introduced the Overnight Policy Rate (OPR) set at 8.00%, replacing the previous Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR). This shift aimed to enhance the clarity and effectiveness of monetary policy communication and transmission under the Flexible Inflation Targeting (FIT) framework.

The adoption of the OPR facilitated a more streamlined approach to signalling the CBSL's monetary policy stance, contributing to improved market predictability and investor confidence.

Impact to TTE

The 2024 global slowdown has challenged Talawakelle Tea Estates PLC through subdued international trade and supply chain disruptions, mainly affecting exports to Europe, North America, and other key markets. However, demand for Ceylon tea remained steady in traditional markets like Iraq, Russia, the UAE, and Turkey, with notable growth in the Middle East, North Africa and parts of Europe and Asia, supported by its strong reputation. Additionally, increased tourist inbound, especially from China and Europe, boosted tea tourism. While broader economic pressures persist, these regional demand improvements and tourism recovery offer some resilience for the company's performance.

Operating Environment

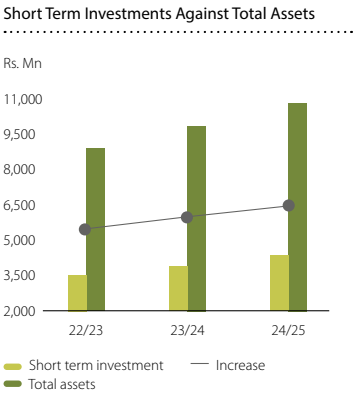
Economic

Source: Annual Economic Review (CSBL)

FR3

Impact on Value Creation Activities

Main Segments	Impact			Period		
	High	Medium	Low	Short	Medium	Long
Plantation		☑		☑	☑	☑
Tea Tourism			☑		☑	
Renewable Energy			☑		☑	



Inflationary Conditions Continue to Ease

Inflationary pressures, which had significantly strained the economy in recent years, declined sharply in 2024. After peaking at 64% in 2022, inflation gradually eased through 2023, reaching a low of 0.5% by August 2024. By December, the economy recorded mild deflation at -1.7%, reflecting a substantial reduction in consumer price pressures. This sharp downturn in inflation was supported by a stable exchange rate, improved supply chain conditions, tighter monetary policy by the Central Bank, and a decline in global commodity prices.

Source: Annual Economic Review (CSBL)

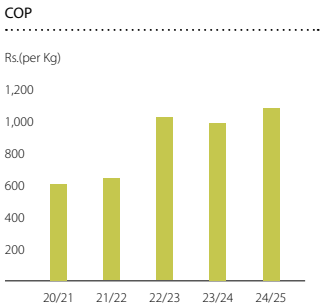
Impact to TTE

BR4

As inflation eases, TTE PLC stands to benefit from lower input costs (e.g., fertilizers and fuel), improving operational margins in the short to medium term. This could lead to cost savings and enhanced profitability, assuming tea prices remain stable. However, reduced inflation may also bring lower output prices, depending on global demand trends. The company's impact will largely depend on effective cost management and market conditions. In the medium term, improved cash flow could support reinvestment in quality and sustainability initiatives, though climate and market fluctuations will continue to influence overall performance.

Impact on Value Creation Activities

Main Segments	Impact			Period		
	High	Medium	Low	Short	Medium	Long
Plantation		☑		☑	☑	
Tea Tourism	☑			☑		
Renewable Energy			☑		☑	☑



Economic

LKR Strengthens against the USD	Impact to TTE	
In 2024, the LKR exhibited notable stability and modest appreciation against the US Dollar (USD), reflecting improved macroeconomic fundamentals and effective monetary policy. The average exchange rate for the year was approximately LKR 300.89 per USD, strengthening from an average of LKR 333.91 per USD in 2023. The LKR reached its strongest level of the year at LKR 289.87 per USD in December 2024, compared to a peak of LKR 367.82 per USD in January 2023.	The notable stability and modest appreciation of the Sri Lankan Rupee (LKR) against the US Dollar in 2024 had a mixed but largely positive impact on TTE. On one hand, the stronger LKR reduced the cost of imported inputs such as fertilizer, packaging materials, and machinery, contributing to better cost efficiency. On the other hand, currency appreciation negatively affected export revenue when converted to local currency. However, TTE's ability to command premium prices at the Colombo Tea Auction helped mitigate this effect.	FR4

Source: Annual Economic Review (CSBL)

Impact on Value Creation Activities

Main Segments	Impact			Period		
	High	Medium	Low	Short	Medium	Long
Plantation		☑		☑	☑	
Tea Tourism	☑				☑	☑
Renewable Energy			☑		☑	☑

Outlook and Prospects for 2025 and Beyond

The Sri Lankan economy is projected to continue its recovery trajectory in 2025, building upon the robust 5% GDP growth achieved in 2024. This positive outlook is underpinned by restored macroeconomic stability and the gradual dissipation of domestic uncertainties. The CBSL anticipates that inflation will stabilise at a rate of around 5% by mid-2025 supported by continued easing of monetary conditions to encourage investment, stimulate consumer spending, and boost aggregate demand.

Accordingly, interest rates are likely to remain at their current level of 8% in the first half of 2025, before being gradually adjusted depending on inflation dynamics and fiscal developments. Additionally, the LKR is expected to remain broadly stable in 2025, supported by stronger external sector performance, increased foreign inflows, and a sustained build-up of foreign reserves. Modest appreciation pressures may persist if global commodity prices remain soft and domestic confidence continues to improve.

TTE Resilience

Operating Environment

Social

Labour Force Dynamics Continue to Fluctuate	Impact to TTE	
The labour force participation rate (LFPR) was estimated at 47.4%, reflecting a slight decline from 48.6% in 2023. This decrease highlights ongoing challenges in engaging a larger portion of the working-age population in economic activities. Female participation in the labor force remained significantly lower than male participation, continuing to be a key challenge for the country. Despite some improvements, female labor force participation remains well below the overall average, underscoring the need for greater gender inclusivity and targeted policies to encourage more women to enter and remain in the workforce. The unemployment rate improved modestly, falling to 4.4% in 2024 from 4.7% in the previous year, indicating a gradual increase in employment opportunities. Employment distribution across sectors showed that agriculture accounted for 26.4% of jobs, industry for 25.4%, and services for 48.3%. This data points to a continuing shift towards a more service-oriented economy, with nearly half the workforce employed in the services sector.	TTE faces significant challenges in accessing labour due to fluctuations in Sri Lanka's labor force dynamics. With the overall labour force participation rate declining, the pool of available and willing workers is shrinking. Additionally, societal and economic barriers that contribute to lower female workforce participation also limits TTE's ability to attract new workers, while competition from other sectors offering better wages or working conditions may pull potential labor away. These dynamics are further complicated by economic pressures, such as rising wage demands and living costs, which can increase labor turnover or absenteeism.	SRR1

Table 1.5: Household Population, Labour Force and Labour Force Participation (a)

Item	2023	2024 (b)
Household Population -000 Persons	17,356	17,551 (c)
Labour Force '000 Persons	8,428	8,316
Employed	8,013	7,945 (c)
Unemployed	399	367 (c)
Unemployment Rate	4.7	4.4
Male	2.6	n.a.
Female	7.0	n.a.
Labour Force Participation Rate (d)	48.6	47.4
Male	68.6	n.a.
Female	31.3	n.a.

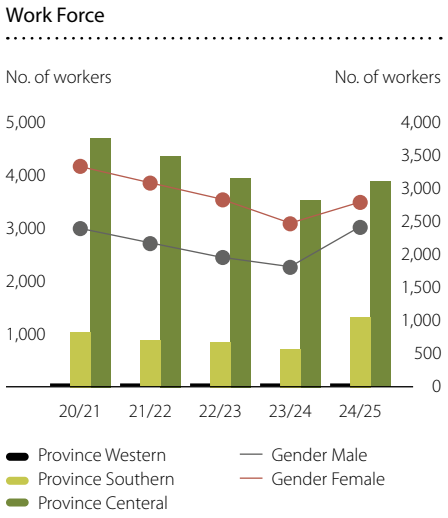
(a) Household population aged 10 years and above
(b) Average during the year
(c) These values are derived from the economic information as at 30 March 2025, and values may differ from the statistics published by DCS on a later date
(d) Labour Force as a percentage of household population
n.a. - not available

Source: Department of Census and Statistics

Source: Annual Economic Review (CSBL)

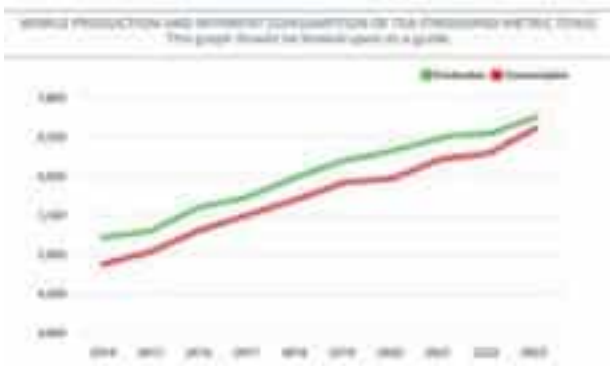
Impact on Value Creation Activities

Main Segments	Impact			Period		
	High	Medium	Low	Short	Medium	Long
Plantation	☑			☑	☑	☑
Tea Tourism		☑		☑	☑	
Renewable Energy			☑		☑	☑



Social

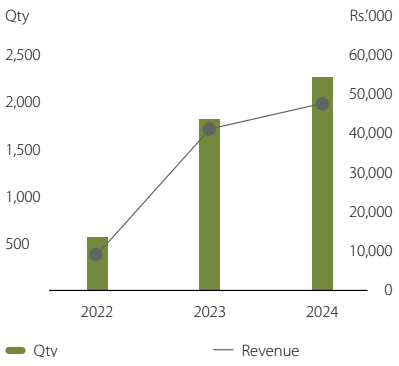
Growing Consumer Preference for premium and ethically sourced Teas	Impact to TTE	
A notable trend in the global tea market has been the increasing consumer preference for premium and ethically sourced teas. More consumers are seeking high-quality products that offer unique flavor profiles and are produced with transparency, fairness, and environmental responsibility. This shift reflects a broader awareness around sustainable agriculture, fair trade practices, and the social impact of their purchases. As a result, teas certified by recognized ethical standards or sourced from plantations with strong commitments to social and environmental stewardship are gaining significant market traction. Simultaneously, there appears to be a growing interest in health and wellness beverages worldwide, driven by consumers' growing focus on holistic health, natural ingredients, and functional benefits. Tea, with its antioxidants, calming properties, and variety of health-promoting compounds, fits perfectly into this trend. Consumers increasingly favour teas that claim benefits such as boosting immunity, aiding digestion, or reducing stress. This has led to a diversification of tea products, including blends infused with herbs, botanicals, and superfoods, catering to the wellness-oriented segment of the market.	TTE's commitment to ethical sourcing and sustainability, can attract conscientious consumers who prioritise transparency and social responsibility, opening up new market opportunities. Additionally, the growing popularity of health and wellness beverages creates scope for TTE to innovate its product portfolio by introducing specialty blends and functional teas that cater to health-conscious consumers.	SRR2 SRO2



Impact on Value Creation Activities

Main Segments	Impact			Period		
	High	Medium	Low	Short	Medium	Long
Plantation		☑			☑	☑
Tea Tourism		☑			☑	☑
Renewable Energy			☑			☑

TTE Special Tea Qty



Outlook and Prospects for 2025 and Beyond

Sri Lanka's labour market in 2025 is expected to face continued challenges, particularly in sectors like agriculture and manufacturing, which are heavily dependent on a predominantly female workforce. The labor force participation rate remains low, and female participation is notably below regional averages, indicating a persistent gender gap in employment.

Meanwhile consumer behaviour will also continue to evolve with the demand for affordable and health-focused teas expected to rise, particularly in emerging economies.

TTE Resilience

Operating Environment

Technology

Smart Tools are Shaping Agriculture

The agricultural sector experienced a significant transformation through the adoption of smart tools and technologies, collectively known as Smart Farming or Agriculture 4.0. These innovations are reshaping farming practices by integrating advanced technologies to enhance productivity, sustainability, and efficiency.

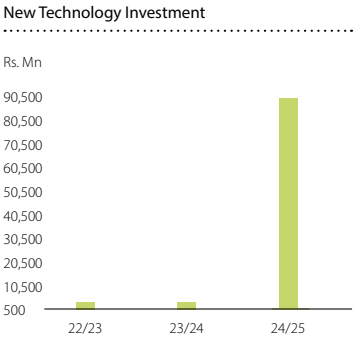
Impact to TTE

As an early adopter of smart agricultural technologies, TTE stands to gain significant competitive advantages. By integrating precision agriculture tools, IoT sensors, and data-driven decision-making platforms, TTE can optimize crop management, improve yield quality, and reduce input costs. The use of AI-powered analytics enhances operational efficiency and allows TTE to better predict and manage pest, disease, and climate risks, thereby minimising crop losses.

CRR8
CRO3

Impact on Value Creation Activities

Main Segments	Impact			Period		
	High	Medium	Low	Short	Medium	Long
Plantation		☑			☑	☑
Tea Tourism		☑			☑	
Renewable Energy		☑				☑



Outlook and Prospects for 2025 and Beyond

Precision farming tools, including IoT sensors, drones, and AI-powered monitoring systems, will become increasingly accessible and affordable, enabling farmers to optimize resource use, improve crop yields, and reduce environmental impact. As climate change continues to challenge traditional farming methods, smart agriculture will play a crucial role in enhancing resilience through real-time soil, weather, and plant health data.

Over time, the integration of blockchain for supply chain transparency and machine learning for predictive analytics will reshape agricultural value chains, promoting quality, traceability, and consumer trust.

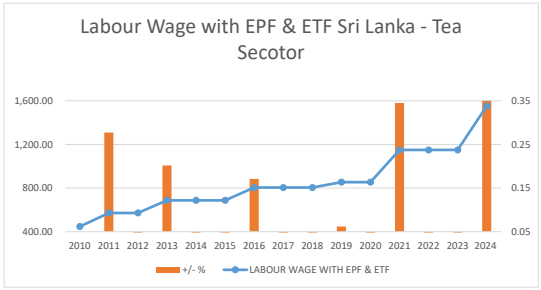
TTE Resilience

Legal

Plantation Sector hit with a 70% wage Hike	Impact to TTE	
In May 2024, Sri Lanka's government mandated a 70% wage increase for plantation workers, raising daily pay from Rs. 1,000 to Rs. 1,700. This decision has been met with strong opposition from the tea industry, which argues that the hike will elevate production costs by 45%, making Sri Lankan tea less competitive globally and impacting essential dollar earnings. The Planters' Association of Ceylon (PAoC) has criticised the wage increase, citing significant rises in the costs of fertiliser, fuel, and power. They argue that the decision was made without proper consultation and could lead to a decline in the quality of Ceylon Tea. Moreover, the industry faces significant additional burdens, with the wage hike imposing an extra Rs. 35 billion in costs.	The 70% wage hike imposed on plantation workers in 2024 presented significant challenges for TTE, given its reliance on a largely female workforce in tea cultivation. This sharp increase in labour costs will substantially raise TTE's production expenses, squeezing profit margins and potentially impacting overall competitiveness in the global tea market. As TTE operates in a highly price-sensitive industry, these elevated costs may make it difficult to maintain export volumes or pricing advantages without passing some costs onto buyers, which could reduce demand. Moreover, the wage hike comes amid existing pressures such as fluctuating labour availability and rising input costs, compounding operational risks. While higher wages might improve worker morale and retention, the sudden cost shock could force TTE to re-evaluate its cost structures, invest further in mechanisation or smart agriculture to offset labor costs.	BR3 SRR1

Impact on Value Creation Activities

Main Segments	Impact			Period		
	High	Medium	Low	Short	Medium	Long
Plantation	☑			☑	☑	
Tea Tourism		☑		☑	☑	
Renewable Energy			☑			☑



Outlook and Prospects for 2025 and Beyond

Despite months of negotiations, the government has enforced the new wage rates, threatening to take over plantation companies that refuse to comply. This move raises concerns about the long-term sustainability of the plantation sector and its ability to maintain its position in the global tea market.

TTE Resilience

Operating Environment

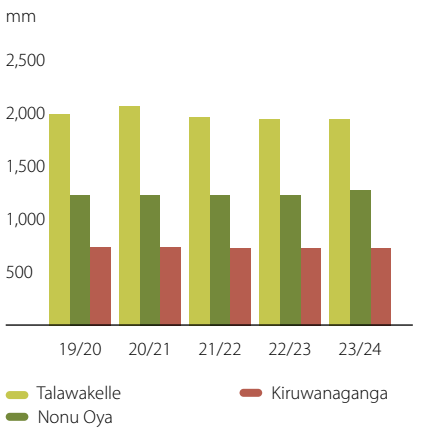
Environmental

Weather Related Disruptions Continue to Hamper Sri Lanka's Agricultural Output

Sri Lanka's agricultural sector came under significant strain due to the escalating impacts of climate change. One of the most disruptive factors was the El Niño event, which contributed to erratic weather patterns, including prolonged droughts and unpredictable rainfall.

In response, the government has intensified its focus on climate adaptation by promoting climate-resilient crop varieties, improving access to efficient irrigation systems, and enhancing early warning mechanisms to help farmers better prepare for weather extremes. While these efforts mark a positive step, their success hinges on sustained investment, cross-sector collaboration, and community-level engagement to strengthen the long-term resilience of Sri Lanka's agricultural.

Rainfall



Impact to TTE

TTE recorded yield per Hectare (kgs/hec/annum) of 1268, signaLling a drop from 1366 in FY 2023/24. Consequently, TTE's total crop declined from 5.72 Mn kg in 2023/24 to 5.52 Mn kg in 2024/25, a drop of 3.5%, largely attributed to weather-related disruptions in the high-grown regions.

High-grown crop volumes decreased significantly from 4.46 Mn kg in 2023/24 to 3.99 Mn kg in the current year, reflecting a decline of 10.5%.

Impact on Value Creation Activities

Main Segments	Impact			Period		
	High	Medium	Low	Short	Medium	Long
Plantation	☑			☑	☑	
Tea Tourism		☑			☑	☑
Renewable Energy		☑				☑

Tea Production

CRR2
CRR5
CRR6
CRR7
CRR8

Outlook and Prospects for 2025 and Beyond

Climate change presents both challenges and opportunities for Sri Lanka's agriculture sector. Variability in rainfall patterns and rising temperatures will likely exacerbate the frequency and intensity of extreme weather events such as droughts, floods, and storms. These disruptions are expected to further strain water resources resulting in reduced crop productivity.

However, the growing recognition of these risks has prompted a stronger policy and institutional response. The government is expected to accelerate the implementation of climate-resilient agricultural strategie, while international development partners are also anticipated to play a more active role in financing and supporting capacity-building efforts to equip farmers with the knowledge and tools to adapt, including digital agriculture and climate-smart technologies such as precision farming, soil health monitoring, and AI-powered weather forecasting. These tools will help optimize input use, reduce crop loss, and enhance farm-level decision-making.

TTE Resilience

Stakeholder Engagement

GRI 2-29

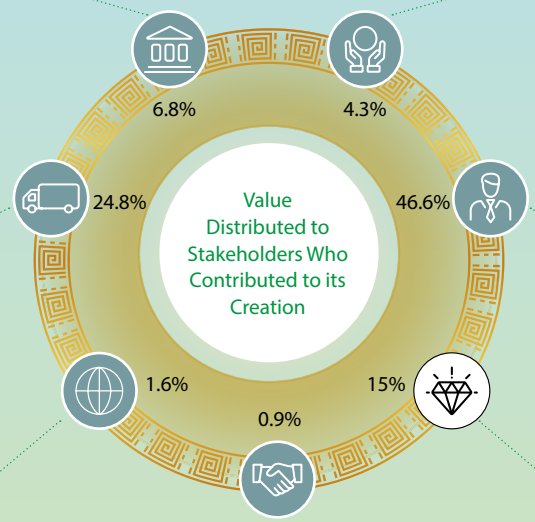
At TTE, we believe that sustained, constructive dialogue with our stakeholders is essential for achieving the objectives set out under our Regenerative Business Agenda – 2030 (ReGen). Hence stakeholder engagement is undertaken not just as a formality, but more as a strategic imperative to understand diverse perspectives, inform our decision-making, and continuously refine our strategies, policies, and operational practices, ultimately enhancing both our financial and non-financial performance outcomes across the value chain.

We follow a structured and systematic approach to stakeholder engagement. We begin by identifying our key stakeholder groups based on the level of interest they have in TTE and the influence they exert on our operations. Functional heads across the business are responsible for applying these criteria to identify and categorise stakeholders relevant to their areas. Stakeholders are then broadly classified as shareholders, employees, customers, resident communities, suppliers and regulators.

Identified stakeholder groups are positioned on a power-interest grid, which helps us determine the most appropriate methods and frequency of engagement, thus ensuring our interactions are meaningful, responsive, and aligned with the priorities of both TTE and our stakeholders.

Stakeholder Value Creation Dashboard FY 2024/25

Distributable Revenue	Distributable Interest Received and Other Income	Distributable Purchase of Goods and Services	Cash Value Created
Rs. 7,806 Mn (23/24 - Rs. 7,764 Mn)	Rs. 468 Mn (23/24 - Rs. 668 Mn)	Rs. 2,486 Mn (23/24 - Rs. 2,500 Mn)	Rs. 5,788 Mn (23/24 - Rs. 5,930 Mn)



Government

Rs. 543 Mn

We distributed 6.8% (23/24 - 4.9%) of the value created to governments through the payment of taxes

Shareholders

Rs. 340 Mn

We distributed 4.3% (23/24-14.3%) of the value created to shareholders through the payment of dividends

Suppliers

Rs. 1,981 Mn

We distributed 24.8% (23/24 - 35%) of the value created to governments through the payment of taxes

Employees

Rs. 3,712 Mn

We distributed 46.6% (23/24 - 39.9%) of the value created to employees through the payment of remuneration

Community

Rs. 119 Mn

We distributed 1.6% (23/24 - 1.2%) of the value created to community through the payment of community engagements & developments

Brokers & Buyers

Rs. 75 Mn

We distributed 0.9% (23/24 - 0.8%) of the value created to brokers & buyers through the payment of brokerage charges

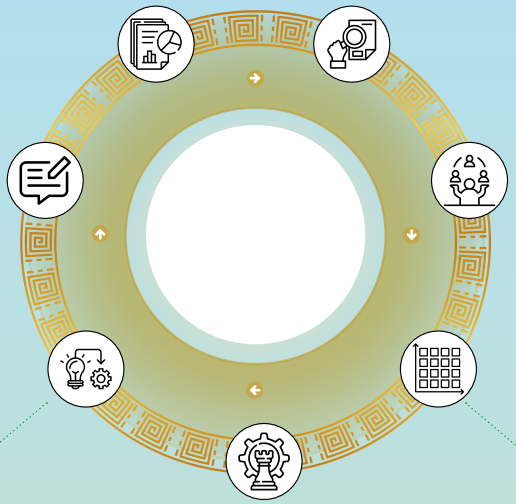
Value Retained

Rs. 1,192 Mn

We retained distributable income of 15% (23/24 - 6.3%) of the value created to the value created to bolster, our liquidity and allocate to capital expenditure

Stakeholder Engagement

Stakeholder Engagement Process



01 Identification
Identify and list stakeholder groups through context analysis

02 Prioritisation
Classify stakeholders on their level of influence and interest on the organisation

03 Matrix
Ascertain and analyse stakeholder concerns and expectations

04 Strategy
Integrate stakeholder concerns and expectations in strategy formulation

05 Implementation
Actively engage stakeholders to create shared value

06 Feedback
Continue to obtain feedback from stakeholders

07 Reporting
Duly report actions and performance to uphold accountability

Power/Interest Matrix

Low Interest + High Influence
Strategy: Align engagement - involve
- Suppliers/service providers
- Certification bodies
- Regulatory bodies

High Interest + High Influence
Strategy: High engagement - collaborate
- Parent company
- Shareholders/investors
- Employees
- Trade unions
- Buyers/brokers/customers
- Resident estate communities
- Government

Low Interest + Low Influence
Strategy: Low engagement - inform
- Neighbouring communities
- Non-government organisations

High Interest + Low Influence
Strategy: Medium engagement - include
- Financial institutions
- Associations
- Media
- Society

Shareholders

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

Strategic Objective: Deliver sustained value by aligning our strategies with the long-term interests of our shareholders

Strength of Relationship	Good
Priority	High

Method and Frequency of Engagement

- Annual General Meeting & Annual Report
- Extraordinary General Meetings (as needed)
- Interim Financial Statements (quarterly)
- CSE Announcements (as needed)
- Press Conferences / Press Releases (as needed)
- Corporate Website (continuous and ongoing)
- Social media platforms

Shareholder Concerns and Expectations

- Earnings growth, profits and stable returns
- Financial stability
- Capital position & Gearing exposure
- Risk and governance frameworks
- Ethical business practices
- Share price performance
- Disclosure and access to information

Material Topics

- Tax
- Climate Transition
- Economic performance
- Employment and employment practices
- Anti Corruption

Strategic Response

- Deliver a pragmatic growth strategy and closely monitor performance targets.
- Invest in sustainable agriculture and manufacturing practices.
- Integrate ESG considerations into corporate strategy.
- Ensure timely shareholder disclosures of corporate information.

Risk

- Country risk
- Business disruption risk
- Compliance risk
- Climate change risk

Opportunities

- Productivity optimisation through
- Technology
- Diversification in to less labour intensive
- crops

Key Indicators

- Revenue - Rs. 7,806 Mn (2023/24 - Rs. 7,764 Mn)
- Dividend Payout Ratio - 27.50% (2023/24 - 77.53%)
- NAVPS - Rs. 149.52 (2023/24- Rs. 134.10)
- EPS - Rs. 26 (2023/24 - Rs. 34.63)
- ROE - 18.33%((2023/24 - 26.21%)

Link to Capital Management & Further Information

- Financial Capital - pages 130 to 137
- Risk Management Report - pages 198 to 206
- Corporate Governance Report - pages 207 to 220
- Intellectual Capital - pages 144 to 151
- Investor Relations - page 309

Focus for the Future

- Strengthen financial performance
- Align sustainability goals with financial performance
- Invest in innovation and market expansion

Employees

(5,247 employees at 16 estates and the corporate office; trade unions)

Strategic Objective: 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

Strength of Relationship	Good
Priority	High

Method and Frequency of Engagement

- Daily, weekly and monthly staff meetings
- Weekly HR cluster meetings
- Monthly meetings with trade union representatives
- Monthly health and safety committee meetings
- Bi-annual performance evaluations
- Training initiatives (as needed)
- Corporate Website (continuous and ongoing)
- Social media platforms

Shareholder Concerns and Expectations

- Equal opportunity and non-discriminatory employment
- Competitive remuneration and benefits
- Access to competency training and skill development
- Career development opportunities
- Rewards and recognition
- Safety and wellbeing

Material Topics

- Market Presence
- Brain-drain and labour out migration
- Diversity and equal opportunity
- Non-discrimination
- Freedom of Association
- Forced or compulsory Labour
- Employment and employment practices
- Occupational health and safety
- Training and Development

Strategic Response

- Industry aligned Compensation and Benefits
- Comprehensive Health and Safety Programme with Staff representation
- Extending Training to all Staff Grades

Risk

- Business disruption risk
- Labour and talent migration risk

Opportunities

- Productivity optimisation through technology

Key Indicators

- HR Investment Rs. 119 Mn (2023/24 - Rs. 103.6 Mn)
- Employee Turnover Rate - 3.4%, 2023/24 -11%)
- Employee Retention Rate - 96.6% 2023/24 - 89%
- Training Investment Rs. 11 Mn , 2023/24 -14.43 Mn

Link to Capital Management & Further Information

- Financial Capital - pages 130 to 137
- Human Capital - pages 164 to 177
- Intellectual Capital - pages 144 to 151

Focus for the Future

- Training & Awareness
- Open Communication Culture
- Mental Health & Wellbeing

Stakeholder Engagement

Buyers, Brokers and Customers

(5 tea brokers at the Colombo Tea Auctions, accounting for 96% of sales; 238 local buyers; and 3 overseas buyers)

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

Strength of Relationship	Strong
Priority	High

Method and Frequency of Engagement

- Meetings (as needed)
- International trade fairs and road shows I Trade association meetings (periodic)
- Estate familiarisation tours (as needed)
- Corporate Website (continuous and ongoing)
- Social media platforms (continuous and ongoing)

Shareholder Concerns and Expectations

- Product quality and food safety
- Good agricultural and manufacturing practices
- Compliance with local and international certification standards and regulations
- Climate change impact

Material Topics

- Procurement Practices
- Supply chain traceability
- Technology
- Customer satisfaction, health, safety
- Research and development
- Climate Transition
- Materials
- Energy
- Water and effluents
- Biodiversity
- Emissions
- Waste
- Supplier environmental assessment
- Natural ecosystem conversion
- Soil Health
- Pesticides use
- Local communities
- Livelihood Development
- Supplier social assessment

Strategic Response

- Good agricultural and manufacturing practices to ensure quality teas.
- Adopt and maintain internationally accepted certification guidelines and standards.
- Invest in research and development for value addition and product innovation.

Risk

- Business disruption risk
- Competitor risk
- Climate change risk

Opportunities

- Growing global demand for black teas
- Growing global demand for organic/sustainable teas
- Productivity optimisation through technology

Key Indicators

- Customer Satisfaction Score - 92% (2023/24 - 86%)
- No. of Rejects and Complaints - 11 (2023/24 - 5)

Link to Capital Management & Further Information

- Social and Relationship Capital - pages 152 to 163

Focus for the Future

- Deliver high-quality, value-added products
- Strengthen relationships with brokers and export buyers
- Adopt sustainable farming and processing practices

Resident Estate Communities

(3,679 estate workers and their families living across 16 estates)

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

Strength of Relationship	Good
Priority	High

Method and Frequency of Engagement

- Weekly Community Meetings
- Child Protection Focal Point (as needed)
- 'Home for every plantation worker' Programme (periodic)
- Awareness programmes (periodic)

Shareholder Concerns and Expectations

- Housing and estate infrastructure
- Water and sanitation
- Health and nutrition

Material Topics

- Food security
- Water and effluents
- Biodiversity
- Emissions
- Waste
- Natural ecosystem conversion
- Soil Health
- Pesticides use
- Indirect economic impacts
- Local communities
- Livelihood Development
- Living income and living wage

Strategic Response

- Home for every Plantation Worker" – a comprehensive community development and
- wellbeing programme

Risk

- Business disruption risk
- Climate change risk
- Labour and talent migration risk

Opportunities

- Diversification into less labour intensive crops

Key Indicators

- Community Investment - Rs. 95.4 Mn (2023/24 - Rs. 82.1 Mn)
- No. of direct beneficiaries from community initiatives - 245,004 (2023/24 - 183,484)

Link to Capital Management & Further Information

- Social and Relationship Capital - pages 152 to 163

Focus for the Future

- Enhance living standards
- Promote access to quality healthcare services
- Support education initiatives

Suppliers: (2,023 bought leaf suppliers, in both low and high grown areas, along with other raw material, machinery and equipment, logistics, transport and general suppliers)

Strategic Objective: 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

Strength of Relationship	Strong
Priority	Align

Method and Frequency of Engagement

- Meetings (as needed)
- Supplier site visits (periodic)
- Supplier Audits (periodic)

Shareholder Concerns and Expectations

- Price and profitability
- Credit period
- Availability of raw materials
- Climate action

Material Topics

- Procurement Practices
- Supply chain traceability
- Technology
- Non-discrimination
- Climate Transition
- Supplier environmental assessment
- Anti Corruption
- Supplier social assessment

Strategic Response

- Maintain good supplier relationships with regular dialogue and fair pricing.
- Advocate best practices in social and environmental responsibility.

Risk

- Business disruption risk
- Competitor risk
- Climate change risk
- Compliance risk

Opportunities

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

Key Indicators

- Amount paid to bought leaf suppliers - Rs. 944.96 Mn (2023/24 - Rs. 721.17 Mn)
- Payments to other supplier payments - Rs. 1,981.17 Mn (2023/24 - Rs. 1,926.18 Mn)
- No. of suppliers assessed - 2,023 (2023/24 - 2,288)

Link to Capital Management & Further Information

- Social and Relationship Capital - pages 152 to 163

Focus for the Future

- Build and maintain strong relationships
- Maintain supply chain transparency and traceability
- Promote high standards of quality and consistency

Regulators and Other Authorities: (Government of Sri Lanka; regulatory bodies; certification agencies; industry associations; financial institutions; media; and the general public)

GRI 207-3

Strategic Objective: 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

Strength of Relationship	Strong
Priority	Medium and Align

Method and Frequency of Engagement

- Estate and factory audits (annual)
- Meetings (as needed)
- Annual Report
- Interim Financial Statements (quarterly)
- CSE Announcements (as needed)
- Press Conferences / Press Releases (as needed)
- Corporate Website (continuous and ongoing)
- Social media platforms (continuous and ongoing)

Shareholder Concerns and Expectations

- Reliability and reputation
- Risk and governance frameworks
- Ethical business practices
- Compliance
- Climate change and crop management

Material Topics

- Market Presence
- Tax
- Land and labour productivity
- Customer satisfaction, health, safety
- Climate Transition
- W Materials
- Energy
- Water and effluents
- Biodiversity
- Emissions
- Waste
- Natural ecosystem conversion
- Soil Health
- Pesticides use
- Economic performance
- Anti Corruption
- Livelihood Development
- Living income and living wage

Key Indicators

- Taxes paid - Rs. 568.8 Mn (2023/24 - Rs. 461.5 Mn)
- Carbon footprint - 23,431 tCO2e (2023/24 - 25,194 tCO2e)
- Amount invested in biodiversity conservation - Rs. 1.5 Mn (2023/24 - Rs. 1.49 Mn)

Link to Capital Management & Further Information

- Financial Capital - pages 130 to 137
- Natural Capital - pages 178 to 192

Focus for the Future

- Ensure full compliance with all applicable laws, regulations, and industry standards.
- Promote ethical business practices and integrity
- Enhance reporting and disclosure practices

Materiality in Focus

GRI 2-14 | 3-1, 2

Changes to Material Topics in FY 2024/25

Marketing and Labelling was removed from the list of Material Topics, as it primarily pertains to communications directed at end consumers. As a manufacturer of tea, TTE operates within a B2B model, selling its products in bulk through tea auctions, with no direct engagement with end consumers. Consequently, this topic was assessed as non-material to TTE's operations.

Anti-Corruption was added as a Material Topic, reflecting TTE's broader commitment to anti-corruption advocacy, extending well beyond its own operations. While TTE's operations are not at risk of corruption owing to the Company's strict zero-tolerance policy on corruption, we are now seeking to play a more active role in promoting ethical conduct and best practices across its entire value chain.

At TTE, we consider materiality not merely as a reporting requirement, but a powerful tool in shaping a future where business thrives in harmony with society and the planet. We believe Material Topics act as strategic levers, driving our actions to align with the expectations of our stakeholders and the evolving needs of the world around us.

Our fundamental approach to determining Material Topics is based on a comprehensive '360-degree' focus that begins with a deep dive into TTE's value chain and followed by extensive analysis to arrive at the material topics that hold the most significance to our organisation as well as to our stakeholders. Best practices set out by internationally recognised frameworks such as GRI and SASB guide our efforts to refine and update our approaches. Accordingly, we have recently embraced the double materiality assessment (DMA) principles to further examine how our 24 material topics using the DMA's dual perspective approach - financial materiality to assess how externalities can influence TTE's ability to create and sustain and impact materiality review how our business could potentially impact the environment and society.

Going forward, we will aim to align our materiality disclosures with the latest IFRS sustainability disclosure standards S1 and S2.

01 Description of value chain

02 Long list of sustainability matters

03 Stakeholder Analysis

04 Short list of sustainability matters

05 Stakeholder mapping to determine importance to TTE and significance to stakeholders

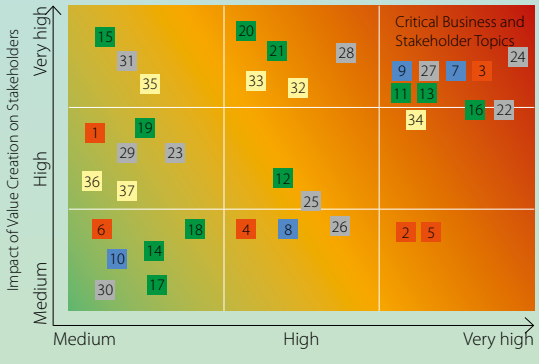
06 Impact Materiality Assessment
- Identify and assess types of impact
- Define coverage and disclosure as per GRI and SASB

07 Financial Materiality
- Identify discrepancies between resources and sustainability matters and derive risks and opportunities

08 Consolidation of materiality assessment

09 Integration into TTE's Regenerative Business Agenda 2030 (ReGen)

Materiality Matrix



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

	Material Topic	GRI/ SASB/ Other	Topic Boundary	Impact Materiality	Financial Materiality	Double Materiality Winning with the Customer	Management Approach: through Regenerative Business Agenda – 2030 (ReGen)					Related Capitals	SDG's
							Operational Excellence	Nurturing Our People	Environment Stewardship and Climate Action	Business Diversification	Winning with the Customer		
1	Market Presence	GRI 202	I	●	●	●			✓			HC	
2	Procurement Practices	GRI 204	I/E	●	●	●		✓				S&RC	
3	Tax	GRI 207	I	●	●	●					✓	FC	
4	Supply chain traceability	GRI 13.23 FB-AG-430a	I/E	●	●	●	✓	✓				S&RC	
5	Technology	N/A	I	●	●	●	✓	✓	✓			MC	
6	Brain-drain and labour out migration	N/A	E/I	●	●	●		✓	✓			HC	
7	Land and labour productivity	N/A	E/I	●	●	●					✓	MC	
8	Customer satisfaction, health, safety	GRI 416; 13.10 FB-AG-250a	E	●	●	●	✓	✓		✓		S&RC	
9	Research and development	N/A	I	●	●	●	✓	✓		✓	✓	IC	
10	Diversity and equal opportunity	GRI 405; 13.15	I	●	●	●			✓			HC	
11	Non-discrimination	GRI 406;13.15	I	●	●	●			✓			HC	
12	Freedom of Association	GRI 407; 13.18	I/E	●	●	●			✓			HC	
13	Child labour	GRI 408; 13.17	E/I	●	●	●			✓			HC	
14	Forced or compulsory Labour	GRI 409; 13.16	E/I	●	●	●			✓			HC	
15	Food security	GRI 13.9	E	●	●	●				✓		S&RC	
16	Climate Transition	SLFRS S2, GRI 13.2	I/E	●	●	●		✓		✓		NC	
17	Materials	GRI 301	I/E	●	●	●		✓		✓		NC	
18	Energy	GRI 302 FB-AG-130a	I	●	●	●		✓		✓		NC	
19	Water and effluents	GRI 303;13.7 FB-AG-140a. FB-AG-440a	I/E	●	●	●		✓		✓		NC	
20	Biodiversity	GRI 101; 13.3	E	●	●	●		✓		✓		NC	
21	Emissions	GRI 305; 13.1 FB-AG-110a	I/E	●	●	●		✓		✓		NC	
22	Waste	GRI 306; 13.8	I/E	●	●	●		✓		✓	✓	NC	
23	Supplier environmental assessment	GRI 308 FB-AG-440a	E	●	●	●	✓	✓		✓		NC	
24	Natural ecosystem conversion	GRI 13.4	E	●	●	●				✓	✓	NC	

Materiality in Focus

	Material Topic	GRI/ SASB/ Other	Topic Boundary	Impact Materiality	Financial Materiality	Double Materiality Winning with the Customer	Management Approach: through Regenerative Business Agenda – 2030 (ReGen)					Related Capitals	SDG's
							Operational Excellence	Nurturing Our People	Environment Stewardship and Climate Action	Business Diversification	Winning with the Customer		
25	Soil Health	GRI 13.5	E	●	●	●		✓		✓		NC	
26	Pesticides use	GRI 13.6	E	●	●	●		✓		✓		NC	
27	Economic performance	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	I	●	●	●	✓	✓	✓	✓	✓	FC	
28	Indirect economic impacts	GRI 203; 13.22	E	●	●	●				✓		S&RC	
29	Employment and employment practices	GRI 401; 13.20	I	●	●	●			✓			HC	
30	Labour/ management relations	GRI 402	I	●	●	●			✓			HC	
31	Occupational health and safety	GRI 403; 13.19, FBAG-320a	I	●	●	●			✓			HC	
32	Training and Development	GRI 404	I	●	●	●			✓			HC	
33	Anti Corruption	GRI 205 13.26	I/E	●	●	●	✓	✓	✓			IC	
34	Local communities	GRI 413; 13.12	E	●	●	●				✓		S&RC	
35	Livelihood Development	N/A	E	●	●	●				✓		S&RC	
36	Supplier social assessment	GRI 414	E	●	●	●		✓		✓		S&RC	
37	Living income and living wage	GRI 13.21	I/E	●	●	●				✓		S&RC	

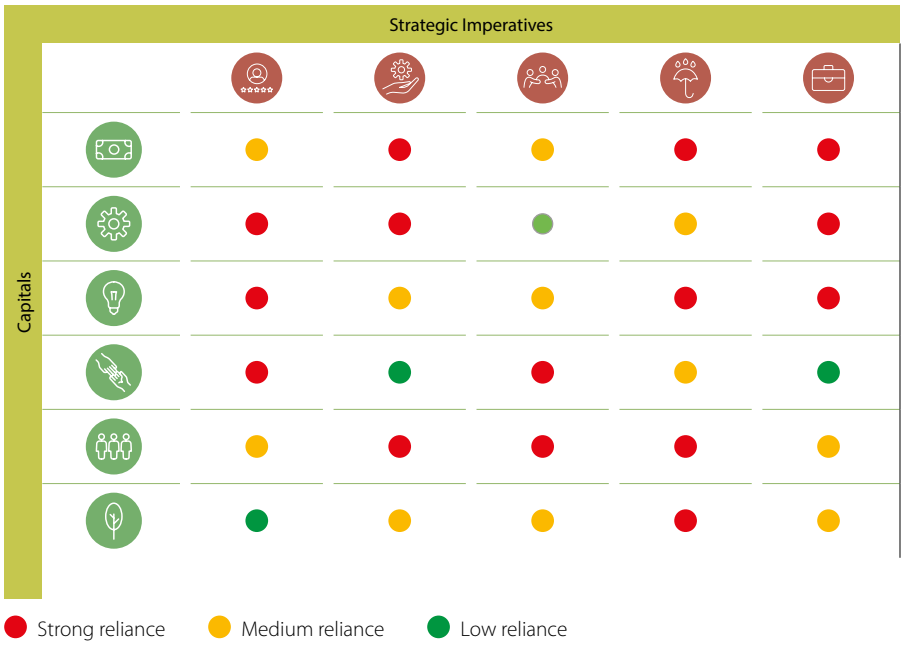
I - Internal | E - External

● Very High
● High
● Moderate

Strategy and Resource Allocation

Talawakelle Tea Estates PLC (TTE) stands as a beacon of innovation and sustainability in Sri Lanka's tea industry, guided by its purpose of "Brewing a Better Future." Central to this vision is the 2030 Regenerative Agenda, a comprehensive strategy that redefines TTE's approach to value creation by embedding regenerative principles across its operations.

The 2030 Regenerative Agenda outlines five strategic imperatives: winning with the customer, operational excellence, nurturing our people, environmental stewardship and climate action, and business diversification, collectively forming the backbone for informed planning and decision-making at all levels of the organisation. Each year, the Company undertakes a structured planning process where business units identify key initiatives aligned to these strategic pillars, enabling a systematic evaluation of the financial and non-financial resources to be allocated through the various forms of capital to achieve the desired results. This integrated approach is designed to achieve the optimal balance between delivering short-term performance, advancing medium-term strategic objectives, and creating long-term sustainable value, culminating in creating a future that benefits both the Company and the broader ecosystem it depends on.



Winning with the Customer

Aligned with our regenerative business principles, we stand committed to create long-standing and reciprocal relationships with our customers by delivering exceptional customer experience; ensuring their wellbeing; and exceeding their expectations, consistently

Material Matters	Risks	Opportunities
• Supply chain traceability • Technology • Customer satisfaction, health, safety • Research and development • Supplier environmental assessment • Economic performance • Anti Corruption	BR 1 FR 2 OR 2 OR 3 OR 4 CRR 1 CRR 2 CRR 3 CRR 4 CRR 5 SRR 1 *Refer Risk and Opportunities Report - pages 198 to 206*	CRO 1 CRO 3 SRO 1

Performance Dashboard - FY 2024/25

Resource Allocation Highlights	Capitals Impacted	Outcomes
• Rs. 714.3 Mn invested in the construction of the Kiruwanaganga Factory • Rs. 46 Mn allocated for R&D • Increase the frequency of product quality and food safety audits • Improved labelling clarity on tea packaging focusing on grade, weight, and certifications	**Stakeholder Impacted** Shareholder, Customer, Employee, Supplier, Community	• 92% Customer Satisfaction • 1.2% increase in customer complaints • Zero incidents of non-compliance with regulations related to health and safety impacts of products; and zero product recalls issued/ recalled • Zero incidents of rejections and monetary fines of non-compliance with regulations related to product and service information and labelling

Future Plans

Short Term (1 -3 years)	Medium Term (3 - 5 years)	Long Term (> 5 years)
Strengthen the supply chain traceability to address bottlenecks	Conduct due diligence on Company's operations, suppliers and business partners to identify and address potential human rights violations	Identify and cater to high growth potential and underserved market segments through targeted products

Strategy and Resource Allocation

Operational Excellence

Ensuring regenerative principles guide how the Company produces, sources, manages resources, and delivers value

Material Matters		Risks	Opportunities
• Supply chain traceability • Technology • Brain-drain and labour out migration • Customer satisfaction, health, safety • Research and development • Climate Transition and Energy • Materials	• Water and effluents • Biodiversity • Emissions • Waste • Supplier environmental & social assessment • Soil Health • Anti Corruption	BR 2 BR 3 BR 4 FR 1 FR 3 FR 4 FR 5 OR 1 OR 2 OR 3 OR 4 CRR 1 CRR 2 CRR 3 CRR 4 CRR 5	CRO 1 CRO 2 CRO 3

Refer Risk and Opportunities Report - pages 198 to 206

Performance Dashboard - FY 2024/25

Resource Allocation Highlights	Capitals Impacted	Outcomes
• Rs. 271 Mn invested in Field Development activities • 247 hectares of land allocated for fuelwood cultivation • ISO 50001 Energy Management System implemented at Mattakelle Tea Factory • invested Rs. 93.25 million to introduce AI-based colour sorters at the Deniyaya and Kiruwanaganga factories	**Stakeholder Impacted** Shareholder, Employee, Customer, Supplier, Community, Society, Government	• 8.41% year on year reduction in green leaf yields • 71.67% asset turnover ratio • 95% year on year reduction is cost of production • 0% increase in throughput capacity • 0% reduction in rejects due to AI based colour sorting technology • 12.81% year on year improvement in Maximum Residue Level (MRL) • 4.8% year on year increase in energy intensity

Future Plans

Short Term (1 -3 years)	Medium Term (3 - 5 years)	Long Term (> 5 years)
Increase investment in crop diversification	Improve permaculture business practices to enable productivity, efficiency and ecological balance	Invest in research to develop improved climate resilient and high yielding cultivar

Nurturing Our People

Upholding regenerative business values, we seek to extend a progressive workplace; focused on innovation, productivity and sustainability. We stand committed to build, develop and empower our employees as well as the resident communities living across our estates.

Material Matters		Risks	Opportunities
• Market Presence • Technology • Brain-drain and labour out migration • Technology • Brain-drain and labour out migration • Diversity and equal opportunity • Non-discrimination & Freedom of Association	• Forced or compulsory Labour • Economic Performance • Employment and employment practices • Labour/ management relations • Occupational health and safety • Training and Development • Anti Corruption	BR 2 BR 3 OR 1 OR 2	CRO 1 CRO 2

Refer Risk and Opportunities Report - pages 198 to 206

Performance Dashboard - FY 2024/25

Resource Allocation Highlights	Capitals Impacted	Outcomes
• Rs. 3,571 Mn paid as remuneration and benefits to employees • 336 new Block Managers appointed under the RSM scheme • 01 new female field supervisor appointed • Launch of the Women in Leadership initiative	**Stakeholder Impacted** Employees, Resident Communities	• 3.4% employee turnover rate • 96.6% employee retention (staff + executives) • Training on employee safety 4,305 hours • 99% overall employee satisfaction in the GPTW study

Future Plans

Short Term (1 -3 years)	Medium Term (3 - 5 years)	Long Term (> 5 years)
Increase the focus on women empowerment.	Systematically increase earning capacity of resident estate communities by expanding the revenue share model	Establish a joint labor-management committee to address grievances and concerns

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

Material Matters		Risks	Opportunities
• Customer satisfaction, health, safety • Research and development • Food security • Climate Transition, Energy & Emissions • Materials & Waste • Water and effluents • Biodiversity	• Supplier environmental & social assessment • Natural ecosystem conversion • Soil Health & Pesticides use • Economic performance • Indirect economic impacts • Local communities • Living income and Livelihood Development	OR 1 CRR 1 CRR 2 CRR 3 CRR 4 CRR 5 SRR 1	CRO 1 CRO 2 CRO 3 SRO 1

Refer Risk and Opportunities Report - pages 198 to 206

Performance Dashboard - FY 2024/25

Resource Allocation Highlights	Capitals Impacted	Outcomes
• Implemented the Net Positive Water Impact Policy • Rs. 60.4 Mn invested in renewable energy • Implemented the Net Positive Business Policy • Strengthened third-party verification of agrochemical safety in line with compliance with health standards • Appointed a Community Advisory Panel (CAP) to support more structured community engagement and policy advocacy. • Invested Rs. 119 Mn in community initiatives • Commenced a large-scale reforestation project to establish a forest corridor in Sri Lanka's central highlands	**Stakeholder Impacted** Shareholders, Community, Society	• 5.14% year on year increase in renewable energy generation capacity • 27% reduction in Scope 1 and Scope 2 emissions in line with SBTi baseline targets set in 2020 • 15.7% year on year decrease in the use of agrochemicals • 599.14 Kwp solar power generation capacity • 2.1 Mw hydro power capacity

Future Plans

Short Term (1 -3 years)	Medium Term (3 - 5 years)	Long Term (> 5 years)
Focus on identifying and addressing productivity issues, inefficiencies to minimise wastage in field and factory operations.	Collaborate with tea research institutions to implement climate resilient agriculture practices.	Increase the investment towards field mechanisation technology and digitalisation for smart plantation management

Business Diversification

Reducing the risk of dependency on our core value offering, we are increasingly looking at diversifying our business to fortify our market position in a dynamic operating environment. Aligned with regenerative business principles, we seek to leverage our expertise to take on emerging business opportunities, explore new product lines and expand into new markets.

Material Matters	Risks	Opportunities
• Tax • Land and labour productivity • Research and development • Waste • Natural ecosystem conversion • Economic performance	BR 1 BR 2 BR 3 BR 4 BR 5 FR 1 FR 3 FR 4 FR 5 OR 3 OR 4 CRR 1 CRR 2 CRR 3 CRR 4 CRR 5 SRR 1	CRO 1 CRO 2 CRO 3 SRO 1

Refer Risk and Opportunities Report - pages 198 to 206

Performance Dashboard - FY 2024/25

Resource Allocation Highlights	Capitals Impacted	Outcomes
• Rs. 42.6 Mn incurred in expanding the Somerset Estate-Tea Boutique Center • Rs. 36.6 Mn allocated towards new market development	**Stakeholder Impacted** Shareholders, Customers, Employees, Suppliers	• 15+ direct and indirect jobs were created • Improved estate visibility and brand prestige • Promotes sustainable Tea tourism

Future Plans

Short Term (1 -3 years)	Medium Term (3 - 5 years)	Long Term (> 5 years)
Increase the investment in non-core crop operations including cinnamon, agarwood	Gain first mover advantage in emerging markets for specialised and premium tea blends.	Pursue collaborations and partnerships within the group to develop and market branded range of specialty teas and other products

Our Commitment to SDGs

350%

Increase in community investment on living environment

34%

Rise in total beneficiaries

38.8%

Reduction in Frequency of occupational accidents

32%

Increase in Living Environment Investment and beneficiaries by 2030

Maintaining steady gender leadership in position

9.9%

Increase in investment on water conservation

5.9%

Increase in Renewable energy use

Empowering estate communities through fair wages, housing, and CSR Programs, TTE PLC lifts lives from poverty for better tomorrow with every cup of tea grown in dignity.

Page 157

01 No Poverty

Through sustainable agriculture, home gardening, and nutrition programs, TTE PLC sustains its people and plants feeding bodies and futures from root to leaf.

Page 159

02 Zero Hunger

Health clinics, maternal care, wellbeing initiatives, and safe workplaces ensure every heartbeat in our estates grows stronger where wellbeing is as vital as the harvest.

Page 169

03 Good Health& Well Being

From childcare centers to higher studies, TTE PLC nurtures young minds planting seeds of knowledge and dreams among estate children for a brighter, smarter generation.

Page 176

04 Quality Education

Equal pay, leadership roles, and breaking barriers through glass ceiling blossom here where women rise, thrive, and lead show casing our gender equality at work.

Page 166

05 Gender Equality

We bring clean water and sanitation to communities including the field ensuring every home and employee at work has access to clean water and sanitation.

Page 186

06 Clean Water & Sanitation

Covering our roof tops through solar panels and fueling boilers through biogas, generating hydro power we energize in powering progress while preserving the planet.

Page 123

07 Clean Energy

Not reported

99%

Maintained Employee trust index

Fair labor, ethical practices, and job opportunities make our workforce strong brewing wealth and purpose in every job created.

Page 143/163

08 Economic Growth

46Mn

Improvement in investment on R&D development

Modern factories like Kiruwanaganga green building, these green innovations shape our journey where tea meets technology for sustainable transformation.

Page 140/149

09 Industry, Innovation, Infrastructure

25%

Improvement in work place diversity index by 2030

From wage equity to diversity & inclusive growth, we bridge gaps across generations ensuring every voice is heard, and every hand is valued.

Page 157/178

10 Reduced Inequalities

Rs. 36.9 Mn

Investment on Living Environment

We build resilient estates complete with homes, roads, and schools where every family belongs, and every future is sustainable.

Page 155

11 Sustainable Cities

67.8%

Improvement in composting (Sustainable waste management)

Regenerative agriculture, composting, and eco-packaging guide our process crafting every cup responsibly from field to finish.

Page 187

12 Responsible Consumption

7%

Reduction in total GHG Emission

As the first plantation with science-based targets, we advance SDG 13 achieving 88% renewable energy and pioneering ground-level green innovations toward 2050 carbon neutrality.

Page 182

13 Climate Action

1.07%

Improvement in Investment on environment and biodiversity conservation

We safeguard Ecological balance Preserving forests, nurturing biodiversity fauna and flora and enriching soil. At Talawakelle, every tea bush grows in harmony with wildlife, proving sustainability.

Page 182

15 Life on Land

2030 Regenerative Agenda through ESG Framework

GRI 2-23, 24

Our ESG Framework

The 2030 ReGen Agenda

Represents our strategic compass to regenerate, transform, and lead with purpose anchored in the interconnectedness of nature, people, and performance. Framed by the ESG pillars and informed by the dynamic interplay between our business model, stakeholder expectations, and evolving global standards, this agenda advances a systems-based approach that transcends silos. By weaving together risk, resilience, and opportunity across all capitals, it enables TTE to unlock shared value where every decision balances economic advancement with ecological integrity and social well-being. The framework doesn't operate in parts, but as a living system integrating insight, accountability, and innovation to sustain value creation over time.

Purpose

"Brewing a Better Future"

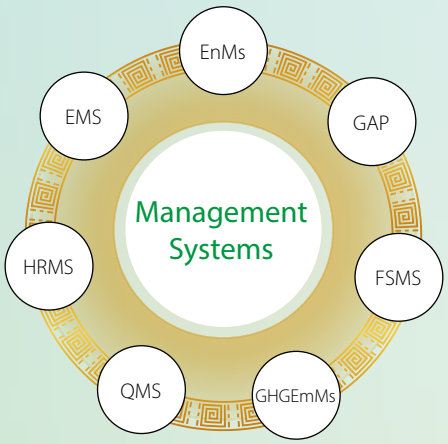
Our commitment is to regenerate ecosystems, uplift livelihoods, and create shared value going beyond compliance to sustainability leadership.

Foundation

Guided by Core Values & Regenerative Principles

- Fairness, Integrity, Respect
- • Entrepreneurial Spirit & Learning Culture
- • Long-term value for people, planet, and profit

Our integrated, standardized management systems ensure operational excellence, ESG compliance, and resilience across the tea value chain:



Stakeholder Engagement

We maintain open, structured engagement across our value chain from estate communities to global buyers to understand concerns and co-create solutions.
Page 61

Double Materiality

We assess both:

- Impact on environment, society & communities
- Financial risks & opportunities from Sustainability & ESG factors
- Anchored in SLFRS S1/ S2 and GRI Standards.

Page 81

Risks & Opportunities

Pages 198 to 206

Sustainability Priorities

Environmental (E):

- Climate Action & Net-Zero 2050 Commitment
- Biodiversity Conservation & Ecosystem Restoration
- Circularity & Resource Efficiency
- Water Security & Soil Health

Social (S):

- Worker Well-being & Revenue Share Model
- Gender Equity & Women in Leadership
- Community Empowerment & Education
- Health, Nutrition & Housing Infrastructure

Governance (G):

- Ethical Business Conduct & Anti-Bribery
- Board ESG Oversight
- Data Transparency & Audit Trail (including AI-powered ESG system)
- Policy Alignment with International Standards (GRI, IFRS S1/S2, UNGC)

Ambitious Target
Page 76

Governance & Oversights
Page 215

Transparency and Disclosures

Financial Materiality (Primary Users):

- SLFRS S1 & S2 Disclosures
- Sustainability-related financial risks and opportunities
- Scope 1,2&3 GHG emissions
- Transition and physical risk financial effects
- Scenario-based business resilience assessments

Impact Materiality (Broader Stakeholders):

- GRI Universal & Sector Standards (GRI 13: Agriculture)
- UNGC principles and SDG Alignment
- Social outcomes: health, gender, livelihoods
- Environmental impact performance: biodiversity, water, soil
- Human rights due diligence & stakeholder equity

Enablers

Digital & AI-Driven Tech Integration

Nature Based Solution Focused Value Chain Partnerships

Winning with the Customer

Sustain highest auction prices through quality, ethics, and traceable, low-emission tea.

Nurturing Our People

Revenue-share model, best workplace certifications, women in leadership, and upskilling estate youth.

Operational Excellence

Energy efficiency, waste reduction, lean management, and GHG reduction across estates and factories.

Environmental Stewardship & Climate Action

Verified GHG emissions inventory (Scope 1–3), climate resilience actions, water security, and landscape restoration.

Business Diversification

Diversification Expansion into value-added teas, herbal cultivation, and renewable energy ventures (hydro, biomass).

2030 Regenerative Agenda through ESG Framework

Environment - Net-positive Impact

Sustainable Land Management

Increase soil organic matter content by 10.5% by 2030

1.3% 2023	2.6% 2025	5.3% 2027	10.5% 2030

Achieved

Implement regenerative Agriculture practices by 100% of all estates by 2030

25% 2023	50% 2025	75% 2027	100% 2030

On Track

Increase the adoption of permaculture practices by 100% of estates by 2030

25% 2023	50% 2025	75% 2027	100% 2030

Lagging

Climate Action

Achieving net-zero greenhouse gas emissions by 2050

10% 2023	18% 2025	42% 2030	90% 2050

Achieved

Reduce scope 1 and 3 FLAG GHG emissions 72% by 2050

10% 2023	14% 2025	30.3% 2030	72% 2050

Achieved

Implementation climate adaptation plan with Scenario planning

70% 2023	80% 2025	90% 2027	100% 2030

Achieved

Circular resource management & Renewable Energy

Achieve 99% renewable energy use across total energy consumption

80% 2023	85% 2025	95% 2027	99% 2030

Achieved

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

40% 2023	50% 2025	60% 2027	80% 2030

Lagging

Implement a closed-loop supply chain for 75% of the organization's supply chain

35% 2023	45% 2025	65% 2027	75% 2030

Lagging

Water Stewardship

Achieve a 30% reduction in water consumption by 2030

5% 2023	15% 2025	20% 2027	30% 2030

On Track

Improve water quality by reducing the discharge of pollutants water bodies by 100%

80% 2023	85% 2025	95% 2027	99% 2030

Achieved

Implement watershed management strategies in 100% in all estate by 2030

70% 2023	80% 2025	90% 2027	100% 2030

Achieved

Biodiversity conservation and ecosystem restoration

Implement a digitally smart ecosystem monitoring program by 2030

1 Phase 2023	2 Phase 2025	3 Phase 2027	4 Phase 2030

On Track

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

25Ha 2023	50Ha 2025	75Ha 2027	100Ha 2030

Achieved

Implementation biodiversity action plan across all estates' operations by 2030

1 Phase 2023	2 Phase 2025	3 Phase 2027	4 Phase 2030

Achieved

Social - Empowering People & Communities for Social Resilience

Community Empowerment

Improve the living environment investment and beneficiaries by 50% by 2030

10% 2023 | 20% 2025 | 30% 2027 | 50% 2030

Achieved

Improve the capacity building investment and beneficiaries by 50% by 2030

10% 2023 | 20% 2025 | 30% 2027 | 50% 2030

On Track

Improve the Youth Empowerment investment and beneficiaries by 50% by 2030

10% 2023 | 20% 2025 | 30% 2027 | 50% 2030

On Track

Improve the Health and Nutrition investment and beneficiaries by 50% by 2030

10% 2023 | 20% 2025 | 30% 2027 | 50% 2030

Achieved

Great Place to Work

Achieve 5 out 5 best organization culture audit rating by 2030

3.5 2023 | 4.0 2025 | 4.5 2027 | 5.0 2030

Achieved

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

97% 2023 | 97.5% 2025 | 98% 2027 | 99% 2030

Achieved

Fair Labor Practices

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

35% 2023 | 45% 2025 | 65% 2027 | 75% 2030

Lagging

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

70% 2023 | 80% 2025 | 90% 2027 | 100% 2030

Achieved

Ensure Zero work-related accidents and injuries by 2030

50 LD 2023 | 30 LD 2025 | 20 LD 2027 | 0 LD 2030

Achieved

Value Chain Management

By 2030, 50% of our suppliers will adhere to our Supplier Code of Conduct

20% 2023 | 30% 2025 | 40% 2027 | 50% 2030

On Track

By 2030, achieve 97% of customer satisfaction rate

85% 2023 | 90% 2025 | 95% 2027 | 99% 2030

Achieved

By 2030, 50% of our products sourced from ESG performance conscious suppliers

35% 2023 | 45% 2025 | 65% 2027 | 75% 2030

Lagging

Diversity and Inclusion

Improve workplace diversity index by 25% in 2030

5% 2023 | 10% 2025 | 15% 2027 | 25% 2030

On Track

Improve workplace inclusion index by 20% in 2030

5% 2023 | 10% 2025 | 15% 2027 | 20% 2030

Achieved

Increase the representation of under-represented groups in leadership

5% 2023 | 10% 2025 | 15% 2027 | 25% 2030

On Track

2030 Regenerative Agenda through ESG Framework

Governance - Ethical and Responsible Governance

Board Diversity and Composition

Improve Board diversity index by 40% in 2030

9%	20%	30%	40%
2023	2025	2027	2030

On Track

Establish and function board diversity and inclusion task force by 2030

1 Phase	2 Phase	3 Phase	4 Phase
2023	2025	2027	2030

On Track

Publish an annual company diversity report by 2030

1 Phase	2 Phase	3 Phase	4 Phase
2023	2025	2027	2030

On Track

Policy Compliance

Achieve a zero-tolerance on laws and policies within the company and supply chain

1 Phase	2 Phase	3 Phase	0
2023	2025	2027	2030

Achieved

Zero major compliance violations by 2030 in overall value chain

1 Phase	2 Phase	3 Phase	0
2023	2025	2027	2030

Achieved

Increase transparency and accountability in reporting in value chain

35%	45%	65%	75%
2023	2025	2027	2030

Lagging

Accurate Reporting and Transparency

Increase transparency in corporate governance with 90% positive rating

70%	80%	85%	90%
2023	2025	2027	2030

Achieved

Implement ESEG MIS achieving 100% data accuracy and completeness

75%	80%	90%	100%
2023	2025	2027	2030

Achieved

Improve ESG transparency of overall value chain by 50% in 2030

30%	40%	45%	50%
2023	2025	2027	2030

Lagging

Stakeholder Engagement

Increase stakeholder engagement ratio by 40% by 2030

10%	20%	30%	40%
2023	2025	2027	2030

On Track

Improve effectiveness of regular stakeholder consultations and feedback

5%	10%	15%	20%
2023	2025	2027	2030

Achieved

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

2	3	3.5	4
2023	2025	2027	2030

Achieved

Risk & Opportunity Management

Achieve a 20% risk reduction and 20% opportunity realizing of the company

5%	10%	15%	20%
2023	2025	2027	2030

Achieved

Increase the identification of new business opportunities

10%	20%	30%	40%
2023	2025	2027	2030

Achieved

Achieve 90% of ESG rating in 2030

80%	82%	85%	90%
2023	2025	2027	2030

Achieved

Independent Limited Assurance Statement on SLFRS Sustainability Related Financial Disclosures

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of Talawakelle Tea Estates PLC on the SLFRS Sustainability-related Financial Disclosures presented in the Integrated Annual Report 2024/25

Scope

We have been engaged by Talawakelle Tea Estates PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standards on Assurance Engagements, here after referred to as the engagement, to report on Talawakelle Tea Estates PLC 's SLFRS Sustainability-related Financial Disclosures (the "Subject Matter") contained in Talawakelle Tea Estates PLC's (the "Company's") Integrated Annual Report in pages 81 to 113 for the year ended 31 March 2025 (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 SLFRS Sustainability-related Financial Information, Talawakelle Tea Estates PLC applied the Sri Lanka Sustainability Disclosure Standards, SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures (Criteria). Such Criteria were specifically designed for the disclosure of material information on sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity; As a result, the subject matter information may not be suitable for another purpose.

Talawakelle Tea Estates PLC's responsibilities

Talawakelle Tea Estates PLC 's management is responsible for selecting the Criteria, and for presenting the SLFRS Sustainability-related Financial Disclosures 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 Talawakelle Tea Estates PLC on 23 April 2025.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 quality management standards, which require that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Independent Limited Assurance Statement on SLFRS Sustainability Related Financial Disclosures

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:

- Conducted interviews with selected key management personnel and relevant staff to understand the business, value chain and sustainability reporting process of the Company.
- Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified.
- Performed procedures to understand the Company's disclosures in relation to the Conceptual Foundation of SLFRS S1, including fair presentation, materiality, reporting entity, and connected information.
- Conducted procedures to understand the governance processes, controls and procedures employed by the Company to monitor, manage and oversee sustainability-related risks and opportunities, supported by relevant evidence.
- Perused the minutes of the Board of Directors and Board Audit Committee meetings from the financial year to ensure alignment with the content of governance-related disclosures.
- Conducted procedures to comprehend the Company's strategy for managing identified sustainability-related risks and opportunities, supported by relevant evidence and calculations.
- Performed analytical procedures to obtain explanations and supporting evidence regarding the Company's processes for identifying, assessing, prioritizing, and monitoring sustainability-related risks and opportunities, including their integration into the overall risk management framework.
- Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified sustainability-related risks and opportunities, including progress towards any targets the Company has set.
- Performed procedures to assess the Company's disclosures and compliance with the General Requirements of SLFRS S1.
- Conducted procedures to evaluate the disclosures regarding judgments and uncertainties in the process of preparing the Company's sustainability-related financial disclosures.

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

Emphasis of matter

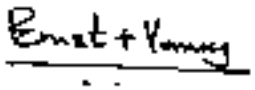
There are inherent limitations in the identification, measurement and disclosure of underlying Subject Matter against the applicable Criteria due to forward looking information, uncertainties and management judgements. For clarity, our engagement does not extend to providing assurance on the accuracy or achievability of these forward-looking information, uncertainties and management judgements.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to SLFRS Sustainability-related Financial Disclosures for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

Restricted use

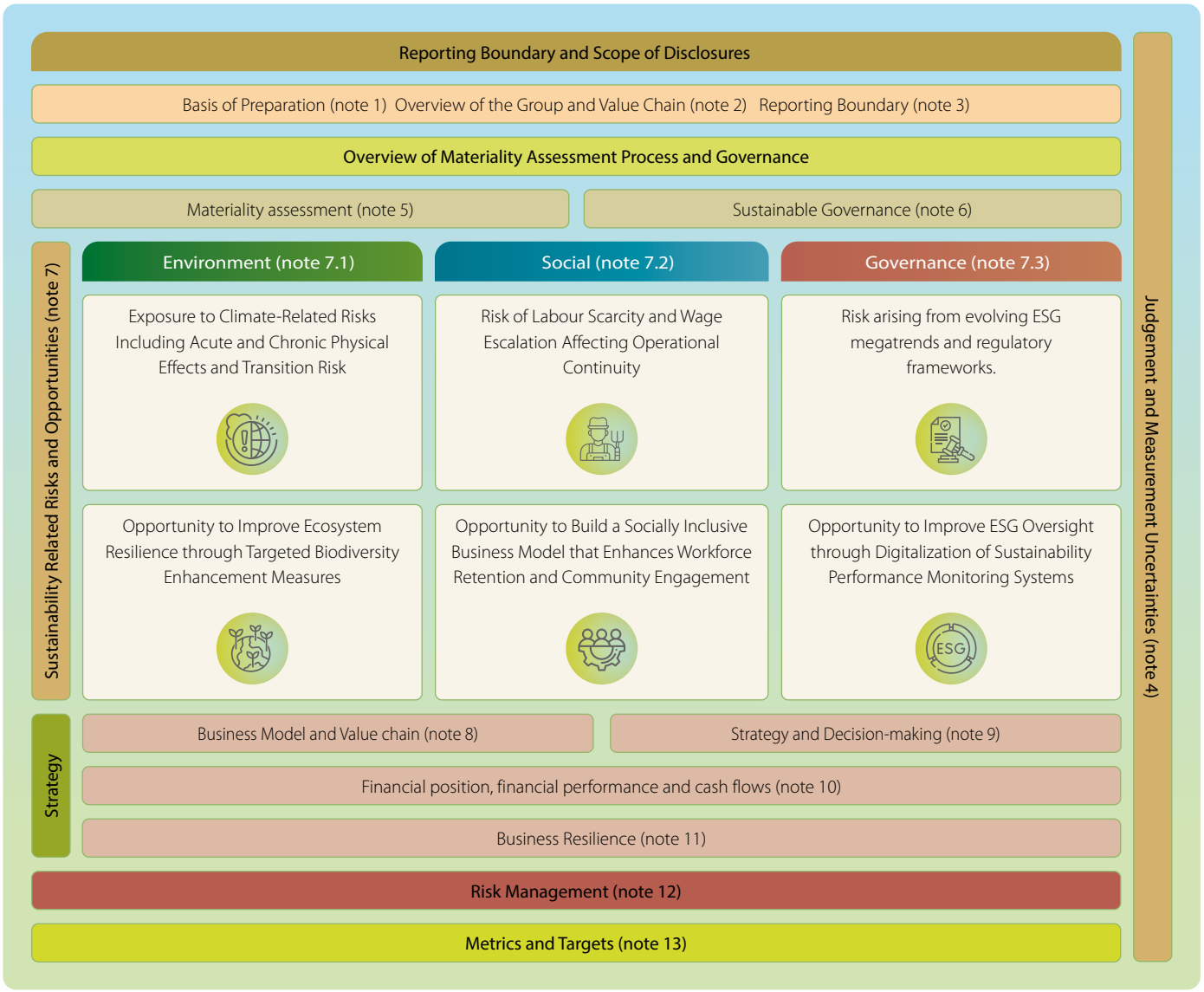
This report is intended solely for the information and use of Talawakelle Tea Estates PLC for the purpose of providing an assurance conclusion on the Subject Matter based on the Criteria and is not intended to be and should not be used by anyone other than those specified parties.



27 May 2025
Colombo

SLFRS Sustainability Related Financial Disclosures

The following summary outlines the structure of Talawakelle Tea Estates PLC's (TTE) sustainability-related financial disclosures in alignment with SLFRS S1 and S2. It connects key environmental, social, and governance (ESG) risks and opportunities with the company's governance, strategy, risk management, and performance metrics and targets. Each component is supported by detailed notes (1–13) that explain how these sustainability factors affect the company's financial prospects, operational resilience, and long-term value creation across the value chain.



Note 1: Basis of Preparation

1.1 Application of SLFRS Sustainability Disclosure Standards

This report has been prepared in accordance with the SLFRS Sustainability Disclosure Standards, specifically:

- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information, and
- SLFRS S2 – Climate-related Disclosures, issued by Institute of Chartered Accountants of Sri Lanka (adopted based on the IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board).

Talawakelle Tea Estates PLC has voluntarily adopted the full requirements of SLFRS S1 and SLFRS S2 for the financial year ending 31 March 2025, marking its second year of reporting following the initial adoption in 2023/24. The Company has not applied the transitional 'Climate-First' relief during the current reporting period. Accordingly, this report encompasses disclosures on a wider spectrum of sustainability-related risks and opportunities, extending beyond Climate-related risks and opportunities which was identified during 2023/24.

SLFRS Sustainability Related Financial Disclosures

The disclosures presented here are intended to support primary users of general-purpose financial reports in understanding the sustainability-related risks and opportunities that could reasonably be expected to affect the TTE's:

- cash flows,
- access to finance
- cost of capital over the short, medium and long term.

Where applicable, the company has considered guidance from following frameworks and standards, in identifying and disclosing sustainability-related risks and opportunities:

- SLFRS S2 –Climate-related Disclosures
- Sustainability Accounting Standards Board (SASB) Standards
  - Food & Beverage Sector - Agricultural Products (Version 2023-12)
- Climate Disclosure Standards Board (CDSB) Application Guidance.
  - CDSB Framework Application Guidance for Biodiversity-related Disclosures
  - CDSB Framework Application Guidance for Water-related Disclosures.
- Global Reporting Initiative (GRI) Standards,
  - GRI 13 Agriculture Aquaculture and Fishing Sectors 2022
- Taskforce on Nature-related Financial Disclosures (TNFD),
  - Additional sector guidance – Food and agriculture

1.2 Reporting Period and Boundary

This report covers the financial year from 1 April 2024 to 31 March 2025, consistent with the company's financial reporting period.

The disclosures presented herein apply to TTE, including all operations and assets within the financial reporting boundary, in line with the company's general purpose financial reports.

This includes:

- Talawakelle Tea Estates PLC
- All subsidiaries
  - TTEL Hydro Power Company (Pvt) Ltd
  - TTEL Somerset Hydro Power Company (Pvt) Ltd

Disclosures in this report are provided on a consolidated basis, unless otherwise stated. Where upstream or downstream activities (such as suppliers or distribution channels) are material to the assessment of specific sustainability-related risks and opportunities, they are included and clearly identified in the respective sections.

The scope of the report includes both qualitative and quantitative disclosures regarding sustainability-related risks and opportunities that could reasonably expected to affect the company's prospects, as determined through the process described in Note 5 and the 'Materiality in Focus' section on page 66. The primary users of these disclosures are existing and potential investors, lenders, and other creditors.

Unless explicitly mentioned, no restatements of previously published sustainability data have been made. Any updates to methodologies or assumptions are disclosed in the relevant notes.

1.3 Materiality Basis

TTE discloses only those sustainability-related risks and opportunities that could reasonably be expected to affect its cash flow, access to finance, or cost of capital over the short, medium, or long term.

The company applies a financial materiality lens while still considering broader sustainability conditions that may eventually translate into financial impact (e.g., environmental degradation, evolving stakeholder expectations).

Materiality is determined through a structured process:

- Assessment of magnitude, likelihood, time horizon,
- Engagement with internal and external stakeholders,
- Mapping across environmental, social, and economic contexts,
- Alignment to ESG disclosure pillars under SLFRS Sustainability Disclosure Standards.

Topics deemed non-material and that could not reasonably be expected affect the Company prospects have been excluded from disclosure, and a full internal record of evaluated topics is maintained for future reference.

1.4 Use of Estimates and Judgments

TTEs sustainability-related financial disclosures involve professional judgment and estimation due to the future-oriented and evolving nature of relevant risks. The company applies reasonable and supportable information available at the reporting date, without incurring undue cost or effort. Further, the Company has used the skills, capabilities and resources available at the reporting date wherever quantifying the impact of identified sustainability related risks and opportunities for a full breakdown of areas involving material judgment, estimation uncertainty, and forward-looking assumptions, refer to Note 4: Judgment and Measurement uncertainties.

1.5 Changes from Previous Reporting

The 2023/24 reporting year marks the first-time adoption by Talawakelle Tea Estates PLC of the SLFRS Sustainability Disclosure Standards. Key changes compared to previous reporting cycles; the major enhancements include:

- Expansion Beyond Climate: In addition to climate-related risks (previously aligned with SLFRS S2), the report now covers a full range of stakeholders, society, the economy and the natural environment throughout the company's value chain.
- Integration of Forward-looking Assessments: Increased emphasis on scenario analysis, resilience testing, and financial effects estimation related to sustainability matters.
- In 2023/24, non-significant CRROs were omitted due to their minimal impact, and several CRROs were consolidated to enhance reporting clarity and focus.
- GHG emissions for 2023/24 have been restated this year to incorporate updated emission factors and enhanced Scope 3 activity data and quantification methodologies.

1.6. Statement of Compliance

This report represents a complete set of sustainability-related financial disclosures for Talawakelle Tea Estates PLC and its subsidiaries (collectively, the Group') for the year ended 31 March 2025. The Group's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

Note 2: Overview of the Value Chain

TTE is one of the leading plantation companies in Sri Lanka, engaged in the full value chain of premium tea production from cultivation and manufacturing to market-ready products with a strong emphasis on sustainable agriculture and environmental stewardship and several other crops also. The company operates 16 estates and 15 factories across diverse agro-climatic zones in Sri Lanka's Upcountry and Low-country regions. In addition to its core operations, TTE operates mini-hydropower plants that contribute renewable energy to the national grid and estate operations, supporting its low-carbon strategy. (Refer to TTE's value chain on page 29).

2.2 Upstream Value Chain

TTE's upstream value chain includes critical inputs such as bought fresh leaf (Tea), fertilizers, agrochemicals, fuelwood, energy, and labor. Key sustainability risks relate to input cost volatility, agrochemical compliance, water access, and sustainable biomass sourcing. The company mitigates these risks through supplier diversification, regenerative practices, water conservation, and responsible sourcing.

2.3 Downstream Value Chain

The company downstream value chain includes tea sales through the Colombo Auction, direct exports, and specialty tea buyers. Key risks include rising ESG compliance demands, market access barriers, and reputational exposure. The company leverages certifications and sustainability performance to secure premium markets, meet regulatory expectations, and build brand value. (Refer value chain section – page 29).

2.4 Stakeholders Across the Value Chain

Talawakelle Tea Estates PLC operates within a diverse stakeholder ecosystem that includes estate community, suppliers, regulators, buyers, certification bodies, investors, and NGOs. These stakeholders significantly influence the company's sustainability performance, from ethical labor practices and input sourcing to regulatory compliance and market access. TTE maintains structured engagement with each group through community forums, buyer audits, and investor briefings to ensure alignment with ESG expectations, manage risks proactively, and strengthen its long-term social license to operate. (Refer stakeholder section – page 61).

2.5 Value Chain-related Risks and Opportunities

TTE's value chain presents both sustainability-related risks and opportunities that influence its financial outcomes.

Upstream risks include:

- Input supply volatility (e.g., fertilizer cost and agrochemical regulation),
- Water and ecosystem stress due to climate variability and competing usage,
- Labor dynamics, including wage expectations and retention challenges.

Downstream risks involve:

- Rising buyer ESG requirements (e.g., Rainforest Alliance, carbon disclosure),
- Scrutiny on logistics emissions, impacting both cost and reputational exposure.

Key opportunities across the value chain include:

- Regenerative agriculture to reduce input dependency and improve soil resilience,
- Mini-hydro energy expansion lowering GHG Scope 2 emissions and energy costs,
- Certified product differentiation enabling premium pricing and market loyalty,
- Access to green financing through strengthened ESG positioning.

By mapping these sustainability-related risks and opportunities across the upstream and downstream segments, TTE takes a strategic, financially focused approach to sustainability management in line with SLFRS Sustainability Disclosure Standards, using all reasonable and supportable information available as at the reporting date without undue cost or effort.

Note 3: Reporting Boundary

3.1 Alignment with Financial Reporting Boundary

TTE's sustainability-related financial disclosures for the year ending 31 March 2025 follow the same reporting boundary as its consolidated financial statements. This includes all operations under the company's control tea estates, factories, mini-hydro plants, and central administrative functions. Material exposures from outside the financial boundary (e.g., suppliers or logistics providers) are addressed separately, where relevant to value chain risks.

3.2 Operational Control Definition

TTE applies an operational control approach to define its sustainability reporting boundary, including all activities where it directs operations, implements sustainability actions, and governs compliance. This covers wholly owned estates, factories, mini-hydro plants, and estate-managed workforce systems. Entities not under direct control (e.g., third-party suppliers) are excluded from direct reporting but assessed separately under value chain disclosures in line with SLFRS Sustainability Disclosure Standards.

3.3 Value Chain Coverage Beyond the Financial Boundary

TTE consider material information relating to sustainability-related risks and opportunities arising from both upstream and downstream value chain activities, even when not within its financial reporting boundary. Inclusion is based on materiality, operational relevance, and data availability. Specific exposures such as input sourcing, certification-linked buyer expectations, and logistics emissions are addressed within financial impact considerations in Note 10.

3.4 Exclusions and Limitations

The Company sustainability-related financial disclosures include all materially relevant operations and value chain activities. However, certain elements such as out-growers, smallholders, third-party logistics, and non-controlled entities are excluded from the direct reporting boundary due to lack of operational control, limited data availability, or immateriality.

3.5 Basis for Boundary Judgments

We applied a principle-based approach to define its sustainability reporting boundary. Boundary decisions were based on operational control, materiality, and availability of reliable data. Value chain elements outside the financial reporting scope were included where material, with professional judgment applied to manage estimation uncertainty. All judgments are subject to periodic review as conditions evolve.

SLFRS Sustainability Related Financial Disclosures

Note 4: Judgement and Uncertainties

4.1 Overview of Judgement and Estimation in Sustainability Disclosures

Sustainability-related financial disclosures prepared by TTE involve the application of significant professional judgement and estimation, due to the inherent uncertainty, forward-looking nature, and data limitations associated with sustainability-related risks and opportunities. These disclosures are developed.

TTE operates within a climate-sensitive, labor-intensive, and export-oriented industry, where:

- Many sustainability-related risks and opportunities are future-oriented, such as climate change exposure, labor dynamics, export market dynamics and biodiversity degradation.
- Quantifiable data for upstream supply chain emissions, ecosystem benefits, and long-term adaptation costs are limited and non-standardized.
- Stakeholder expectations (e.g., buyers, certifiers, investors) are evolving faster than current ESG data systems can adapt.

Accordingly, judgement is applied in:

- Determining which sustainability-related financial information is material to investors and creditors,
- Choosing between quantitative vs. qualitative disclosure formats when data gaps exist,
- Assessing which estimates involve high levels of measurement uncertainty and must be disclosed with supporting context.

To ensure fair presentation, TTE uses all reasonable and supportable information available at the reporting date, without incurring undue cost or effort. In all cases, TTE prioritizes fair presentation of all sustainability-related risks and opportunities that could reasonably be expected to affect the Company's prospects.

4.2 Key Areas of Professional Judgement

In preparing sustainability-related financial disclosures, TTE has exercised professional judgement in areas where materiality assessment, defining reporting boundary, quantification of financial impact, and time horizon classification are not straightforward and depend on contextual interpretation. These judgments are critical for ensuring disclosures are meaningful and aligned with the decision-making needs of primary users.
Key areas include:

Materiality Assessment

- Determining whether specific sustainability-related risks and opportunities (e.g., drought exposure, labor migration, certification loss) could reasonably be expected to affect cash flows, access to finance, or cost of capital over the short, medium or long term.
- Judgements were applied where the financial effects were uncertain or indirect, but the strategic importance was high (e.g., biodiversity-related and ecosystem services related to risks and opportunities).

Definition of Reporting Boundary

- Deciding whether to include upstream and downstream value chain activities such as third-party logistics emissions and smallholder's agrochemical practices based on operational control and material impact (see Note 3.3).
- Evaluating the relevance of non-controlled activities where TTE remains exposed through certification and buyer obligations.

Time Horizon Classification

- Defining short, medium, and long-term time horizons based on tea cultivation cycles, replanting intervals, labor dynamics, and infrastructure payback periods, and aligning them with the company's strategic planning and business cycles for optimal integration.
- These judgments directly affect how sustainability-related risks and opportunities (e.g., Scope 3 emissions, social equity programs) are disclosed and tracked over time.

Scenario Analysis and Resilience Planning

- Selecting relevant and plausible climate scenarios and interpreting their operational and financial implications (see Note 11.3).
- Judging how to model resilience without precise long-range climate and buyer behavior forecasts.

Quantifying the Financial Impact

- Deciding when quantitative disclosure was not reasonably possible and applying consistent qualitative alternatives that convey the direction and magnitude of potential effects (further addressed in note 4.4).
- Ensuring that omitted or estimated figures are clearly contextualized to prevent misinterpretation or overstatement of certainty.

All such judgments were guided by a conservative, consistent approach, prioritizing transparency, comparability, and faithful representation.

4.3 Significant Sources of Measurement Uncertainty

Many of TTE's sustainability-related financial disclosures involve material estimation uncertainty. These uncertainties arise when inputs or assumptions necessary for quantification involve significant variability, are based on incomplete data, or reflect long-term projections with evolving methodologies.

TTE discloses the following key areas of measurement uncertainty, where actual outcomes could differ material from current estimates:

GHG Emissions (Scope 1, 2, and 3)	Physical Climate Risk Projections
• Estimations rely on third-party emissions factors, especially for Scope 3 sources such as downstream logistics, upstream inputs (e.g., fertilizer use), and business travels. • Direct measurement is not feasible for all supplier categories, and assumptions are updated as more accurate sectoral benchmarks become available.	• Climate risk models for Sri Lanka vary significantly by region and scenario. • Yield projections, land suitability, water availability, and erosion risk estimates depend on assumptions about rainfall, temperature, and seasonal variability particularly in Upcountry drought-prone and Low-country flood zones estates.
Valuation of Nature-Based Benefits	**Regulatory and Policy Forecasts**
• Financial benefits from regenerative agriculture, reforestation, and biodiversity programs (e.g., erosion control, carbon sequestration) are qualitatively supported but not fully monetized due to immature ecosystem service valuation tools. • These impacts are disclosed as directionally positive but remain subject to future model development.	• Estimating the cost impact of potential future requirements (e.g., possible extension of EU deforestation-free supply chains, Corporate Sustainability Due Diligence Directive (CSDDD), Carbon Border Adjustment Mechanism (CBAM)) involves high uncertainty. • TTE applies scenario-based assumptions (see Note 11.3), but actual policy adoption, enforcement timing, and buyer implementation vary.

Certification-Linked Compliance and Reputational Risk

- Non-quantifiable risk arises from the likelihood of certification failure (e.g., Rainforest Alliance and ISO 22000:2018), which could lead to market access loss or pricing pressure.
- Although no material loss occurred from restoring certification and managing reputational recovery during the reporting period.

In each case, TTE provides clear assumptions and qualitative context to help users understand the nature, scale, and direction of potential financial effects even where numerical precision is not achievable at this stage.

4.4 When Quantification Is Not Reasonably Possible

In several instances, TTE determined that it was not reasonably possible to quantify the financial effects of certain sustainability-related risks or opportunities. In such cases, the company has provided clear qualitative disclosures to describe the nature, direction, and relevance of those effects using the skills, capabilities and resources available to the Company, rather than omit or speculate inaccurately.

Disclosure Criteria and Approach:

A financial effect was deemed not reasonably quantifiable when:

- The cause-effect relationship between a sustainability factor and financial metrics (e.g., revenue, capex) was too indirect or diffuse,
- The data required for reliable modeling was incomplete, inconsistent, not yet available, and
- The future-oriented nature of the matter (e.g., climate regulation, biodiversity and ecosystem valuation) carried significant scenario or policy dependency.

In all such cases, qualitative disclosures were made that:

- Explain the type and source of the sustainability-related risk and opportunity,
- Describe its likely direction of impact (e.g., increasing, stabilizing),
- Identify the value chain area affected (upstream, midstream, downstream),
- Specify the time horizon (short, medium, or long term),
- Provide a rationale for why quantitative information was not presented.

Instances where the qualitative approach is used:

- Biodiversity Restoration (Note 7.2): Financial benefits from habitat corridors, buffer zones, or soil regeneration are described qualitatively due to the lack of credible monetization tools for ecosystem services.
- Scope 3 Emissions (Note 13.2.1): While GHG emissions are quantified, downstream logistics and supplier-related Scope 3 financial effects are disclosed without precise monetary quantification, due to third-party data limitations.

Regulatory Exposure, the potential cost of future ESG reporting mandates or import compliance obligations (e.g., EU CSRD or EU Deforestation Regulations) is discussed narratively, as enforceability and scope remain uncertain.

SLFRS Sustainability Related Financial Disclosures

Outcome:

TTE avoids misleading users with overestimated precision while still providing decision-useful information that reflects material sustainability factors transparently. Where feasible, such areas will be transitioned to quantified disclosures in future periods as data systems mature.

4.5 Disclosure of High-Uncertainty Estimates

TTE discloses information about sustainability-related risks and opportunities, estimates that involve a high level of measurement uncertainty, particularly where such estimates could significantly influence users' understanding of the company's financial position, performance, or cash flows. These disclosures are intended to ensure that users can:

- Understand the sources and nature of uncertainty,
- Assess the potential variability of estimates, and
- Place forward-looking assumptions in an appropriate context.

Characteristics of High-Uncertainty Estimates at TTE:

In all cases below, outcomes are affected by long-term projections, third-party modeling, or external policy assumptions:

Estimate Area	Source of Uncertainty	Nature of Potential Impact
Climate Risk Impact	Long-range rainfall and temperature scenarios vary significantly across elevation zones	Could affect estate yields, energy generation, and asset value
Scope 3 Emissions Financial Effects	Incomplete upstream/downstream data, reliance on emission factors	May material affects risk-adjusted cost models and buyer disclosures
Ecosystem Service Valuation (Note 7.3)	No standardized method for monetizing biodiversity or reforestation gains	Could understate long-term benefits of nature-based investments
Regulatory Cost Forecasting	Policy adoption timelines, implementation scope (e.g., expansion of scope of EU Deforestation Regulations, Corporate Sustainability Due Diligence Directive (CSDDD))	Could create unanticipated capex or compliance burdens
Social Infrastructure Return on Investment (ROI)	Payback of housing, education, and healthcare linked to retention outcomes	Financial benefit realization may lag and vary across estates

Disclosures Provided for Each Area:

For each high-uncertainty estimate, TTE discloses:

- The nature of the underlying risk and opportunity,
- The key assumptions used,
- The reason why quantification carries material variability,
- And where applicable, narrative ranges or directional guidance (e.g., "expected to reduce long-term input costs," or "likely to create future audit burden").

When significant changes to assumptions or estimation methods are made, they are flagged and justified in the relevant note (e.g., Note 11.3 on scenario revision).

Commitments Going Forward:

TTE actively monitors these areas and plans to enhance quantification where:

- Data collection systems improve (e.g., field-level emissions tracking, biodiversity baselining),
- Regulatory clarity increases, and
- Market consensus on valuation methodologies (e.g., natural capital accounting) matures.

This ensures a progressive transition from qualitative to quantitative disclosures.

4.6 Approach to Managing Estimation and Judgement Uncertainty

TTE applies a structured and conservative approach to managing estimation and judgement uncertainty in its sustainability-related disclosures. This approach ensures that disclosures remain faithful to the company's operational reality while meeting the expectations of primary users for transparency and comparability.

Guiding Principles

TTE's process is governed by five core principles:

1. Periodic Review and Revision

All key assumptions and methodologies are subject to annual review, and may be adjusted based on:

- Improvements in data availability,
- Regulatory or buyer expectation changes,
- Internal audit findings or post-event outcome evaluations

2. Conservative Assumption Setting

Where a range of assumptions is possible, the company selects conservative, non-optimistic estimates particularly for future-oriented risks (e.g., climate resilience, labor attrition).

3. Use of Reasonable and Supportable Information

Disclosures are based on the best available internal and external data at the reporting date, without incurring undue cost or effort.

4. Qualitative Substitution Where Needed

When high estimation uncertainty exists, TTE substitutes quantitative projections with qualitative descriptions (see Section 4.4), explaining direction, drivers, and risk concentration areas.

5. Proportionality

Skills, capabilities and resources that are available to the Company for preparing those disclosures.

Instances where the above application is used in the Report

- Emission factor updates are reviewed annually and adjusted as national or sectoral datasets (e.g., IPCC, GHG Protocol, Department for Environment, Food and Rural Affairs (DEFRA) GHG emission factors) are refined.

- Climate-related assumptions (e.g., rainfall models, drought frequency) are aligned with updated projections from Sri Lanka's National Adaptation Plan.
- Certification cost and benefit modeling is revised following major Rainforest Alliance (RA) or ISO standard updates or recertification cycles.

Governance Integration

The process is embedded within:

- The Board Audit Committee's oversight function (Note 6.1),
- The "Environment, Social, Economic and Governance (ESEG)" Steering Committee's operational agenda (Note 6.5), and
- The Enterprise Risk Management (ERM) framework, which captures emerging ESG risks and validates control responses (Note 12.2).

This systematic approach allows TTE to transparently represent uncertainty while ensuring disclosures are as decision-useful and investor-relevant as possible.

4.7 Forward-Looking Statements and Limitations

This report contains forward-looking statements relating to sustainability-related risks, opportunities, strategies, and financial impacts that reflect TTE's current expectations, assumptions, and estimates as of the reporting date. These statements are provided to support investor decision-making, but they are inherently uncertain.

Nature of Forward-Looking Content

Forward-looking disclosures in this report include:

- Climate scenario analysis results and projected resilience measures (Note 11.3),
- Anticipated costs and efficiency benefits from ESG investments (Note 10.4.2),
- Strategic timelines and replanting responses to climate and labor risks (Note 9),
- Expected benefits of biodiversity programs and community inclusion efforts (Notes 10.4.2, 7.2).

These are based on internal models, available external forecasts (e.g., climate models, policy outlooks), and management assumptions regarding future trends.

Limitations and Risk Factors

Actual outcomes may differ in materiality due to:

- Variability and uncertainty in climate science and local agroecological conditions,
- Future regulatory developments that affect ESG reporting, certification, or export market eligibility,
- Changes in buyer preferences or investor expectations regarding traceability, labor rights, or emissions performance,
- Evolution in ESG rating tools & platforms, certification frameworks, or national policies affecting the plantation sector.

Where appropriate, ranges, scenarios, or qualitative framing are used in place of deterministic forecasts.

Disclosure Approach

TTE does not guarantee the realization of any forward-looking statement and does not undertake to update them, except as required by law or major reporting updates. Statements are included to:

- Enable informed investor interpretation of risk exposures,
- Demonstrate alignment with leading sustainability disclosure standards (e.g., SLFRS Sustainability Disclosure Standards, TNFD, Science Based Targets initiative (SBTi) and Science Based Targets Network (SBTN),
- Promote transparency around assumptions and long-range risk mitigation efforts.

Note 5: Materiality Assessment

5.1 Purpose and Scope

TTE applies the SLFRS S1 materiality principle to ensure its sustainability-related financial disclosures focus on matters that could reasonably be expected to affect the company's prospects and thereby influence decisions made by existing and potential primary users. Broader stakeholder topics addressed in the Integrated Report are excluded from these disclosures unless such information meets the objective of SLFRS S1.

5.2 Materiality Definition and Application

Materiality is defined by SLFRS S1 as information that, if omitted, misstated, or obscured, could reasonably be expected to affect the company's cash flows, access to finance, or cost of capital over the short, medium, or long term. TTE applies this principle by:

- Focusing on sustainability-related risks and opportunities with direct or indirect financial impact,
- Avoiding disclosure of non-material items that would dilute decision-useful content,
- Considering both current and reasonably anticipated effects where data is available.

Materiality Identification & Assessment Process

1. Identification
- Internal reviews
- Industry benchmarks & standards
- Stakeholder feedback

2. Assessment
- Likelihood of occurrence
- Magnitude of financial impact
- Qualitative & quantitative inputs

3. Prioritization
- Rank issues in a materiality matrix
- Emphasize strategic and compliance relevance

4. Validation
- Review by the ESEG Steering Committee
- Approval by the Board Audit Committee

SLFRS Sustainability Related Financial Disclosures

5.3 Identification and Assessment Methodology

TTE uses a structured process, to identify and prioritize material sustainability-related risks and opportunities:

1. Identification:	2. Assessment:	3. Prioritization:	4. Validation:
Based on internal reviews, industry benchmarks and relevant standard (Note 1.1), and stakeholder feedback.	Each issue is assessed for likelihood and magnitude of financial impact (on revenue, cost, capital, or market access), using both qualitative and quantitative inputs.	Issues are ranked using a materiality matrix, with attention to strategic or compliance relevance even where financial magnitude is low.	Final materiality determinations are reviewed by the ESEG Steering Committee and approved by the Board Audit Committee.

Material information pertaining to sustainability-related risks and opportunities are provided in Notes 7–9, with related financial implications in Note 12.

5.4 Quantitative and Qualitative Judgement Criteria

TTE applies the following criteria when classifying issues as material:

- Financial thresholds: Impact on cost, revenue, capex, or credit indicators.
- Likelihood thresholds: Moderate to high likelihood, or low probability with high consequences (e.g., climate disasters);
- Strategic and regulatory significance: Items tied to climate resilience, ESG regulation, or buyer compliance obligations.
- Professional judgement: Used where quantification is limited but directional relevance is clear (e.g., biodiversity, Scope 3 exposure).
- Quantitative Financial Threshold: Issues with a potential impact of Rs 50 Mn or more (approximately 1% of annual revenue) on costs, revenue, CAPEX or credit metrics.

When in doubt, the company errs on the side of inclusion if materiality is reasonably foreseeable.

Financial Materiality Thresholds

The following thresholds were applied to determine the financial materiality of sustainability-related risks and opportunities (SRROs) for Talawakelle Tea Estates PLC during the reporting period:

Quantitative Criteria	Qualitative Criteria
A sustainability-related item is deemed financially material if it meets one or more of the following thresholds, either individually or cumulatively: • Impact on revenue, cost, or capital expenditure exceeding Rs. 25 million in any given reporting year; • Adjustment to carrying value of assets or liabilities exceeding 1% of total asset base; • Variability in operating cash flows of ±2% or more linked to a sustainability factor (e.g., extreme weather, labor shortages); • Financial effect forecasted over time exceeding Rs. 100 million in cumulative terms across the short, medium, or long term, as defined in Note 7.1.	Items not meeting the quantitative thresholds may still be deemed material based on professional judgment where: • Reputational risks arising from failure to meet ESG expectations (e.g., loss of Rainforest Alliance certification or buyer non-compliance) could impair market access or brand equity. • Social license to operate is at risk due to labor disputes, community dissatisfaction, or land-use grievances, even in the absence of quantifiable financial effect. • Non-compliance with evolving regulatory frameworks (e.g., EU deforestation regulation, SBTi alignment) could result in long-term restrictions, penalties, or investment detraction. • Strategic significance is high due to linkage with long-term resilience, such as biodiversity restoration or climate adaptation, even where current valuation is not feasible.

Items not meeting any of these thresholds or criteria are classified as non-material for the reporting period. However, they are retained in the internal sustainability risk register and monitored for changes in magnitude, likelihood, or stakeholder relevance.

5.5 Ongoing Review on Materiality Assessment

Materiality is reviewed annually in line with financial reporting cycles and reassessed during interim periods if significant internal or external changes occur. Key triggers include:

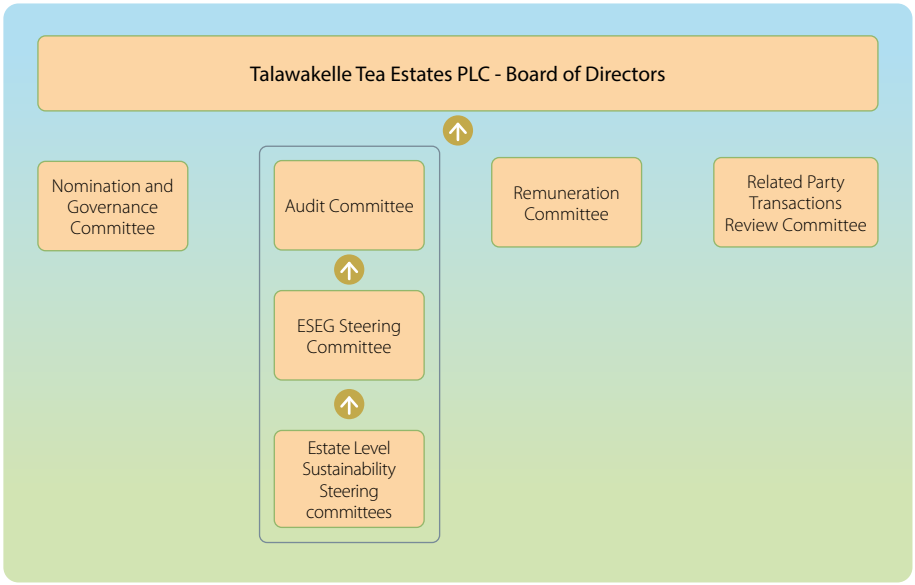
- Climate and environmental shifts (e.g., drought, extreme weather),
- Regulatory developments,
- Buyer and investor ESG expectations,
- Technological and market transitions affecting operations or product demand.
- A significant change in the entity's value chain
- A significant change in the entity's business model, activities or corporate structure
- A significant change in an entity's exposure to sustainability-related risks and opportunities (for example, a supplier in the entity's value chain is affected by the introduction of a new regulation that the entity had not anticipated).

Any emerging material sustainability risks or opportunities identified outside the reporting period will be addressed in subsequent disclosures.

Note 6: Sustainability Governance

GRI 2-9, 12, 13, 14, 17, 18

6.1 Governance Oversight Structure



Governance Body Key Sustainability & Climate Responsibilities

Governance Body	Key Sustainability & Climate Responsibilities
Board of Directors	• Approve and review corporate sustainability & climate strategy aligned to Strategic Imperatives • Set sustainability and climate relates -risk appetite, ESG policies and oversight frameworks • Monitor progress against GHG, and other ESG related targets • Champion transparent stakeholder engagement and disclosure
Audit Committee	• Oversee internal controls and data integrity for ESG metrics • Ensure accuracy and completeness of SLFRS S1–S2 disclosures other integrated reporting disclosures
ESEG Steering Committee	• Translate Board ESG strategy into cross-functional programs (scenario analysis, ESG strategies) • Maintain dynamic ESG, climate & biodiversity risk register and seize emerging ESG opportunities
Estate-Level Sustainability Steering Committees	• Implement corporate ESG policies on the ground (GAP, water-harvesting, soil ecosystem conservation, climate adaptation) • Track estate-specific KPIs, escalate incidents or innovative pilots to ESEG, and ensure alignment with TTE's Strategic Imperatives

TTE maintains a clearly defined governance framework to oversee sustainability-related risks, opportunities, and decision-making.

Oversight responsibilities rest with the Board of Directors, with specific delegation to the Board Audit Committee (BAC). The BAC meets quarterly and is responsible for:

- Reviewing and endorsing ESG strategy and climate transition plans,
- Overseeing material ESG risks and their alignment with corporate strategy,
- Monitoring performance against sustainability-related targets and disclosures,
- Approving key policies.

These responsibilities are formalized according to Hayleys group direction under "Hayleys Life code" (ESG Framework), and TTE's Sustainability Governance Framework under "2030 ReGen Agenda". Directors receive formal induction on relevant standards.

6.2 Sustainability Competence and Skills

TTE ensures its Board and committees possess or have access to sustainability-related expertise.

- The BAC includes members with experience in plantation operations, agroecology, and corporate governance.
- Board composition is periodically reviewed to ensure alignment with emerging ESG themes (e.g., climate, biodiversity, just transition).
- A structured development program provides:
  - Annual ESG training,
  - Regulatory briefings,
  - Updates on investor ESG trends and Sri Lanka-specific policy changes.

This ensures the Board remains well-informed to govern sustainability-related matters effectively.

Sustainability Competence Skills

Board & Committee Expertise
- Plantation operations
- Agroecology
- Corporate governance

Periodic Composition Review
- Align membership with emerging ESG themes (climate, biodiversity, just transition)

Structured Development Program
- Annual ESG training
- Regulatory briefings
- Investor-ESG trend updates & Sri Lanka policy changes

Outcome
- Ensures the Board remains well-informed to govern sustainability matters effectively

SLFRS Sustainability Related Financial Disclosures

Skill Matrix of Board of Directors

Skill and Experience	Discription	Relevant to TTE and strategy
Plantation Operations 3 1 7	Experience managing large-scale plantations, agronomy best-practices, yield optimisation and Good Agriculture practices (GAP) compliance.	Drives Operational Excellence by boosting productivity, quality and traceability across estates.
Financial Expertise 4 3 4	Proficiency in corporate finance, SLFRS reporting, budgeting and cost control in agricultural operations.	Underpins Operational Excellence and Business Diversification through robust capital allocation and risk-adjusted growth.
Governance and Transparency 6 3 2	Deep knowledge of Sri Lankan company law and finance and sustainability disclosure rules.	Secures overall governance and Environmental Stewardship & Climate Change credibility and investor trust via top-tier oversight and reporting.
Sustainability & ESG 3 2 6	Led sustainability strategy, climate action, environment and social management practices.	Advances Social aspects, Nutring people, Environmental Stewardship & Climate Change by embedding climate, nature and social targets into the business.
Risk Management 4 2 5	Track record identifying and mitigating financial, operational and climate-related risks across the value chain.	Builds resilience under Operational Excellence and Environmental Stewardship, protecting TTE's assets against volatility and climate shocks.
Digital Transformation 3 8	Experience deploying agritech, IoT/data analytics, ERP systems and cyber-security in plantation sector.	Accelerates Operational Excellence and Winning with the Customer by unlocking real-time insights, traceability and service innovation.
People & Culture 3 1 7	Expertise in organisational culture, talent development, succession planning and labour-relations frameworks.	Fuels Nurturing Our People through leadership pipelines, engagement and inclusive practices that sustain long-term performance.
Market & Customer Insights 3 2 6	Understanding of global tea markets and other (Cinamon, rubber etc.), buyer requirements, traceability and brand-driven customer engagement.	Powers Winning with the Customer and Business Diversification by aligning products, channels and partnerships with evolving market demands.

High competency, knowledge and experience | Direct experience | Awareness

6.3 Board Inform ation Flows and Decision-Making

Sustainability performance and risks and opportunities are reported to the BAC on a quarterly basis, supplemented by ad hoc briefings on urgent sustainability related material information. Updates are channeled through the Director/CEO by the ESEG Steering Committee and the Head of Finance and Head of Sustainability, who serves as the Committee Advisor and Secretary respectively, and include the following:

- Progress on ESG targets (e.g., GHG emissions, social indicators, certification),
- Emerging risks and incidents (e.g., Extreme weather event, compliance issues),
- Status of key initiatives (e.g., biodiversity corridors, water security, Revenue share model).

The BAC is involved in:

- Strategic investment review (e.g., hydropower, regenerative land use),
- ESG-linked capital allocation decisions,
- Approval and monitoring of ESG key performance indicators (KPIs) and public disclosures.

Progress summaries are shared quarterly, with additional governance details in Note 6.6.

6.4 Integration of ESG into Strategic Governance

TTE integrates ESG factors into its strategic planning, risk management, and corporate decision-making. ESG is embedded in:

- Strategic planning: climate adaptation, replanting, natural resources management, and market access.
- Capital allocation: investments are screened for ESG implications (e.g., energy efficiency, biodiversity impact).
- Major transactions: ESG factors influence supplier selection, workforce planning, land development, and product design.

Sustainability performance is also considered in accessing sustainability-linked financing and enhancing long-term competitiveness.

6.5 Board Audit Committee Roles and Internal Controls

BAC is responsible for overseeing the setting and progress monitoring of sustainability-related targets across environmental, social, and governance areas.

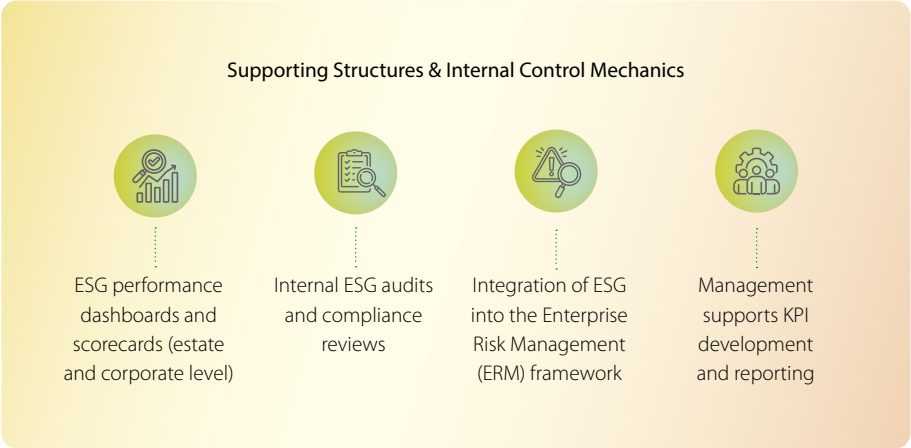
- **Target Setting:** Key ESG targets including those related to GHG emissions, biodiversity restoration, certification compliance, and workforce inclusion are developed by the Sustainability Team & ESG Steering Committee and approved by the BAC. Targets are aligned with the company's 2030 Regenerative Agenda and business strategy (see Note 15.1).
- **Progress Monitoring:** Performance is reviewed quarterly using an ESG performance dashboard and integrated scorecards (see Note 6.3 and 15.3). Deviations are escalated with corrective actions tracked.
- **Link to Remuneration:** TTE is currently in discussion regarding the integration of selected ESG KPIs into the performance evaluations of executives and senior management. (see Note 15.4).

Skill Matrix of ESEG Steering Committee

Skill and Experience	Discription	Relevant to TTE and strategy
Plantation Operations Management 4 11	Day-to-day oversight of field operations, agronomy scheduling, input optimisation and GACP audit readiness.	Ensures Operational Excellence by driving yield, quality and traceability on the ground.
Financial & Performance Management 3 5 7	Budget ownership, cost-variance analysis, P&L stewardship and monthly/quarterly forecasting.	Underpins Operational Excellence and Business Diversification via disciplined resource allocation and performance tracking.
Compliance & Internal Controls 7 3 5	Implements SLFRS controls, regulatory reporting, internal audit follow-up and policy enforcement.	Secures Environmental Stewardship & Climate Change and Winning with the Customer by upholding standards and trust.
Sustainability & ESG Implementation 3 6 6	Translates ESG targets into departmental KPIs, manages SBTi/TNFD projects, drives supplier engagement on climate and nature actions.	Accelerates Environmental Stewardship & Climate Change by embedding sustainability into everyday operations.
Enterprise Risk & Crisis Management 4 5 6	Monitors risk registers, leads cross-functional risk reviews, updates mitigation plans and manages incident response protocols.	Builds Operational Excellence and Environmental Stewardship resilience against market, compliance and climate disruptions.
Digital & Process Innovation 7 3 5	Drives ERP/IoT roll-outs, data-driven process improvements, automation pilots and cybersecurity hygiene programs.	Fuels Operational Excellence and Winning with the Customer through faster decision-making and enhanced service delivery.
People Leadership & Culture Development 6 2 7	Coaches teams, leads talent reviews, implements learning programmes and champions inclusion, health & safety best practices.	Delivers Nurturing Our People by building capability, engagement and a safe, high-performance culture.
Market, Sales & Customer Management 3 3 9	Translates market insights into sales plans, manages key accounts, oversees traceability/quality audits and drives channel partnerships.	Powers Winning with the Customer and Business Diversification by aligning offer, brand and distribution with evolving buyer needs.

● High competency, knowledge and experience ● Direct experience ● Awareness

6.6 Management Roles and Internal Controls



Day-to-day execution of sustainability strategy is led by the Company Sustainability Team and ESEG Steering Cross functional team of, who reports to the Director/CEO, Managing Director and BAC. This role oversees:

- ESG strategy implementation across TTE 16 estates and 15 factories, Mini-hydro plant operation under subsidiary companies.
- Certification (e.g., RA, ISO 14001/14001-1/50001),
- Sustainability disclosures, Scope 1,2&3 tracking, and ESG reporting.

Supporting structures include:

- The Estate level Sustainability steering Committee (monthly reviews),
- ESG performance dashboards and scorecards (estate and corporate level),
- Internal ESG audits and compliance reviews (quarterly),
- Integration of ESG into the Enterprise Risk Management (ERM) framework.

Management supports KPI development and reporting, with Board-level oversight of performance linkages addressed in Note 6.6 and 15.4.

Note 7: Sustainability-related Risks and Opportunities

Overview of Sustainability-related Risks and Opportunities

TTE operates within a complex socio-environmental context where sustainability-related risks and opportunities influence the company's long-term financial prospects. This note presents an overview of risks and opportunities assessed as material or non-material across the Environmental, Social, and Governance (ESG) dimensions. Only items that could reasonably be expected to affect TTE's cash flows, cost of capital, or access to finance are classified as material. Strategic responses, financial impacts, business resilience considerations, risk management systems, and metrics are disclosed separately in Notes 9 to 13.

SLFRS Sustainability Related Financial Disclosures

Classification of Sustainability Related Risks and Opportunities

ESG Category	Sustainability-related Risks	Sustainability-related Opportunities
Environmental	• Climate-related Transition Risk (low-emission compliance and decarbonization costs) • Climate-related Acute Physical Risk (extreme weather events) • Climate-related Chronic Physical Risk (rising temperatures, erratic rainfall affecting crop productivity)	• Nature-based Opportunity (Biodiversity Restoration and Ecosystem Resilience)
Social	• Labor Scarcity and Wage Escalation (workforce migration and cost pressure)	-

Time Horizons Used for Assessment

TTE uses the following standardized timeframes, aligned with internal planning cycles, to assess when the financial effects of each risk or opportunity are expected to emerge:

Short-term (1–3 years)	Medium-term (3–5 years)	Long-term (beyond 5 years)
Operational disruptions, certification changes, labor force dynamics.	Shifts in weather patterns, regulatory evolution, wage restructuring.	Change of climate patterns, Biodiversity degradation, chronic temperature rise, ESG-driven market shifts.

Each item disclosed in Notes 7.2–7.4 has been evaluated within one or more of these timeframes.

Affected Operational Areas

Sustainability-related risks and opportunities are expected to affect the following areas:

Estate Operations	Labor-Dependent Functions	Agro-Ecological Cultivation Zones	Export Channels	Internal ESG Oversight Systems
Particularly in lower divisions prone to heavy rainfall and landslides (e.g., Deniyaya).	Including harvesting and field maintenance units with high absenteeism.	Subject to rainfall and temperature variability.	Especially those reliant on ESG certifications and buyer sustainability compliance.	Under evaluation for digital transformation.

This overview provides a structured context for the disclosures in Notes 7.2 to 7.4, which detail sustainability-related risks and opportunities under each ESG category. Connected disclosures regarding strategy, risk management, financial effects, and performance indicators are presented separately in Notes 9 to 13.

Note 7.1 Environmental Risks and Opportunities

This section presents the environmental-related risks and opportunities that could reasonably be expected to affect the TTE prospects. Classification is based on materiality thresholds defined in Note 5.4.

Only material information pertaining to sustainability-related risks and opportunities that could reasonably expected affect the TTE's prospects are included below. Strategic responses, financial impacts, and performance targets are discussed separately in Notes 9 through 13.

#	Type	Name	Description	Time Horizon	Materiality Basis
CRR1	Climate-related transition risk	Compliance with Low-Carbon Regulations and Decarbonization Costs	Increasing compliance pressure from buyers and regulatory frameworks (e.g., SBTi, EU CBAM) requiring emissions reduction and low-carbon operations.	Medium to Long Term	Investment needs for decarbonization exceed Rs. 50 Mn in low carbon fertilizer and renewable energy, GHG monitoring, and fuel transition.
CRR2	Climate-related physical risk (Acute)	Extreme Rainfall and Flood Disruptions	Intensified rainfall events causing flash floods, harvest delays, infrastructure damage, and production shutdowns.	Short to Medium Term	Estimated annual disruptions and recovery costs exceed Rs. 60 Mn, particularly during monsoon season.

#	Type	Name	Description	Time Horizon	Materiality Basis
CRR3	Climate related physical risk (Chronic)	Rising Temperatures Affecting Yield and Crop Viability	Gradual temperature increases reducing yield quality, altering bud formation, and shortening or lengthening plucking intervals. Elevated pest/disease risks also expected.	Medium to Long Term	Long-term yield impacts projected to cause annual revenue loss > Rs. 50 Mn across vulnerable estates.
SRO1	Nature-based Opportunity	Biodiversity Restoration and Ecosystem Resilience	Enhancing ecological resilience through reforestation, agroforestry, and conservation of natural capital to improve long-term climate adaptation.	Medium to Long Term	Over 100 hectares under restoration. Estimated co-benefits and potential nature finance opportunities > Rs. 75 Mn.

7.2 Social-related Risks and Opportunities

This section presents the social-related risks and opportunities identified by TTE that could reasonably be expected to affect its prospects. Only items assessed as material, based on the thresholds set out in Note 5.4, are included in the table below.

#	Type	Name	Description	Time Horizon	Materiality Basis
SRR1	Risk	Labor Scarcity and Wage Escalation	Declining availability of estate-based labor due to generational migration and alternate employment opportunities. Rising wage expectations are creating operational and cost pressures.	Short to Medium Term	Estate-level productivity disruptions and wage-related cost increases projected to exceed Rs. 100 Mn annually.

Note 7.3 Governance Risks and Opportunities

No governance-related risks or opportunities have been identified, which could reasonably be expected to affect the Company's prospects and met the criteria for material disclosure in this reporting cycle.

Oversight mechanisms, board-level responsibilities, and sustainability governance processes are disclosed in Note 6 and Note 12 (Risk Management).

Note 8: Business Model and Value chain

8.1 Business Model Overview

Talawakelle Tea Estates PLC is a vertically integrated plantation company primarily engaged in the cultivation, manufacture, and sale of high-quality tea. The company operates 16 estates and 15 factories in Sri Lanka's Upcountry and Low-country regions, supported by central administration and two subsidiary companies of renewable energy generation from Mini-hydro plants.

The business model encompasses:

- End-to-end operations from field to factory,
- Integration of environmental and social sustainability practices (see Notes 7 and page 29),
- A community-embedded workforce structure and estate-centered infrastructure.
- This vertically integrated model enables TTE to control quality, sustainability performance, and traceability across the value chain (Refer to page 29 – Our Position in the Value Chain).

8.2 Key Inputs and Resources

Core inputs include:

- Agricultural supplies (fertilizers, agrochemicals, planting materials),
- Labor from estate-based communities (see Note 8.2),
- Water resources and renewable energy (e.g., mini-hydro),
- Infrastructure such as roads, housing, and factory equipment.

Natural and human capital form the foundation of the company's value creation model (refer to Notes 7.1 and 8.3).

8.3 Value Chain Activities

TTE's value chain spans:

Upstream	Midstream	Downstream
Input sourcing, out grower engagement, and labor services associated risks include input price volatility, labor shortages, and certification dependencies.	Estate operations and tea manufacturing affected by climate risk, biodiversity performance, and labor productivity.	Tea auction sales, export to ESG-conscious markets, and buyer certification compliance sensitive to reputation, audit performance, and Scope 3 traceability.

SLFRS Sustainability Related Financial Disclosures

8.4 External Dependencies and Stakeholder Linkages

The business model is heavily interlinked with:

- Estate communities and worker welfare systems,
- Certifying bodies (Rainforest Alliance, ISO) and buyer expectations,
- Local ecosystems and climate-sensitive landscapes,
- Regulatory environments shaping labor, environmental, and market access conditions.

The ability to preserve and grow value depends on continuous alignment of value chain practices with sustainability principles and stakeholder needs.

8.5. Business model and value chain impacts of identified SRROs

CRRO/SRRO	Current effects of SRROs to business model and value chain	Anticipated effects of SRROs to business model and value chain
Transition Risk - Compliance with Low-Carbon Regulations and Decarbonization Costs	Exposure across field operations (chemical/ fertilizer inputs), factory thermal energy usage, and logistics, including Scope 3 emissions from inbound and outbound transport.	Transition to low-emission fertilizers and chemical leasing models; factory decarbonization via biomass and renewable energy; enhanced logistics efficiency; increased ESG traceability to comply with buyer and regulatory carbon reporting standards.
Acute Physical Risk - Extreme Rainfall and Flood Disruptions	Disruption to estate accessibility and supply chain continuity in high-risk zones such as Deniyaya, Talawakelle, and Nanu Oya during monsoon periods.	Strengthened climate-resilient infrastructure (e.g., slope protection, road reinforcement); integration of seasonal production buffers and emergency response protocols into estate planning.
Chronic Physical Risk - Rising Temperatures Affecting Yield and Crop Viability	Declining productivity in high-altitude, rain-fed blocks (>1,200m) due to heat stress and altered agronomic cycles.	Shift to climate-resilient cultivars and adaptive replanting cycles; revised agronomic practices including shade management, soil moisture retention, and pest resilience strategies.
Biodiversity Restoration and Ecosystem Resilience	Biodiversity degradation in buffer zones, riparian strips, and degraded natural capital near estate field boundaries.	Expansion of agroforestry systems, ecological corridors, and habitat buffers; integration of ecosystem services into estate planning; opportunity to access biodiversity-linked financing (e.g., PES).
Labor Scarcity and Wage Escalation	Rising absenteeism and operational strain in labor-intensive field functions across all divisions. Increase in operating expenses and and retirement benefit obligations due to wage increase	Workforce stabilization through estate-level housing, welfare, and retention schemes; optimized labor deployment; incentive realignment and preservation of estate-based employment models.

Note 9: Strategy and Decision-Making

9.1 Strategic Integration of Sustainability-Related Risks and Opportunities

TTE has embedded responses to material sustainability-related risks and opportunities into its core strategic and operational planning processes. These responses are designed to safeguard long-term value, maintain market competitiveness, and ensure resilience across agro-ecological and labor systems.

The table below summarizes how each material item disclosed in Note 7 is reflected in strategic decision-making:

Material Risk / Opportunity	Strategic Integration	Progress against the Strategic Plans
Transition Risk (Compliance with low-carbon regulations and decarbonization costs)	Incorporated into the company's decarbonization roadmap through investments in Chemical leasing project for agrochemical and fertilizer use reduction, mini-hydro and solar power generation, fuel (Biomass)-efficient boilers, GHG tracking systems, and energy optimization initiatives. These form part of the company's Net Zero commitment (aligned and verification with SBTi).	• Convert all boilers to biomass boilers and 3 mini-hydro plants operational as of 2024/25. • 4.1% YoY reduction in Scope 1 emissions and 5% reduction in thermal energy use per kg made tea. • SBTi re-validation achieved for 2024 targets. • Invest in energy and fertilizer transition initiatives.
Acute Physical Risk (Extreme weather events, including floods, landslides, and droughts.)	Estate infrastructure investments prioritize climate resilience: Factory construction, land management practices. These responses are targeted to high-risk estates in Deniyaya region.	• Emergency OPEX for landslide/flood recovery in 2024/25 was Rs. 81.7 Mn. • Soil Retaining mechanism and slope stabilization completed across all landslide-prone divisions. • Business continuity protocols establishment.

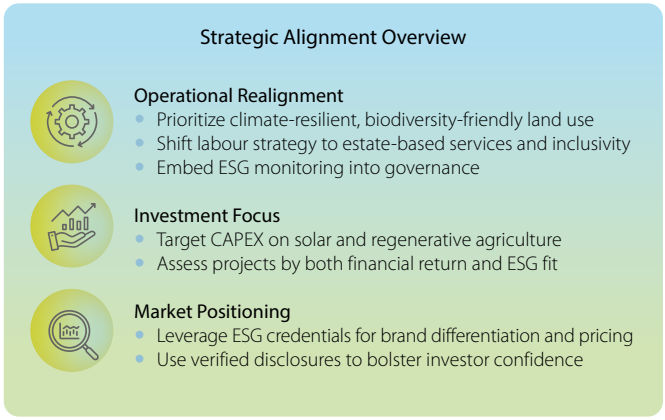
Material Risk / Opportunity	Strategic Integration	Progress against the Strategic Plans
Chronic Risk (Rising temperatures affecting yield and crop viability)	Strategic shift towards climate-smart cultivars and agroforestry. Estate-level replanting cycles and shade tree integration are restructured to accommodate long-term climate stress exposure.	• 62 hectares replanted using climate-resilient cultivars. • Shade tree density increased in vulnerability in each elevation zones.
Labor Scarcity and Wage Escalation	Social investments are embedded in the estate-level master plans to address workforce retention. Strategic actions include upgraded housing, education programs, and inclusive employment policies.	• Provision for revised wage structures. • New worker housing units constructed; 16 estate schools supported. • Absenteeism rate reduction.
Biodiversity Opportunity (Ecosystem restoration and resilience)	The company's landscape planning strategy incorporates restoration of riparian buffers, forest patches protection, and biodiversity corridors in alignment with Rainforest Alliance standards and long-term resilience planning.	• Invest in ecosystem restoration projects. • 13 km of biodiversity corridors mapped and restored. • Nature-positive and regenerative uplift certified for all estates under Rainforest Alliance.

Sustainability-related risks and opportunities have shaped TTE's operational, financial, and governance strategies.

Operational Realignment:
- Land-use planning prioritizes climate resilience and biodiversity.
- Labor strategy focuses on estate-based service delivery and inclusive employment.
- ESG monitoring is now embedded in governance structures (Note 6.3).

Investment Strategy Influence:
- Capex prioritized Solar, Regenerative agriculture with soil restoration.
- Projects are evaluated based on financial return and ESG alignment.

Market Strategy:
- ESG credentials drive brand differentiation and premium pricing.
- Verified sustainability disclosures strengthen investor appeal.



9.3 Impact on Strategic Planning, Capital Allocation, and Financial Planning

The material sustainability-related risks and opportunities disclosed in Note 7 have directly influenced TTE's enterprise-wide planning priorities, capital investment strategy, and financial decision-making processes. These impacts include:

Capital Expenditure (CapEx) Allocation	Operating Cost Planning	Revenue and Market Access	Rolling Strategic Review Process
• Climate Resilience Investments: CapEx has been allocated for Factory construction and upkeeping, solar and mini-hydro expansions, sustainable land management, stabilization infrastructure, rainwater harvesting, and drought-tolerant cultivars. • Biodiversity and Soil Health: Investment in native forest buffer zones and regenerative agriculture pilots are aligned with long-term ecosystem resilience targets. • Workforce Infrastructure: Worker housing upgrades, health facilities, and retention-linked programs are prioritized to address the scarcity risk of labor.	• Certification Compliance: Budget allocations account for ongoing Rainforest Alliance and ISO compliance, internal audit cycles, and data system upgrades. • Climate Disruption Reserves: Operating contingency is set aside to cover estate-level recovery costs from rainfall-related disruption.	• Sustainability Premiums: TTE's ESG positioning underpins pricing premiums in export markets and buyer continuity in high-value segments. • Futureproofing through Disclosure Readiness: Verified sustainability disclosures under SLFRS S1/ S2 support buyer trust and investor ESG screening.	Material sustainability factors are formally reviewed through the companies: • Annual strategic planning cycle, • Capex approval process, • Board Audit Committee oversight (Note 6.1).

Forecasted financial impacts from these factors are disclosed in Note 10.2 and resilience planning is detailed in Note 11.4.

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9.4 Strategic Trade-Offs and Long-Term Positioning

In addressing material sustainability-related risks and opportunities, TTE has adopted a long-term perspective that emphasizes resilience, ESG compliance, and market differentiation. The company routinely evaluates trade-offs when allocating resources or selecting risk mitigation pathways. Examples include:

Strategic Trade-Off	Decision Taken	Outcome / Justification
Replanting vs. Ecosystem Protection	Dedicating land in favor of reforesting sensitive areas and establishing biodiversity buffers.	Preserved certification status (e.g., RA), enhanced natural capital, and mitigated flood and erosion risks.
Agrochemical Yield vs. Certification Compliance	Reduced chemical dependency in favor of Integrated Nutrient Management (INM) and regenerative inputs.	Short-term yield trade-offs offset by certification continuity and improved soil health.
Labor Mechanization vs. Community Stability	Limited mechanization in labor-intensive estates to preserve estate-based livelihoods.	Reinforced worker trust, supported social license to operate, and avoided reputational risk.
Immediate Cost Efficiency vs. Long-Term Energy Resilience	Invested in solar and mini-hydro expansion despite higher upfront CapEx.	Reduced long-term energy costs, lowered Scope 2 GHG emissions, and strengthened ESG performance.

These trade-offs are assessed within TTE's multi-capital framework, considering both financial and non-financial value preservation over time.

Note 10: Financial Position, Financial Performance and Cash Flows

GRI 3-3 | 201-2 | 13.2.1, 13.2.2

10.1 Current Period Financial Effects

The table below outlines the known or observable impacts on financial position, performance, and cash flows during the reporting period ended 31 March 2025. These impacts have arisen from TTE's material sustainability-related risks and opportunities:

- Cash flow impacts include increased expenditure on climate resilience infrastructure and workforce costs.
- Financial Performance impacts reflect short-term yield volatility, increased operating expenditure (OPEX), and adjustments to labor cost structures.
- Balance sheet impacts are evident in targeted CapEx on agro-input, energy, housing, and reforestation projects, with no material asset write-downs reported.

TTE has not identified any significant risk of material adjustment to the carrying amounts of assets or liabilities in the next annual reporting period. However, resilience and asset valuation sensitivity to physical climate risks, labour shortages, and related cost pressures are continuously monitored.

10.2 Anticipated Financial Effects Across Time Horizons

The table in note 10.4.4 summarizes how material sustainability-related risks and opportunities are expected to affect TTE's financial position, cash flows, performance, and cost of capital over the

short (1–3 years), medium (3–5 years), and long term (>5 years):

- Effects are derived from scenario analysis (Note 11.3), strategic alignment (Note 9), and materiality determination (Note 5.4).
- CapEx planning is especially sensitive to biodiversity and fertilizer and energy transition strategies.
- Cash flows and operating performance are forecast to remain moderately exposed to rainfall disruption and labor cost escalation.
- Opportunities such as renewable energy expansion and ecosystem service restoration are expected to reduce long-term cost structures and enhance pricing resilience.

10.2.1 Risk of Material Adjustment to Carrying Amounts

Based on the company's current evaluation of sustainability-related risks and opportunities, no significant risk of material adjustment to the carrying amounts of assets or liabilities is expected within the next annual reporting period.

However, the following material factors are monitored closely due to their potential proximity to materiality thresholds:

Extreme rainfall and slope instability	Labor scarcity and wage escalation pressures	Biodiversity restoration investments
may elevate restoration and maintenance costs for vulnerable estate infrastructure, potentially affecting repair provisions and asset maintenance reserves (see Note 7.2).	could influence employee benefit liabilities and future wage-linked expense planning, particularly in worker-dense divisions (see Note 7.3).	linked to ecosystem regeneration (e.g., reforestation, agroforestry corridors) may trigger new capitalized asset categories or influence asset valuation methodologies if nature-based assets are recognized over time. Although not expected to materially adjust current carrying amounts, this is a monitored accounting area as methodology evolves (see Note 7.2).

10.2.2 Estimation Uncertainty and Quantification Limitations

Where financial effects of sustainability-related risks and opportunities are not separately identifiable or involve high levels of estimation uncertainty, TTE provides qualitative disclosures The following areas currently have limitations that affect full quantification:

Chronic Climate Risk (Note 7.2.): Long-term yield decline due to temperature increases has been observed in high-altitude zones; however, isolating this impact from other agronomic variables remains complex. No specific revenue impairment is recorded but revenue sensitivity is tracked estate-wise through yield.

Biodiversity Opportunity (Note 7.2): TTE's investments in reforestation and agroforestry buffers are long-cycle interventions. Although potential cost-avoidance and ecosystem service value are expected to contribute to financial performance in the medium to long term, a standardized methodology for asset capitalization or monetization is not yet available.

Labor Scarcity Impacts (Note 7.3): While OPEX adjustments for wages and retention investments are budgeted annually, the indirect productivity impacts (e.g., absenteeism) are not separately measurable due to overlapping influences such as estate weather and terrain.

TTE identifies the following areas with high levels of estimation uncertainty:

- Chronic Climate Risk
  Due to temperature rise
- Biodiversity Opportunity
  Reforestation efforts
- Labor Scarcity Impacts
  Indirect productivity effects

Quantification not possible with reasonable certainty

Where quantification is not feasible, TTE discloses the expected financial effects using qualitative narrative. The assumptions, confidence levels, and limitations related to these estimates are detailed in Note 4: Judgement and Estimation Uncertainty. TTE continues to enhance its ESG-financial data integration capabilities to enable future quantification in areas such as ecosystem valuation, labor productivity impacts, and downstream Scope 3 GHG exposure.

10.3 Link to Financial Planning and Capital Allocation

Sustainability-related financial effects are embedded into the company's financial planning processes. These effects are integrated through:

- The annual CapEx approval cycle,
- ESG-linked project screening criteria,
- Internal budgeting and cost variance tracking at estate level.

TTE uses a risk-adjusted approach to financial decision-making to balance short-term performance with long-term resilience.

10.4 Integration to Finance Planning & Anticipated Effect

10.4.1 Integration into Financial Planning and Funding Strategy

TTE integrates the financial implications of sustainability-related risks and opportunities into its financial planning, capital allocation decisions, and investment prioritization frameworks. These considerations are embedded within the company's Five-year rolling financial plan, approved annually by the Board.

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Key financial planning linkages include:

Capital Investment Prioritization	Operational Budget Planning	Resilience Reserve Mechanism:	Funding Sources
Sustainability-linked CapEx such as climate-resilient replanting, solar mini-hydro expansion, soil conservation, and biodiversity buffers are prioritized in capital allocation cycles based on strategic risk heatmaps (see Note 12.4). For FY 2025/26, over Rs. 75 Mn has been allocated toward energy transition and climate adaptation infrastructure.	Labor escalation risk, emergency rainfall repair costs, and certification audit costs are incorporated into operating budgets and financial sensitivity scenarios. These are reviewed quarterly at estate and TTE level.	TTE maintains a contingency reserve to manage volatility in revenue and cost flows due to climate extremes. This includes field disruption, tea transport bottlenecks, or unplanned slope failures during peak monsoons.	Medium-term investments are financed through a mix of internal cash flows and aligned sustainability-linked facilities within the Hayleys Group treasury structure. Where appropriate, donor-funded partnerships (e.g., UNIDO for micro-hydro) and green financing opportunities are considered for future biodiversity-linked investments.

TTE's strategic and financial planning processes are reviewed annually, and updated for emerging sustainability-related regulatory trends, climate scenarios, and market access conditions.

10.4.2 Anticipated Effects – Short Term (1–3 years)

CRRO/SRRO	Expected Effects on Financial Statements
Transition Risk	Gradual capital expenditure (CapEx) toward clean energy; minor operating expenses (OPEX) increase
Rainfall Risk	Increased budget allocations for flood damage recovery; short-term yield sensitivity
Labor Scarcity	Incremental payroll costs and housing investment; higher social benefit provisioning
Biodiversity Opportunity	Continued investments in agroforestry and ecosystem infrastructure; low cash flow impact

10.4.3 Anticipated Effects – Medium Term (3–5 years)

CRRO/ SRRO	Expected Effects on Financial Statements
Transition Risk	Improved energy cost efficiency; lower Scope 2 emissions; reduced exposure to carbon pricing risks
Chronic Climate Risk	Potential yield degradation affecting revenue
Labor Scarcity	Stabilization of productivity with social infrastructure; partial cost absorption via estate-level efficiencies
Biodiversity Opportunity	Improved soil quality, water retention, and slope stability; potential for nature-linked revenue (e.g., PES)

10.4.4 Anticipated Effects – Long Term (>5 years)

CRRO/ SRRO	Expected Effects on Financial Statements
Chronic Climate Risk	Yield decline may require replanting write-offs; productivity-linked revenue loss risk
Transition Risk	Lower Scope 1/2 emissions cost; enhanced brand valuation; stable energy cost profile
Biodiversity Opportunity	Potential to unlock long-term valuation models for restored ecosystem assets

CRRO/SRRO	Current Financial Effects				Key Drivers	Anticipated Financial Effects		
	2024/25 (Rs.)	2023/24 (Rs.)	YoY change	Financial Statements Note Reference		Short Term Rs.	Medium Term Rs.	Long Term Rs.
Statement of Cash Flow								
CRR2 – Physical Risk: Acute	↓362 Mn	↓256 Mn	↑41.4%	Investing Cash flow	Replanting + Factory repair and construction, major transport disruption due to landslide/flood events	↓ 350–400 Mn	↓300–350 Mn	↓ 250–300+ Mn
CRR3 – Physical Risk: Chronic	↓271 Mn	↓239 Mn	↑11.8%	Investing Cash flow	Same replanting, partially caused by soil stress/dry spells	↓ 250–300 Mn	↓ 200–250 Mn	↓ 200–225+ Mn
CRR1 – Transition Risk	↓52 Mn	↓55 Mn	↑6.3%	Cost of Sales	ESG system costs, GHG disclosures, digital compliance platform maintenance	↓ 50–55 Mn	↓ 40–45 Mn	↓ 30–35+ Mn
SRR1 – Social, Labour & Wage Risk	↓270 Mn	-	N/A	Cost of Sales	Wage inflation, estate housing, worker access roads and health/social services	↓ 250–300 Mn	↓ 225–250 Mn	↓ 150–200 Mn
SRO1 – Opportunity: Biodiversity	↑22 Mn	-	N/A	13-C	CAPEX for ecosystem restoration, biodiversity corridors, slope greening	↑ 10–15 Mn (investment only)	↑ 15–20 Mn (net investment)	Net neutral to mildly positive
Statement of Financial Position								
CRR2 – Physical Risk: Acute	Minor	Minor	N/A	N/A	CWIP impairment, bush loss, slope/road infra damage (declined in 2024/25)	↓ 75–125 Mn	↓ 50–75 Mn	↓ 15–25 Mn
CRR3 – Physical Risk: Chronic	↓ Subtle	↓ Subtle	Minor	N/A	No direct write-downs; gradual effect on bearer plant value and DTA	↓ 175–225 Mn	↓ 100–150 Mn	↓ 40–50 Mn
CRR1 – Transition Risk	↑ +41.7 Mn	Neutral	↑ Positive	13-A & 13-C	ESG-aligned infrastructure capitalised (solar, biomass); no liabilities posted	↓ Rs. 40–50 Mn	↓ Rs. 5–15 Mn	↓ Rs. 15–25 Mn
SRR1 – Social, Labour & Wage Risk	↓ Rs. 179 Mn	-	N/A	22	Employee benefits + social infra provisions rose; partially offset by grants	↓ Rs. 175–180 Mn	↓ Rs. 85–90 Mn	↓ Rs. 50–55 Mn
SRO1 – Opportunity: Biodiversity	↑ 22.8 Mn	-	N/A	13-C	Slope rehab, bunds, nature-based infra capitalised for first time	↑ Rs. 20–25 Mn	↑ Rs. 15–20 Mn	↑ Rs. 10–15 Mn
Statement of Financial Performance								
CRR2 – Physical Risk: Acute	↓23 Mn	-	N/A	N/A	Landslide recovery, emergency OPEX, improved slope resilience	↓ 20–40 Mn	↓ 15–30 Mn	↓ 5–20 Mn
CRR3 – Physical Risk: Chronic	↓23 Mn	↓10 Mn	↑ 138 %	Cost of Sales	Pest/disease rise, bush fatigue, erratic rainfall	↓ 20–50 Mn	↓ 15–35 Mn	↓ 10–20 Mn
CRR1 – Transition Risk	↓108 Mn	↓77 Mn	↑ 6%	Cost of Sales	ESG compliance scale-up, input change, assurance costs	↓ 50–75 Mn	↓ 30–65 Mn	↓ 15–40 Mn
SRR1 – Social, Labour & Wage Risk	↓270 Mn	-	N/A	Cost of Sales	Wage hike, absenteeism, estate infra and services	↓ 250–400 Mn	↓ 150–300 Mn	↓ 75–200 Mn
SRO1 – Opportunity: Biodiversity	↑38 Mn	-	N/A	6.1	Erosion control, slope yield resilience, minor price uplift	↑ 10–20 Mn	↑ 15–30 Mn	↑ 30–40 Mn

Note 11: Business Resilience

11.1 Purpose and Scope of Resilience Assessment

TTE defines business resilience as the company's ability to sustain long-term value creation while adapting to and managing sustainability-related risks and opportunities, particularly those related to climate change, biodiversity, and social workforce dynamics. This includes maintaining operational continuity, asset productivity, and financial stability under changing environmental and regulatory conditions. TTE conducted a structured business resilience assessment based on its sustainability-related risks and opportunities disclosed in Note 7. This assessment evaluates:

- The adaptive capacity of TTE's business model and strategy to respond to acute and chronic physical climate risks, transition risks, and nature-related opportunities,

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- The company's ability to adjust CapEx, OPEX, and strategic plans across different climate and policy environments, and
- The outcomes of scenario-based stress testing, spanning short-, medium-, and long-term time horizons defined in Note 7.1 and 10.2.

Scenario analysis was used to evaluate how the company would perform under multiple plausible climate futures. These scenarios were developed based on guidance from the Hayleys Group and reference internationally recognized climate and socioeconomic pathways.

For TTE, business resilience refers to the company's ability to sustain value creation in the face of sustainability-related risks, particularly those affecting climate, labor availability, and compliance. Resilience is embedded across:

- Tea production and estate operations,
- Workforce retention and social engagement,
- Compliance with evolving ESG and certification frameworks,
- Strategic investments aligned with global market and regulatory trends.

Given the long-term nature of the plantation sector, resilience planning spans replanting cycles, climate adaptation, and multi-capital stewardship (natural, human, social, and financial).

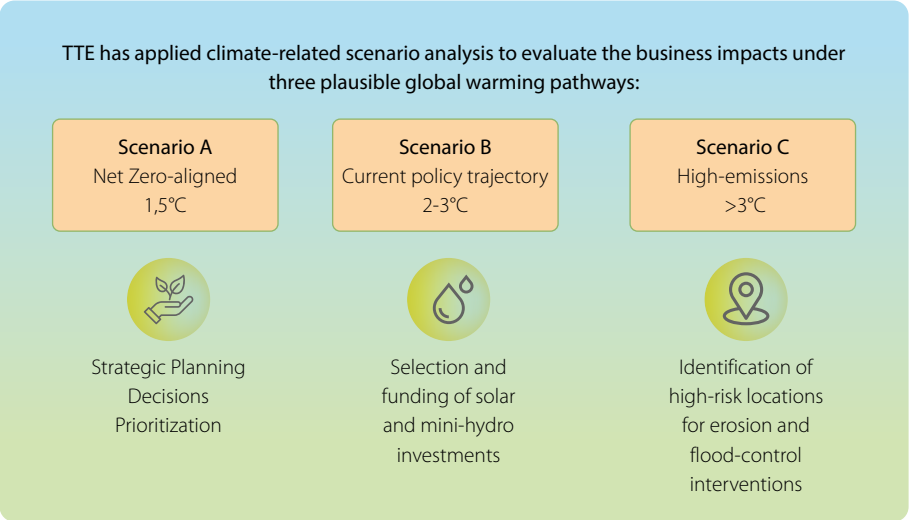
11.2 Climate Scenario Framework and Development

To assess the resilience of its business model and long-term value creation, TTE conducted climate-related scenario analysis in line with SLFRS S2. The process was guided by Hayleys Group and incorporated both global and regional scenario data, reflecting physical and transitional climate contexts, policy shifts, and operational exposure across estates. The scenario analysis was conducted during the 2024/25 reporting cycle.

Scenario Development Approach

Three distinct global scenarios were selected to capture a range of plausible climate futures, structured around IPCC-aligned Shared Socioeconomic Pathways (SSPs) and policy narratives:

Scenario	Narrative Description	Reference Pathway
Scenario A – Net Zero Future	A 1.5°C pathway with early global coordination, strong mitigation policy, technological innovation, and green finance support.	SSP1–2.6 / Carbon Policy Pathway (CPP)
Scenario B – Current Policy Trajectory	A 2–3°C warming world based on current national commitments (NDCs) with moderate implementation of ESG policies.	SSP2–4.5 / Current Pathway
Scenario C – High Emissions / Divergence Path	A >3°C world with minimal policy coordination, limited mitigation, and rising physical risks.	SSP3–7.0 / STEPS (Stated Energy Policies Scenario)



Scope of Assessment

- **Geographic Coverage:** All 16 estates and 15 factories, grouped by elevation, rainfall intensity, and temperature.
- Material Risk and Opportunity Areas:
  - Physical climate risks (floods, rainfall shifts, chronic heat, drought and temperature variation)
  - Transition risks (regulatory, cost of compliance, buyer ESG preference)
  - Nature-related opportunities (biodiversity, carbon removals)

These scenarios informed both financial and strategic decisions (see Notes 10.3 and 9.4) and were used to model potential estate-level yield variations, replanting timing, energy cost volatility, and infrastructure resilience planning.

11.3 Key Scenario Insights and Resilience Evaluation

The scenario analysis conducted by TTE produced several strategic insights into how the business may respond under distinct climate futures. These insights informed decisions on replanting priorities, CapEx reallocation, labor model resilience, and biodiversity investments.
The table below summarizes the key findings from each scenario, highlighting both risks and opportunities, and their implications for business resilience:

Scenario Analysis – Climate Risks

Climate Risk Type	Scenario	Short Term (1–3 years)	Medium Term (3–5 years)	Long Term (5+ years)
Physical – Acute	A – Net Zero	↓ Rs. 100–150 Mn (CAPEX), resilience building continues	↑ Rs. 100–150 Mn/year OPEX savings from avoided repairs	↑ Rs. 50–100 Mn/year in resilience-linked net cash savings
	B – Current Policy	↓ Rs. 100–150 Mn emergency OPEX	↓ Rs. 100–200 Mn cumulative damage and repairs	↓ Rs. 200–250 Mn asset degradation and cost burden
	C – High Emissions	↓ Rs. 150–200 Mn/year repair OPEX from repeated disasters	↓ Rs. 300–350 Mn/year erosion + infrastructure damage	↓ Rs. 450–500 Mn/year disaster-related cash drain
Physical – Chronic	A – Net Zero	↓ Rs. 10–15 Mn yield loss (1.5–2%) offset by clone adaptation	↔ Net neutral to +Rs. 25 Mn	↑ Rs. 20–30 Mn/year PBT gain
	B – Current Policy	↓ Rs. 25–35 Mn loss (3–5% yield decline)	↓ Rs. 35–45 Mn loss (productivity + repair)	↓ Rs. 45–55 Mn/year erosion of profitability
	C – High Emissions	↓ Rs. 45–55 Mn (4–6% yield drop + rising OPEX)	↓ Rs. 55–65 Mn/year (loss from yield + energy + repair)	↓ Rs. 65–75 Mn/year loss from climate-related issues
Transition Risk	A – Net Zero	↑ Rs. 150–175 Mn ESG CAPEX (solar, compost)	↑ Rs. 200–250 Mn/year savings + PES inflows	↑ Rs. 250–300 Mn/year in cost-effective operations and carbon revenue
	B – Current Policy	↓ Rs. 50–100 Mn due to compliance burden + input volatility	↓ Rs. 100–150 Mn/year from cost volatility	↓ Rs. 450–500 Mn/year from lack of ESG positioning
	C – High Emissions	↓ Rs. 10–20 Mn (no access to ESG market + high OPEX)	↓ Rs. 25–35 Mn/year stranded asset + no ESG buffer	↓ Rs. 45–50 Mn/year profitability erosion + exclusion from finance

Resilience Snapshot under Climate Risks

Scenario	Physical Risk Resilience	Transition Readiness	Opportunity Capture	Overall Score
A	☑ High	☑ High	☑ High	High
B	ⓘ Partial	ⓘ Moderate	ⓘ Constrained	Moderate
C	× Low	× Low	× Lost	Critical

Labour Scarcity and Wage Escalation Risk

Labour Shortage (%)	0% Wage Increase	25% Wage Increase	48% Wage Increase
0% Shortage	0	-28,125	-54,000
10% Shortage	-12,500	-43,750	-90,500
20% Shortage	-28,125	-63,281	-95,625
30% Shortage	-48,214	-87,786	-125,357

Sensitivity analysis shows that rising statutory wages (0% to 48%) and labour shortages (0% to 30%) can quickly erode per-tonne gross margins, turning baseline into losses of up to -125 357/MT under the worst stress band. This underscores the financial risk of wage inflation decoupled from productivity gains and the compounding impact of workforce scarcity. To mitigate these pressures,

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TTE remains structurally exposed to social-related risks driven by labour scarcity and wage inflation in the Sri Lankan plantation sector. These risks are primarily influenced by generational workforce migration, increased cost of living, and evolving expectations for estate-level social infrastructure. Additionally, recent political and regulatory interventions have led to sector-wide wage increases decoupled from productivity-linked models.

In FY 2024/25, the statutory daily wage rose to Rs. 1,350, with a further expected escalation under consideration. Sensitivity analysis conducted across wage escalation bands (0%, 25%, and 48%) and workforce availability (0%–30% shortage) revealed that TTE's gross margin per metric ton becomes increasingly negative, exceeding Rs. 2,800/MT under high wage scenarios without offsetting productivity gains.

The results suggest that even modest wage increases when not linked to output could result in sustained gross margin erosion and financial strain, particularly for labour-intensive operations in mid and low-grown estates. Labour shortages further constrain operational scale and increase per-unit fixed costs, although their marginal effect on unit cost is limited under fixed daily productivity assumptions.

To address this, TTE continues to strengthen its workforce resilience through:

- Expansion of the revenue-share wage model, linking pay to estate-level output and value
- Ongoing investment in estate housing, healthcare, and maternal services (Rs. 103.6 Mn in FY 2024/25)
- Mechanisation and automation pilots for productivity improvement
- Estate-level childcare and school facilities to support workforce continuity

Despite these measures, the company recognizes that further reforms in labour engagement models, mechanisation, and sector-level wage setting frameworks are critical to long-term resilience.

Scenario Analysis for Biodiversity Opportunity & Ecosystem Restoration

Talawakelle Tea Estates PLC assessed four TNFD-aligned scenarios to evaluate the financial impact of ecosystem restoration initiatives under different future conditions.

★ **Ahead of the Game:** Strong market and policy alignment with low degradation. Moderate investment (Rs. 100–150 Mn) delivers high Payment for Ecosystem (PES) income (Rs. 25–40 Mn/year) and rapid returns (3–5 years).

✚ **Go Fast or Go Home:** High degradation triggers urgent ESG action. Investment needs rise (Rs. 150–200 Mn), but PES and blended finance still yield ROI in 5–7 years.

● **Sand in the Gears:** High degradation with weak policy support. No external income, high capital burden (>Rs. 200 Mn), and low ROI. High financial risk.

ⓘ **Back of the List:** Low degradation but weak market support. Minimal returns and long payback (>8 years), despite lower costs.

Conclusion: Scenarios A and B demonstrate that verified, nature-positive investments are financially viable. Scenarios C and D highlight the risks of limited policy and market support.

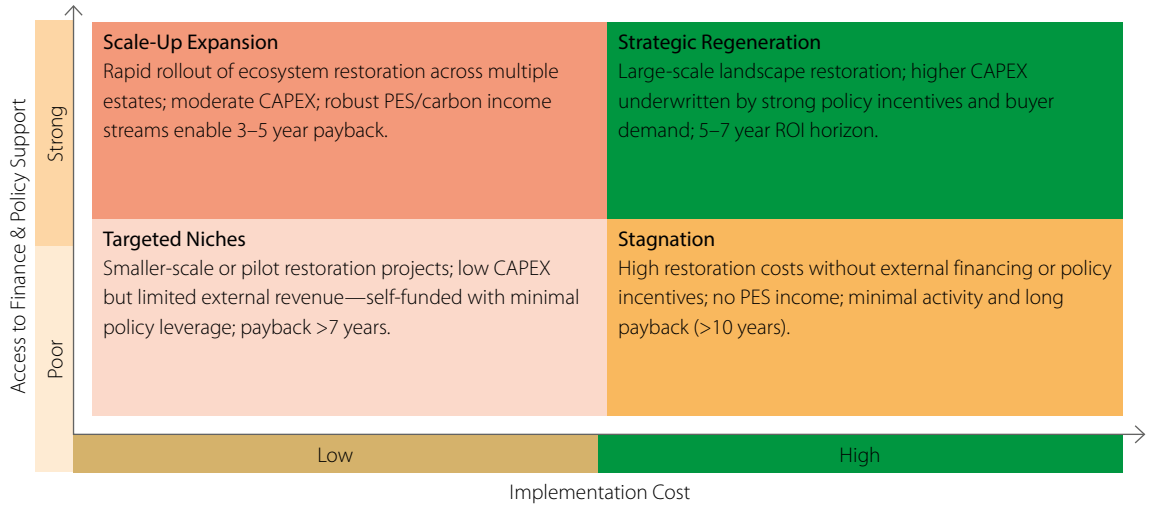
Scenario Matrix: Ecosystem Degradation vs. Market Alignment

Scenario	CAPEX Requirement	PES / Carbon Revenue	Cost of Capital	ESG Buyer Access	ROI Horizon	Overall Outlook
★ Ahead of the Game (Low degradation, High alignment)	Moderate Rs. 150–200 Mn	High: Rs. 25–40 Mn/ year	↓ Lower (favorable)	↑ Strong demand	3–5 years	Strong returns, high confidence in scaling
✚ Go Fast or Go Home (High degradation, High alignment)	High Rs. 100–150 Mn	Medium–High: Rs. 20–30 Mn/yr	↔ Slightly lower	↑ Yes	5–7 years	Cost-intensive, viable if policy delivers
● Sand in the Gears (High degradation, Low alignment)	Very High: Rs. 200+ Mn	None	↑↑ High (risk premium)	↓ Weak	>10 years	High vulnerability, low ROI scenario
ⓘ Back of the List (Low degradation, Low alignment)	Low Rs. 10–15 Mn	Low: Rs. 5–10 Mn/ year	↔ Unchanged	↔ Weak	8–10 years	Stable but low-reward, minimal policy leverage

Financial Implications Summary:

Scenario		Key Financial Considerations
★	Ahead of the Game	Highest potential for nature credit monetization, PES revenue, and low-cost finance
✚	Go Fast or Go Home	High ESG obligations (traceability, assurance), but viable if blended finance is secured
•	Sand in the Gears	TTE bears all restoration cost; ESG buyers exit; high capital cost; no nature-based cash inflow
ⓘ	Back of the List	Minimal upside; PES marginal; restoration is self-funded without external validation benefits

Biodiversity Opportunity and Ecosystem-restoration Scenarios



Overall Resilience Assessment Table – TTE PLC

Risk / Opportunity	Exposure	Control Measures	Residual Vulnerability	Adaptive Capacity	Resilience Score
1. Physical Risk – Acute	High	Slope bunding, reforestation, emergency repair budgets, estate-level water buffers	Moderate (exposed slopes remain)	Bunding masterplan covers ~48%; steady CAPEX improving infrastructure	Moderate
2. Physical Risk – Chronic	Moderate	Climate-smart clones, soil enrichment, rainfall retention bunds	Low	Progressive replanting strategy; RA certification and agronomy R&D	Strong
3. Transition Risk	Moderate	Verified ISO 14064, SBTi alignment, ESG digitalisation, biomass/solar projects	Low to moderate	Early-mover advantage; ESG-linked investments already capitalised	Strong
4. Social Risk (Labour & Wages)	High	Revenue-share wage pilots, housing/healthcare investment, childcare support	High (wage increases decoupled from productivity)	Strong estate service infrastructure, but wage inflation remains structurally unbuffered	Moderate
5. Opportunity – Biodiversity/Nature	Moderate	Bunds, forest buffers, biochar compost, ecosystem restoration pilots	Low	High alignment with TNFD, PES-ready, RA verified = high revenue potential	Strong

Resilience Score Summary

Risk/Opportunity	Resilience Score
Physical Risk – Acute	Moderate
Physical Risk – Chronic	Strong
Transition Risk	Strong
Labour & Wage Risk	Moderate
Biodiversity Opportunity	Strong

Key Conclusions:

- TTE shows high resilience to chronic climate and transition risks due to early adaptation and ESG leadership.
- Acute physical risks remain moderately vulnerable where bunding and infrastructure work is incomplete.
- Labour-related risks are critical: productivity-linked models and mechanisation need expansion to offset wage inflation.
- Nature-based opportunities offer strong upside, provided PES/credit markets mature and scaling continues.

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11.4 Strategic and Operational Adaptation Capacity

TTE 's ability to adapt to material sustainability-related risks and opportunities has been assessed through the lens of capital flexibility, workforce stability, agroecological diversification, and operational readiness. This section outlines how the company is strengthening its resilience through strategic and operational levels.

1. Capital Investment Flexibility

- Renewable Energy Transition: Mini-hydro projects under SBTi-aligned plans reduce GHG Scope 2 emissions and lower long-term electricity costs.
- Climate Resilience Infrastructure: Investments in new factory construction, slope protection, road drainage, and embankment stabilization reduce acute weather-related asset and access risk.
- Targeted CapEx Sequencing: High-risk estates (e.g., Kiruwanaganga) prioritized for climate-adaptive CapEx allocation in FY 2020/21 onward.

2. Workforce and Social System Adaptation

- Retention-Focused Planning: Long-term estate retention programs include housing, healthcare, childcare, and food security support.
- Productivity incentive Structure Flexibility: Adaptive productivity incentive models reviewed bi-annually to maintain competitiveness while preserving estate output.
- Community Embeddedness: Revenue share model mitigates commuting disruptions and maintains high workforce engagement.

3. Agroecological and Biodiversity-Based Adaptation

- Replanting with Resilient Cultivars: New climate resilient variety recommended by Tea Research Institute (TRI) use for ongoing.
- Agroforestry Corridors: Native species-based buffer zones reduce runoff, increase soil stability, and support ecosystem service resilience.
- Land Use Prioritization: Expansion is paused in favor of ecosystem conservation and yield optimization in existing blocks.

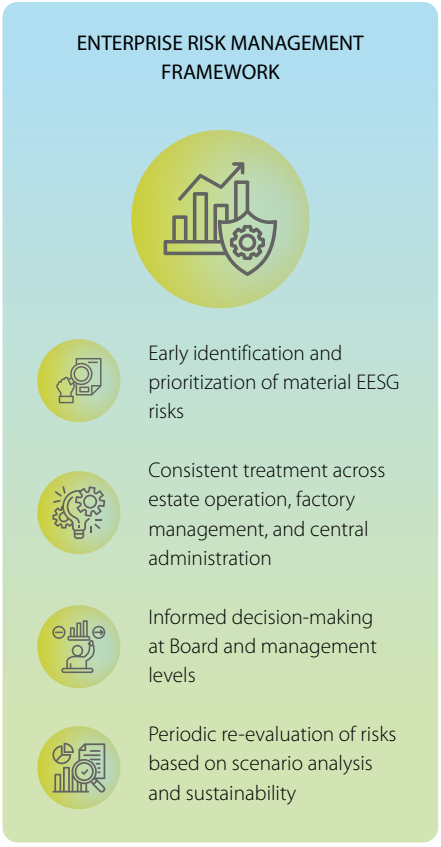
4. Operational Monitoring and Response Systems

- Estate-Level Climate Surveillance: Weather stations and digital dashboards track daily outputs and operation performance across all 16 estates.
- Disruption Response Planning: Transport and procurement contingency plans are in place for rainfall disruptions, with normal season stockpiling protocols.

These capabilities collectively contribute to TTE's business model resilience over all three planning horizons. Financial readiness and stress testing results are discussed in Note 10.3, and alignment with strategic targets is monitored under Note 13.4.

Note 12: Risk Management

12.1 Overview of Risk Management and Integration



TTE applies an enterprise-wide risk management (ERM) framework to identify, assess, priorities and monitor sustainability-related risks and opportunities including those arising from environmental, social, and governance (ESG) factors. Sustainability-related risks and opportunities (SRROs) disclosed in Note 7 are fully integrated into the company's overall risk management systems and treated on par with operational, financial, and compliance risks.

The ERM Framework supports:

- Early identification and prioritization of material ESG risks,
- Consistent treatment across estate operations, factory management, and central administration,
- Informed decision-making at Board and management levels,
- Periodic re-evaluation of risks based on scenario analysis and sustainability trend monitoring (see Note 11.3).

All SRROs are assessed using the same criteria as other enterprise risks, based on:

- Likelihood of occurrence,
- Magnitude of potential financial impact,
- Time horizon of manifestation (short, medium, or long term),
- Speed of onset and controllability.

Material SRROs are flagged and embedded into the company-wide risk heatmap and are formally reviewed through the company's three-tier governance system (see Note 6.1). This integration ensures that risks such as transition cost exposure, extreme weather disruptions, chronic yield volatility, and workforce-related pressures are addressed through a unified risk culture across all business units and operational estates.

12.2 Risk Management Governance Structure and Oversight Roles

TTE follows a structured three-tier governance framework to oversee the identification, escalation, and mitigation of SRROs, in alignment with the company's ERM system.

1. Board-Level Oversight	2. Executive Risk Management Function
The Board Audit Committee (BAC) holds ultimate responsibility for risk oversight, including material ESG and climate-related risks. The BAC reviews: • ESG risk exposure trends reported by management, • Risk mitigation progress for identified material items (as per Note 7), • ESG-linked financial impact implications (see Note 10).	The Environment, Social, Economic and Governance (ESEG) Steering Committee, chaired by the Director/CEO and advised by the Head of Finance and Head of Sustainability, are responsible for operationalizing ESG risk management. Responsibilities include: • Maintaining the sustainability risk register, • Overseeing ESG data systems, audits, and estate-level controls, • Coordinating risk reporting from estates, factories, and compliance teams.
These reviews are conducted on a quarterly basis, with additional sessions as needed during peak climate vulnerability periods (e.g., monsoon season).	The ESEG Committee meets at least once per quarter and is responsible for aligning ESG risk controls with strategic objectives (Note 9.1) and financial planning (Note 10.4).

3. Operational Risk Ownership
At the estate levels, sustainability steering committee members are responsible for day-to-day ESG risk surveillance and reporting. Specific roles include: • Monitoring rainfall, Temperature, and other agriculture related issues, • Tracking absenteeism and labor disruption trends, • Logging biodiversity sightings and execution of recommendation. All identified risks are escalated using structured reporting templates to the ESEG Committee, and those exceeding threshold levels are flagged for BAC review.

12.3 Risk Identification and Prioritization Process

TTE identifies and prioritizes SRROs through a structured multi-step process that is integrated into the company's ERM Framework.

1. Risk Identification Sources

Material ESG risks and opportunities are identified using inputs from:

- Climate data (rainfall intensity, temperature anomalies, long-term variability),
- Sustainability audit findings (e.g., Rainforest Alliance, ISO 14001),
- Estate-level operational reports and worker feedback,
- Market intelligence on buyer ESG expectations and global regulation shifts (e.g., carbon pricing, deforestation regulations),
- Scenario analysis conducted under Note 11.

This ensures both physical and transition risks are detected across estate, factory, supply chain, and export operations.

2. Risk Assessment Criteria

Identified risks are evaluated using the following criteria:

Criteria	Application
Likelihood	Probability of occurrence based on historical patterns, emerging data, and expert review.
Magnitude	Potential impact on revenue, OPEX, CapEx, or brand equity (linked to Note 5.4 thresholds).
Time Horizon	Classified into: • Short (1–3 years) • Medium (3–5 years) • Long (>5 years)
Speed of Onset	How quickly the risk can manifest (e.g., flash floods vs. biodiversity degradation).
Controllability	Degree of operational or financial control TTE can exercise to mitigate exposure.

Each SRRO is then scored and color-coded within the enterprise risk heatmap and reassessed annually or when triggered by early warning indicators.

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3. Risk Prioritization and Escalation

Risks assessed as material are escalated into:

- The Enterprise Risk Register, where they are tracked alongside financial and operational risks,
- The Board Audit Committee's risk review agenda,
- Strategic planning inputs, where required (e.g., replanting decisions, energy transition phasing).

This process ensures that only material ESG risks (as disclosed in Note 7.1) are subjected to Board-level decision-making while avoiding duplication with operational-level risk logs.

12.4 Integration into the Risk Management Framework

TTE applies a unified risk management approach in which SRROs are assessed, escalated, and mitigated using the same systems, thresholds, and governance protocols as all other enterprise risks.

Equal Treatment of Sustainability Risks

All material SRROs disclosed in Note 7 are:

- Incorporated into the Enterprise Risk Register, using a single cross-functional heatmap,
- Subject to review using standard company-wide risk thresholds (see Note 5.4),
- Escalated through the same reporting channels used for operational, strategic, and financial risks.
- This integration is designed to eliminate silos between ESG-specific assessments and core business risk functions. For example:
- Transition risk is evaluated alongside financial volatility and regulatory risks,
- Labor scarcity risk is treated alongside productivity and human resource continuity risks,
- Biodiversity opportunity is tracked through both environmental risk lenses and long-term asset value considerations.

Cross-Linkage to Business Model and Strategy

The integration of ESG risks into risk management directly supports:

- Strategic realignment decisions (see Note 9.1 and 9.4), including replanting schedules and CapEx sequencing,
- Business model refinement (Note 8), especially with regard to rain-fed estate operations, community labor models, and biodiversity corridors,
- Financial planning sensitivity assessments (Note 10.3), including contingency reserve mechanisms.

This approach ensures that TTE's governance bodies, including the BAC, receive a comprehensive, connected view of all material risks financial, operational, environmental, and social enabling integrated, resilience-informed decision-making. (Refer Risk Management Report page 198)

12.5 Risk Mitigation and Control Mechanisms

TTE applies a tiered approach to mitigating material sustainability-related risks, ensuring controls are embedded at both operational and strategic levels.

Risk-Specific Mitigation Examples

Material Risk / Opportunity	Mitigation Actions	Control Measures
Transition Risk (GHG regulations, buyer expectations)	• Phased investment in solar and mini-hydro and renewable energy systems • GHG inventory tracking and SBTi-aligned decarbonization plan	• GHG audit compliance • Monthly energy monitoring via factory-level
Acute Physical Risk (Rainfall, slope failure)	• Infrastructure investment in culverts, slope stabilization, and bunds • Estate-level flood risk zoning and prioritization	• Physical risk mapping with annual estate audits • Emergency preparedness Standard Operating Procedure (SOPs)
Chronic Climate Risk (Yield stress, long-term viability)	• Agroecological replanting program with resilient cultivars • Soil moisture retention and shade planting	• Estate-specific replanting targets
Labor Scarcity Risk	• Housing, healthcare, education, and food security infrastructure to increase retention • Youth workforce engagement strategy	• Quarterly absenteeism monitoring • Exit trend analysis at divisional level
Biodiversity Opportunity	• Establishment of biodiversity buffers, reforestation of degraded areas • Integration of native species into field layout	• Geotagged biodiversity corridor mapping • Rainforest Alliance audit compliance logs

Mitigation Monitoring and Updates

Each mitigation action is assigned to a responsible unit (estate, factory, or central sustainability team), and progress is reviewed quarterly by the ESEG Steering Committee. Risk controls are revised as new insights arise from:

- ESG audit results (internal and third-party),
- Scenario analysis (Note 11.3),
- Key Risk Indicators (KRI) and KPI trend deviations (Note 13.4).

This ensures that risk mitigation is responsive, evidence-based, and aligned with both operational realities and financial planning constraints.

12.6 Monitoring, Review and Reporting Systems

TTE maintains a structured system for monitoring, reviewing, and reporting sustainability-related risks and opportunities. This system ensures early detection, timely escalation, and consistent oversight of material ESG risks at all governance levels.

1. Estate-Level Monitoring Systems	2. ESG Risk Reporting Dashboard	3. Governance-Level Reviews	4. Continuous Improvement
Each estate maintains real-time or periodic tracking mechanisms for its most relevant sustainability risks: • Weather and slope movement monitoring using rainfall gauges and physical hazard logs, • Labor availability and absenteeism tracking through daily estate productivity reports, • Biodiversity and buffer zone compliance monitored via Rainforest Alliance-aligned audit tools. Estate-level risk observations are submitted monthly and escalated immediately for threshold breaches using standard reporting templates.	At the operational level, the central sustainability team aggregates estate-level data and consolidates it into a quarterly ESG risk report, containing: • KRI deviations (e.g., labor absenteeism thresholds, rainfall exceedance events), • ESG audit non-compliances and action status, • Scenario trigger signals (e.g., multi-year yield variability or market risk alerts). This report feeds into the enterprise risk management dashboard and is reviewed by the ESEG Steering Committee.	The Board Audit Committee (BAC) receives quarterly risk updates that integrate: • Material SRROs from the enterprise risk register, • Financial planning implications (see Note 10.3), • ESG performance trend analysis (see Note 13.4), • Emerging risks flagged from scenario analysis and global policy developments. Additional briefings are conducted for critical incidents or during climate-sensitive seasons (e.g., southwest monsoon).	TTE's risk review systems are updated annually in alignment with: • Group-wide policy changes, • Lessons from ESG audits and near-miss reviews, • Stakeholder expectations including buyers and lenders. This continuous cycle enables TTE to maintain a responsive and forward-looking risk monitoring culture, ensuring material ESG risks are controlled, and opportunities are capitalized on proactively.

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12.7 Forward-Looking Risk Considerations

TTE continually monitors emerging sustainability-related risks and regulatory trends that may influence future business continuity, financial performance, and value creation. These forward-looking considerations are informed by scenario analysis (Note 11), market intelligence, and global climate and ESG policy trajectories.

1. Anticipated Risk Shifts

Emerging Risk Area	Potential Impact	Company Preparedness / Monitoring Approach
Global Climate Regulation (e.g., Carbon Border Adjustment Mechanism – CBAM)	Increased compliance and traceability burden for tea exports to EU markets.	Monitoring via Group Legal & Regulatory desk; digital traceability systems under review.
Rainfall Pattern Volatility	Higher frequency of flash floods and infrastructure damage, especially in Deniyaya Region.	Physical risk zoning maps updated bi-annually; resilience CapEx allocated.
Biodiversity-Linked Lending & PES Opportunities	New ESG financing channels tied to reforestation and ecosystem service performance.	Mapping of high importance restoration zones complete; donor funding and PES partnerships under development.
Deforestation-Free Supply Chain Policies	Increased demand for end-to-end assurance of zero land-use conversion.	Rainforest Alliance compliance maintained; land use and agroforestry boundaries digitally verified.
Labor Model Demographic Risk	Youth migration and aging field workforce risk long-term productivity in up-country regions.	Social retention investments continued; estate-based youth engagement pilots in progress.

2. Adaptive Risk Management Priorities

Going forward, TTE's ESG risk management function will emphasize:

- Integration of climate scenario triggers into the annual enterprise risk review,
- Alignment with SLFRS Sustainability Disclosure Standards based materiality processes,
- Continuous digitization of estate-level monitoring and early warning systems,
- Expansion of risk-linked performance indicators (KRIs).

Note 13: Metrics and Targets

13.1 Overview of ESG Metrics and Target Governance

TTE uses a structured framework to identify, track, and review sustainability-related metrics and targets that are directly linked to sustainability-related risks and opportunities disclosed in Note 7, ensuring that the information is relevant to the company's ability to generate or preserve value over time.

Governance and Oversight

- ESG metrics are monitored through a central ESG performance dashboard, maintained by the sustainability and compliance teams and reviewed quarterly by the ESEG Steering Committee.
- Strategic ESG performance, including metrics linked to climate change physical biodiversity, labor, and transition risk is reviewed quarterly by the Board Audit Committee.
- ESG KPIs are embedded into operational scorecards, annual budgeting cycles, and management performance evaluations for estate managers and divisional heads.

Source of Metrics

- Metrics are derived from a combination of:
  - Sustainability-related Frameworks and Standards mentioned in the Note 1.1
  - Industry-specific guidance (e.g., plantation sustainability metrics),
  - Company-defined indicators that address location-specific material sustainability risks.

Metrics are selected and maintained based on their ability to inform:

- Strategic decision-making (Note 9),
- Risk assessment and mitigation planning (Note 12),
- Investment prioritization (Note 10), and
- Business model resilience (Note 11).

The company distinguishes between metrics used for internal monitoring, regulatory compliance, and material risk/opportunity tracking. Only the latter are disclosed under Note 13.2–13.4 to ensure alignment with SLFRS S1/S2 Sustainability Disclosure Standards, materiality principles.

Material Metrics and Their Alignment to Sustainability-related risks and opportunities

Pillar	Metric	Connected SRRO	Measurement Scope	Standard / Framework	Time Horizon
Environmental	GHG emissions (tCO_2e)	Transition risk	Scopes 1–3 total	SLFRS S2	Short–Long
Environmental	Acute OPEX (Rs. Mn)	Acute physical risk	Estate disaster spend	SLFRS S2	Short–Medium
Environmental	Yield loss (Rs. Mn)	Chronic physical risk	Estate revenue loss	SLFRS S2	Medium–Long
Environmental	Restored area (ha)	Biodiversity opportunity	Restoration plots	TNFD core metric	Medium–Long
Social	Living-wage gap (%)	Labour cost risk	Estate workforce	Living-wage benchmark	Short–Medium
Social	Absenteeism rate (%)	Labour availability	Total workdays	TTE	Short
Social	Female participation (%)	Labour pool expansion	Field & factory	UNWEP	Short–Medium

- These metrics are validated quarterly through internal audits, and selected indicators undergo external verification via third-party certification (e.g., RA, ISO).
- Where applicable, performance is benchmarked against internal targets disclosed in Note 13.4 and linked to investment decisions (Note 10.3).

13.2 Climate-Related Metrics and Targets

TTE discloses climate-related metrics and targets to enable users to assess how the company monitors, manages, and progresses on material climate-related risks and opportunities. These disclosures reflect TTE's transition and adaptation strategies, and its alignment with national and global climate goals, including near- and long-term Science-Based Targets and the company's Net Zero roadmap.

The metrics presented in this section include operational and value chain greenhouse gas (GHG) emissions, physical and transition risk indicators, investment in climate action, and performance against validated climate targets. All disclosures apply to the company's fully consolidated operations under the operational control boundary and are aligned with the GHG Protocol, ISO 14064-1:2018, and sector-relevant guidance.

13.2.1 Cross-industry metrics

Greenhouse Gas (GHG) Emissions

TTE measures and discloses its greenhouse gas (GHG) emissions in alignment with the GHG Protocol, ISO 14064-1:2018, and SLFRS S2 requirements. The disclosures cover all consolidated operations under the operational control boundary and include Scope 1, Scope 2 (location-based), and relevant Scope 3 categories. The company has selected the operational control approach for its measurement of GHG emissions as it reflects the company's direct authority over day-to-day environmental performance, energy use, and emissions management at its estate, factory operations 3 Mini hydro companies under two subsidiary company.

Summary of GHG Emissions (in absolute gross measurement basis)

Scope	2024/25 (tCO2e)	2023/24 (tCO2e)	Interim Target (2030)	Target (2050)
Scope 1	8,160.01	9,263.04	↓42%	↓90%
Scope 2	1,703.0	1,961.62	↓42%	↓90%
Scope 3	13,568.20	13,970.06	↓30%	↓72%
Total	**23,431.21**	**25,194.72**	**N/A**	**N/A**

GHG Scope 1 and 2 Emissions

Description	Greenhouse gas emissions (metric tones CO2e) 2024/25		
	Scope 1	Scope 2 (Note 2)	Total
Consolidated accounting group	8,160.01	1,703.0	9,863.01
Other investee (investment in associate, joint ventures) (Note 1)	Not applicable	Not applicable	Not applicable
Total (Operational control approach)	**8,160.01**	**1,703.0**	**9,863.01**

Note 1: The Company does not have investments in associates and joint ventures.
Note 2: Scope 2 emissions are measures based on the location-based measurement (LBM) approach. The company has not entered any contractual instruments for the purchase of electricity.

GHG Scope 3 Emissions

Value Chain GHG Emissions (Scope 3) by Category

#	Scope 3 Category	2024/25 (tCO_2e)	2023/24 (tCO_2e)
1	Purchased goods & services	5,799	6,145
2	Capital goods	126	61
3	Fuel- and energy-related activities	553	694
4	Upstream transport & distribution	590	517
5	Waste generated in operations	2	1
6	Business travel	79	38
7	Employee commuting	46	48
9	Downstream transport & distribution	1,207	1,254
10	Processing of sold products	828	769
12	End-of-life treatment	4,160	4,291
13	Downstream leased assets	180	152
	Total	**13,568**	**13,970**

13.2.2 Methodology for the measurement and disclosure of GHG Emissions

TTE calculates its greenhouse gas emissions using internationally recognized methodologies to ensure consistency, comparability, and accuracy across all scopes. The following standards and sources inform the GHG inventory:

GHG Measurement Standards Applied

- Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard (2004)
- GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard, a supplement to the GHG Protocol Corporate Accounting and Reporting Standard
- Technical Guidance for Calculating Scope 3 Emissions (Version 1.0), supplement to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard

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GHG Disclosures

- SLFRS S2 – Climate-related Disclosures

GHG Internal Verification

- ISO 14064-1:2018 – for internal emissions assurance and verification
- SBTi FLAG Guidance – for land-sector related emissions disclosures

Key Assumptions and Sources used for GHG Measurement

Scope	Emission Category	Activity	Data Source	Emission Factor (EF) Source	Source of Global Worming Potential (GWP) Values
Scope 1	Stationary combustion	Diesel, Patrol, firewood for stationary thermal uses	Fuel invoices, estate-level use logs	2006 IPCC AR5 V2_2_Ch2_ Stationary_Combustion; SLSEA/ DEFRA	IPCC (AR6) 2021
Scope 1	Mobile combustion	Fuel used in estate vehicles and transport	Fuel bills, monthly estate summaries	2006 IPCC AR5 V2_3_Ch3_Mobile_ Combustion, DEFRA factors	N/A
Scope 1	Fertilizer application	Fertilizer applied (N-based)	Estate-level application records	2006 IPCC AR5 V4_11_Ch11_ N2O&CO2	IPCC (AR6) 2021
Scope 2	Purchased electricity	Electricity use (CEB grid)	Monthly CEB bills	SLSEA 2022 EF; location-based only	
Scope 3	Category 1: Purchased goods and services	Fertilizer, packaging, tea sacks	Purchase orders, ledger entries	DEFRA 2024, GZA Scope 3 Calculator (Expenditure based)	IPCC (AR5) 2014
Scope 3	Category 2: Capital goods	Emissions from construction and equipment	Asset ledger, CapEx registry	GZA Scope 3 Calculator (Expenditure based)	N/A
Scope 3	Category 3: Fuel and energy related activities	Upstream energy processing	Fuel and electricity purchase data	GZA Scope 3 Calculator (Expenditure based), SLSEA 2022 EF	IPCC (AR5) 2014
Scope 3	Category 4: Upstream transportation and distribution	Inbound logistics (inputs)	Good receiving records, estimated distance	GZA Scope 3 Calculator (Expenditure based)	IPCC (AR5) 2014
Scope 3	Category 5: Waste generated in operations	Tea waste, packaging waste	Estate-level logs	DEFRA 2024	IPCC (AR5) 2014
Scope 3	Category 6: Business travel	Staff travel (vehicle, air)	Travel logs, ticket records	DEFRA, ICAO Carbon Emissions Calculator (ICEC)	IPCC (AR5) 2014
Scope 3	Category 7: Employee commuting	Worker and staff commuting	Survey and route assumptions	DEFRA 2024	IPCC (AR5) 2014
Scope 3	Category 9: Downstream transportation and distribution	Factory to buyer logistics	Waybills, transporter data	DEFRA 2024, GZA Scope 3 Calculator (Expenditure based)	IPCC (AR5) 2014
Scope 3	Category 10: Processing of sold products	Tea blending, packaging by customers	Assumed industry avg.	GZA Scope 3 Calculator (Expenditure based)	IPCC (AR5) 2014
Scope 3	Category 12: End-of-life treatment of sold products	Disposal of tea bags, packaging	Sales data, industry ratios	DEFRA 2024	IPCC (AR5) 2014
Scope 3	Category 13: Downstream leased assets	Sub leased hectarage	Hectarage statement	Local research-based factor	IPCC (AR5) 2014

The IPCC AR5 (2014) Global Warming Potential values are used because our chosen emissions-calculator tool and relevant factors are built on those factors.

13.2.3 Other Cross-Industry Metrics

TTE discloses additional metrics reflect its exposure to climate-related physical and transition risks, the company's capital allocation to climate action, and integration of climate considerations into internal carbon pricing and executive remuneration policies.

Vulnerability of Assets or business operations to Climate-related Physical Risks

Metric	2024/25	2023/24	Comment
% of estate land in flood-/landslide-prone zones	6.1%	Not assessed	Mapped using geospatial risk overlays
Climate disruption cost (% of OPEX)	0.47%	0.35%	Linked to storm damage, road washouts, yield losses
Rainwater harvesting coverage	Not assessed	Not assessed	Capacity increace

Vulnerability of Assets or business operations to Climate-related Transition Risks

Metric	2024/25	2023/24	Comment
% of Scope 1 emissions from fossil fuels	9.1%	9.6%	Mainly diesel; mitigation underway via RE expansion
Fertilizer-linked emissions (N_2O share of Scope 1)	44.4%	33.6%	High-cost exposure if future regulation applies
% of strategic suppliers with low-carbon sourcing contracts	5%	1%	New procurement framework under rollout (2025/26)

Capital Deployment

Category	Amount (Mn)	Use
Renewable energy infrastructure	9	Small hydro, solar PV
Landscape-level adaptation	599	Bunding, drains, rainwater systems
Efficiency upgrades	-	VFDs, LED lighting, boiler retrofits
Total climate-aligned CapEx	608	CapEx

Climate-Related Opportunities

Metric	2024/25	2023/24	Target 2030	Comment
Premium income from certified tea	3%	3%	40%	Supports access to high-value export markets
Compost substitution for fertilizer	17%	14%	60%	Reduces GHGs and improves soil carbon
Renewable energy share	89%	88%	95%	Strategy under CapEx roadmap 2025–2027

Internal Carbon Pricing

TTE has not implemented internal carbon pricing as of FY 2024/25. The company is currently evaluating the feasibility of introducing a shadow price to support future investment and decarbonization planning.

Remuneration Linkage

TTE is in the process of evaluating the integration of climate-related performance into its remuneration framework. As of FY 2024/25, remuneration is not yet formally linked to specific sustainabilty-related risks or opportunities (SRROs).

SLFRS Sustainability Related Financial Disclosures

13.2.4 Industry-based Metrics

TTE industry-based metrics are aligned with the SLFRS S2 requirements and draw from the SASB Agricultural Products Standard, which provides sector-relevant indicators covering emissions, energy, water, and land use. (Refer page 328)

13.2.5 Climate related targets

Disclosure Category	Metric Name	Metric Type	Metric Definition	Objective of the Target	Unit of Measure	Comparative Information			Interim Target (2030)	Target (2050)
						(2023/24)	(2024/25)	YoY Change		
Transition Risk - GHG compliance & energy market shifts	Scope 1 & 2 GHG emissions	Core GHG Mitigation Metric	Absolute GHG emissions from fuel and electricity use (tCO2e)	Reduce direct emissions to align with TTE's net-zero pathway	tCO2e	2,447	2,567	↓4.6%	↓42%	↓90%
Transition Risk - Value chain exposure	Scope 3 GHG emissions	Value Chain Emissions	Emissions from purchased inputs, logistics, and customer lifecycle	Lower upstream/ downstream emissions through supplier engagement	tCO2e	9,847	9,905	↓0.5%	↓42%	↓90%
Chronic Physical Risk - Land-based degradation	Scope 1 & 3 FLAG emissions	Land Use Emissions (GHG)	Emissions/removals from soils, biomass, and landscape-level change	Enhance land carbon sinks and curb landscape-based emissions	tCO2e	9,434	10,762	↓12.3%	↓30.3%	↓72%

** Base Year for All Targets is 2022/23*

Validation and Alignment

- Targets validated by the Science Based Targets initiative (SBTi) for near-term, long term and NetZero 1.5°C alignment
- FLAG sector targets follow SBTi FLAG Guidance (land-use sector) and validated by Science Based Targets initiative (SBTi)
- Adaptation metrics align with TNFD LEAP Framework
- Strategy supports Sri Lanka's NDCs under the Paris Agreement

Use of Carbon Credits

- TTE does not currently use carbon credits to meet targets
- Future use will prioritize as per the SBTi standard requirement:
  - Insetting (e.g., soil carbon, afforestation on TTE lands)
  - Verified standards (Gold Standard, VCS)
  - Transparent disclosure of credit type, volume, and application

13.2.6 Social-related metrics

Disclosure Category	Metric Name	Metric Type	Metric Definition	Objective of the Metric	Unit of Measure	Current Performance (2024/25)	Interim Target (2028)	Target (2030)
Wage Escalation - Cost Pressure Risk	Living Wage (Average daily wage per worker)	Labour Cost Metric	Statutory and negotiated daily wage (Rs) for permanent estate and factory workers	Ensure workers earn a living wage that supports their wellbeing and financial security.	% of gap closed	21.82 % current gap	80 % of the living-wage gap closed	100 % of the living-wage gap closed (parity)
Labour Cost Buffering - Wage-Productivity Linkage	Revenue-share wage model coverage	Social Resilience Metric	Percentage of workforce enrolled in the 45% revenue-share incentive wage scheme	Strengthen productivity and resilience by linking compensation to performance.	%	28%	40%	50%
Labour Availability - Absenteeism	Annual absenteeism rate	Workforce Availability Metric	Absenteeism rate among estate and factory workers vs total available workdays	Enhance operational continuity by reducing unplanned workforce absences.	%	<10%	<15%	<10%
Retention & Wellbeing	Workforce continuity investment	Enabling Infrastructure Spend	Annual CAPEX + OPEX for housing, maternal care, sanitation, schools and childcare	Improve employee retention through strategic investments in wellbeing infrastructure.	Rs Mn/ year	Rs. 103.6 Mn	Rs. 110 Mn/ year	Rs. 150 Mn/year
Labour Pool Expansion - Gender Inclusion	Female participation in field operations	Diversity & Labour Pool Expansion	Percentage of field roles (plucking, nursery) held by female estate workers	Build a more inclusive, diverse workforce by increasing women's roles in operations.	%	29%	32%	40%

13.2.7 Biodiversity-related metrics

Disclosure Category	Metric Name	Metric Type	Metric Definition	Objective of the Metric	Unit of Measure	Current Performance (2024/25)	Interim Target (2027)	Target (2030)
Dependencies & Impacts	Area under active ecosystem restoration (ha)	Core Sector Metric (TNFD FA3.1.1)	Total hectares under ecological restoration interventions (e.g., forest buffers, slope rehabilitation, agroforestry plots).	Expand natural capital by scaling landscape restoration.	Hectares	62 ha	100 ha (cumulative)	200 ha (cumulative)
Risks & Opportunities	Revenue from certified sustainable or nature-positive tea (%)	Cross-sector TNFD core metric	Percentage of total revenue from tea certified as Rainforest Alliance or meeting equivalent biodiversity/nature-positive standards.	Strengthen market resilience through premium certified sales.	%	88%	95%	100%
Opportunities	PES or carbon credit income from biodiversity-linked projects	Additional Metric (TNFD Sector/ Custom)	Annual revenue generated from PES (Payment for Ecosystem Services) or nature-based carbon credit sales linked to biodiversity restoration.	Monetize ecosystem services to fund continued restoration.	Rs Mn/ year	Rs. 3.5 Mn	Rs. 10 Mn/ year	Rs. 20 Mn/year
Impacts	Soil organic carbon content in restored areas	Biome-aligned impact metric (TNFD T7)	Average increase in soil organic carbon (% per year) in areas under biodiversity enhancement (bunds, buffers, agroforests).	Enhance soil health and long-term productivity via carbon gains.	% increase	0.70%	+1.2% annually	+1.5% annually

13.3 Target Setting and Review Mechanism

TTE sets and reviews sustainability-related targets through a structured governance and operational process. Targets are set only where material risks or opportunities have been identified, and where measurable progress can influence financial or strategic decision-making (as disclosed in Notes 7–12)

Target-Setting Principles

TTE's ESG target-setting process is guided by the following principles:

- **Materiality-driven:** Targets are only established for metrics linked to material SRROs (e.g., transition risk, chronic climate risk, biodiversity opportunity).
- **Science-aligned and externally referenced:** Climate-related targets are aligned with the Science Based Targets initiative (SBTi) and the TNFD. Environmental performance targets align with Rainforest Alliance and ISO 14001 standards.
- **Operationally feasible:** Targets are designed considering the unique constraints and resource conditions across TTE's upcountry and low country estates.
- **Time-bound and measurable:** All key targets have baseline years, progress tracking indicators, and review cycles.

Target Approval and Review Governance

Step	Responsible Body	Review Cycle
Target proposal and baseline setting	Central sustainability team	Annually (pre-budget cycle)
Technical validation and feasibility	Estate superintendents and sustainability team	Annually
Alignment with group and international frameworks	Head of Finance and Head of Sustainability and	Annually
Board-level approval and target updates	ESEG Steering Committee ➜ BAC ➜ Board	Annually

Progress against targets is tracked in quarterly sustainability performance reviews and reported in ESG dashboards to the Board Audit Committee.

Mid-Cycle Target Adjustments

Targets may be revised in the following cases:

- Major scenario-driven shifts (e.g., high-emissions climate forecasts – see Note 11.3),
- Market or regulatory changes (e.g., new buyer audit protocols, labor law updates),
- New data systems or monitoring improvements enabling more accurate tracking.

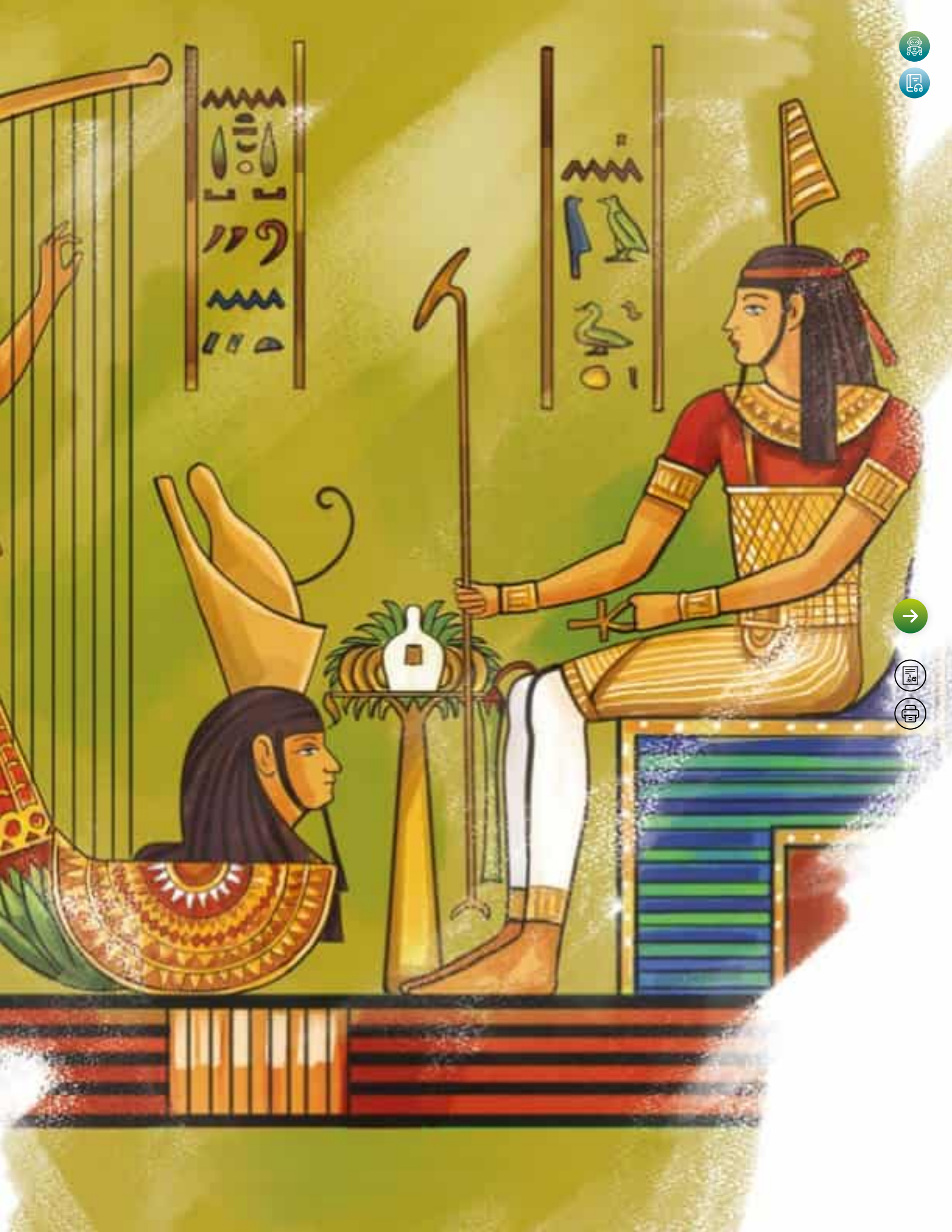
13.4 Performance Against Targets

This section discloses TTE's performance against its ESG targets for FY 2024/25. It consolidates progress reported across the ESG Target and Progress Table (pages 76) and the ESG Consolidated Statement (pages 79).

Only targets linked to material risks and opportunities identified in Note 7 are included. For each, the TTE reports the metric, current year performance, baseline, target year, and progress status. All data has been reviewed internally and verified where required by third-party certification or audit.

Shu
The Breath Between Earth and Sky

Balance and harmony guide our practices,
as Shu balanced the heavens, with utmost care.



Business Review

Overview

In 2024, the tea industry faced continued challenges, with a notable decline in crop production due to adverse weather conditions that disrupted harvesting cycles and reduced yields. Compounding these difficulties, a 35% wage increase implemented in September significantly impacted production costs across the sector. Despite this setback, the year proved resilient, as favorable market dynamics led to stronger prices at the Colombo Tea Auctions compared to the previous year. This price recovery helped cushion the impact of reduced volumes and additional wage cost, enabling us to sustain healthy revenue levels. Guided by our Regenerative Agenda 2030, we remained focused on operational excellence and quality assurance across our estates. As a result, we upheld our reputation for producing premium teas, securing strong auction rankings and delivering stable financial outcomes amidst a complex operating environment.

Field Development Programme – Investment: Rs. 268 Mn

Nursery Management	Soil Management	Harvesting	Replanting Programme	Crop Diversification	Commercial Forestry
To provide a consistent supply of healthy plants for replanting programs and to replace older or non-productive plants	To maintain soil fertility, promote healthy root systems, and ensure the plants' access to essential nutrients for optimal growth and high-quality tea production	To ensure high-quality tea production, with careful management of the harvest schedule to prevent over or under-harvesting, which could affect future yields	To maintain the productivity of the plantation and increase yields while addressing environmental factors like soil depletion and climate change	To increase revenue sources, enhance soil health through mixed cropping, and protect against economic risks associated with the volatility of the tea market	To create an additional revenue stream from timber, provide environmental benefits such as carbon sequestration, and improve soil and water conservation.

Tea Production

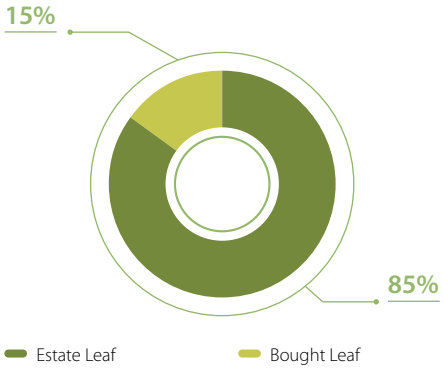
In 2024, the Sri Lankan tea industry faced an extremely challenging environment characterized by unpredictable adverse weather patterns, especially in the upcountry regions. This resulted in a notable downturn in crops across the sector, adding pressure to an industry already grappling with rising costs and fluctuating international demand.

Against this backdrop, TTE recorded yield per Hectare (kgs/hec/annum) of 1268, signaling a drop from 1366 in FY 2023/24. Consequently, TTE's total crop declined from 5.72 million kg in 2023/24 to 5.52 million kg in 2024/25, a drop of 3.5%, largely attributed to weather-related disruptions across high-grown planting region.

High-grown crop volumes decreased significantly from 4.46 Mn kg in 2023/24 to 4.00 Mn kg in the current year, reflecting a decline of 10.4%. On the other hand, the low-grown segment remained resilient to record a 21.6% crop increase from 1.25 Mn kg in the previous year to 1.52 Mn kg for FY 2024/25.

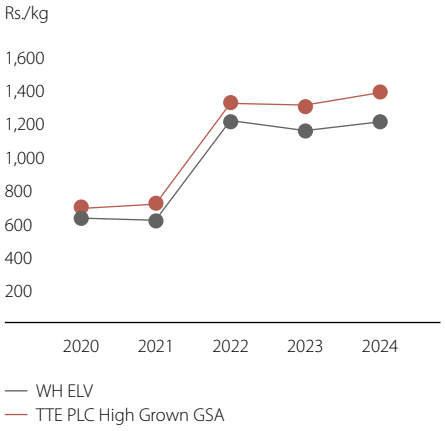
Crop

Est. Leaf & Bought Leaf

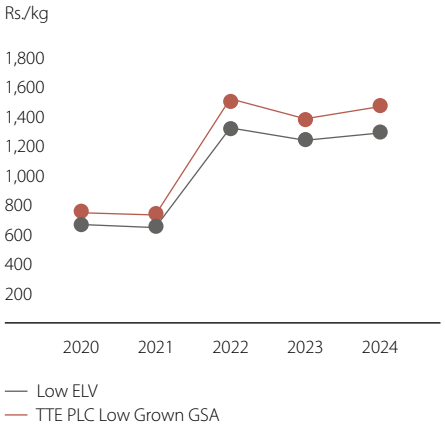


Notably however TTE succeeded in offsetting lower volumes by securing stronger prices at the Colombo Tea Auction, achieving an average of Rs. 112 / kg more per kg compared to the previous year's sale average. In the Western High Grown segment, national elevation prices moved up from Rs. 1,123.01 / kg in 2023 to Rs. 1,189.14 / kg in 2024, while TTE's high-grown GSA increased from Rs. 1,303.61 / kg to Rs. 1,374.48 / kg maintaining a solid premium of Rs. 185.34 / kg over national levels. Similarly, TTE's low-grown GSA advanced from Rs. 1,399.33/ kg to Rs. 1,483.46/kg to surpass the low-grown national elevation prices of Rs. 1,304.38/kg, by a robust Rs. 179.08/kg.

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



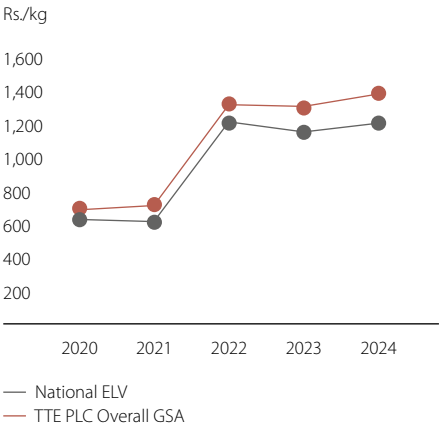
Low Grown (LG) Elevation Against TTE PLC Low Grown GSA



In another noteworthy accomplishment, TTE achieved an all-time record price, with the Company's overall gross sale average (GSA) increased from Rs. 1,326.06 in 2023 to Rs. 1,403.74 in 2024, which is an improvement of Rs. 77.68 compared to the previous year. Additionally, we surpass the national elevation average by Rs. 178.57.

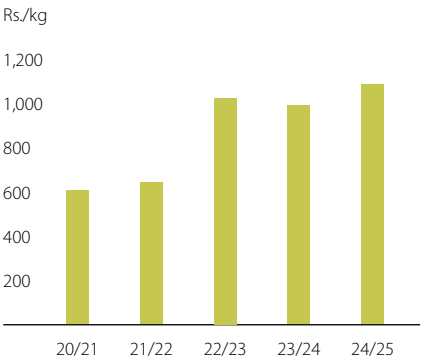
Securing premium prices at the Colombo Tea Auctions enabled TTE to safeguard overall turnover and sustain its No. 1 position across the high-grown, low-grown, and national level, both commendable achievements given the overall crop decline recorded during the current year. In further testimony to TTE's focus on quality excellence, six of the Company's marks were ranked among the top ten. Recording a total of 223 top prices and 01 all-time record during the year 2024.

Elevation & GSA



Meanwhile, cost pressure proved to be a serious drawdown on the Company's operations in the current year. Following a 35% wage increase introduced in September 2024, TTE incurred substantial additional costs amounting to approximately Rs. 270 Mn, pushing up the cost of production from Rs. 1,000.89 / kg in 2023/24 to Rs. 1,095.44 / kg in 2024/25.

TTE Cost of Production



Business Review

Nevertheless, supported by robust overall revenue performance, the Company delivered an operating profit of Rs. 1,444.7 Mn, marking an decrease of 7.04% over the Rs. 1,554.0 Mn reported in the previous financial year, a noteworthy accomplishment despite the pressures on cost structures. However overall profitability declined due to reduced investment income, reflecting the declining interest rates, which weighed on consolidated results compared to the prior year.

The commissioning of TTE's new factory in Kiruwanaganga marks a major milestone for the Company in the current financial year. The strategic investment in this state-of-the-art facility equipped to produce superior-grade teas, is set to be a key contributor in boosting TTE's sales average in the coming years. The factory with its enhanced processing capacity for value added and high-end premium teas, will also support TTE's efforts to explore the growing global demand for specialty teas

Field Development

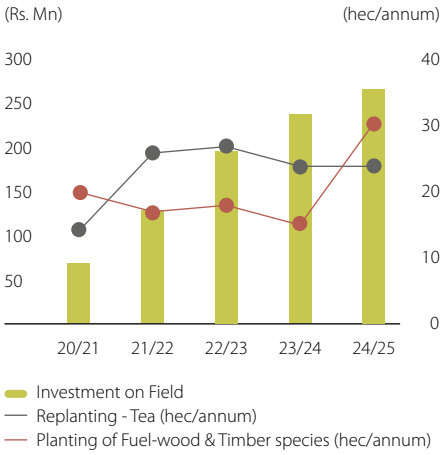
TTE made good progress on its field development operations throughout the year with a strong emphasis on supporting long-term productivity and sustainability. The investment in field development activities increased from Rs. 240 Mn in 2023/24 to Rs. 268 million in 2024/25.

Nursery management activities were expanded with the volume of plants raised in the nurseries increased significantly to give TTE better control over plant quality and available to meet the Company's replanting requirements.

Soil rehabilitation activities were also further enhanced with the integration of organic matter, introduction of earthworms, and application of compost to sustain soil fertility and boost soil health. Likewise cover crops continued to be planted to prevent erosion and improve soil structure of bare lands, in preparation for re-planting in due course.

The replanting programme was maintained, with 24 hectares replanted in 2024/25, consistent with the area replanted the year before. Much of the replanting efforts were directed towards the low-grown sector, which has proven to deliver higher yields in a much shorter harvesting time due to the warmer climate. Moreover, the replanting strategy is also aimed at reducing the dependency on bought leaf, especially given intensifying competitive pressures in that space.

Replanting Hectarge & Expenditure



Crop Diversification

TTE made significant strides in its crop diversification strategy in the current year. In line with the strategic decision made a few years ago, the Company continued to shift away from traditional rubber cultivation, with replanting efforts for the year driven by more commercially viable and sustainable crops such as cinnamon and coconut. In total, 36 hectares of cinnamon are already in active production while another 50 hectares in immature condition, including 18 hectares newly planted this year. Going forward, TTE aims to build on the successful expansion of cinnamon cultivation, having already achieved coverage of 100 hectares.

In parallel, coconut cultivation, which commenced in 2019, also gathered momentum in the current year, with plans to establish 100 hectares over the next five years.

Adding to these efforts, the Company embarked on a pilot project to grow strawberries under controlled conditions using poly-tunnels, underscoring TTE's commitment to crop diversification.

Commercial Forestry

TTE's commercial forestry operations remained on track with the Company's long-term five-year planting plan. The planting of fuelwood, mainly eucalyptus, expanded significantly in the current year with the total coverage nearly doubling from 15 hectares in 2023/24 to 30 hectares in 2024/25. Simultaneously nursery production was also scaled up to ensure guaranteed availability of high-quality plants for continuous planting cycles.

Meanwhile, in light of the lower demand this year due to sluggish market demand and lower timber prices, a strategic decision was made to focus on building up stock rather than harvesting, which it is hoped will provide a significant competitive advantage when demand picks up.

Renewable Energy

TTE made good headway in advancing its renewable energy strategy in the current year, investing Rs. 59.3 Mn to expand its solar footprint. Rooftop solar decks commissioned at Kiruwanaganga New Tea factory and several estate bungalows, collectively representing a generation capacity of 300kWp.

Total solar generation increased by 622,277 MWh to reach 669,071 MWh this year, enabling the TTE to record Rs. 12 million in revenue solely from its solar initiatives.

In addition, the full acquisition of all its mini hydro plants in the past has given TTE better control over the management of these renewable energy assets. Over the course of the year, total hydropower generation reached 7,975 MW, marking a 16% increase compared to last year. By contributing to the national grid, we generated an additional Rs. 94 million in revenue.

Business Review

The State-of the-Art Kiruwanaganga Tea Factory

The newly commissioned Kiruwanaganga Factory represents a significant advancement in our operational capabilities, showcasing our dedication to innovation, environmental responsibility and sustainable value generation. This state-of-the-art facility incorporates cutting-edge technologies and optimized processes designed to enhance efficiency, minimize environmental impact and ensure the production of high-quality products, solidifying our commitment to long-term growth and stakeholder value.

The Great Western Glamping Site

The Great Western Glamping Site, situated within the stunning Great Western Mountain Range, offers an immersive experience amidst breathtaking landscapes and renowned tea estates. While the region is crowned by the sixth highest peak in Sri Lanka, towering at 2,215 meters, the glamping site itself can further enhance its appeal by focusing on eco-friendly practices and sustainable tourism initiatives. By minimizing its environmental footprint and actively engaging with local communities, Great Western Glamping Site can solidify its position as a premier destination for discerning travelers seeking adventure and tranquility in this remarkable natural setting.

Somerset Tea Boutique

Nestled amidst a picturesque landscape of verdant greenery, the Somerset Tea Boutique provides an exceptional respite for travelers and a haven for tea aficionados. Beyond offering a curated selection of the finest teas and delectable culinary accompaniments, the boutique elevates the experience with factory tours showcasing the tea-making process and delightful tea-tasting sessions. Somerset Tea Boutique also prides itself on providing factory-fresh, value-added tea packs, perfect for gifting or personal enjoyment. It is truly a destination where relaxation, education, and the exquisite world of tea converge.

TeaTel Tea Boutique

TeaTel Tea Boutique, situated on Vajira Road in Colombo, presents a refined experience centered around the exceptional Ceylon teas. Offering an extensive selection of giftable and elegantly packaged teas adorned with unique Sri Lankan cultural designs, TeaTel specializes in both Dimbula and Ruhuna varieties sourced directly from the esteemed Talawakelle Tea Estates PLC. Beyond the tea selection, the boutique provides a relaxing area for patrons to enjoy a hot or iced tea accompanied by a light snack, creating an inviting space for quiet reflection or productive work.

Araliya Bungalow

Escape the everyday hustle and discover serenity at our charming bungalow, nestled within the verdant landscapes of Galle. This tranquil retreat offers a respite from the city's noise, providing a comfortable and peaceful haven ideal for family outings or relaxing with friends. Immerse yourselves in nature's embrace and experience a restorative getaway designed for rejuvenation and connection.

Cinnamon Peeling Centre

At our Cinnamon Peeling Centre, nestled within the lush Moragalla Estate in Galle, we are dedicated to crafting the finest quality cinnamon quills. Utilizing time-honored techniques and the skilled hands of our experienced peelers, we meticulously transform raw bark, harvested directly from our own estate-grown cinnamon trees, into a premium-grade product. The result is a fragrant and pure cinnamon, reflecting the unique terroir of Moragalla and our unwavering commitment to excellence.

Story of Our Subsidiaries

Our Renewable and Clean Energy

Hydropower, also known as hydroelectric power, is a renewable energy source that generates electricity by harnessing the energy of flowing water such as rivers or streams flow downhill due to gravity. This movement creates kinetic energy in the water.

Our Stakeholder Engagement

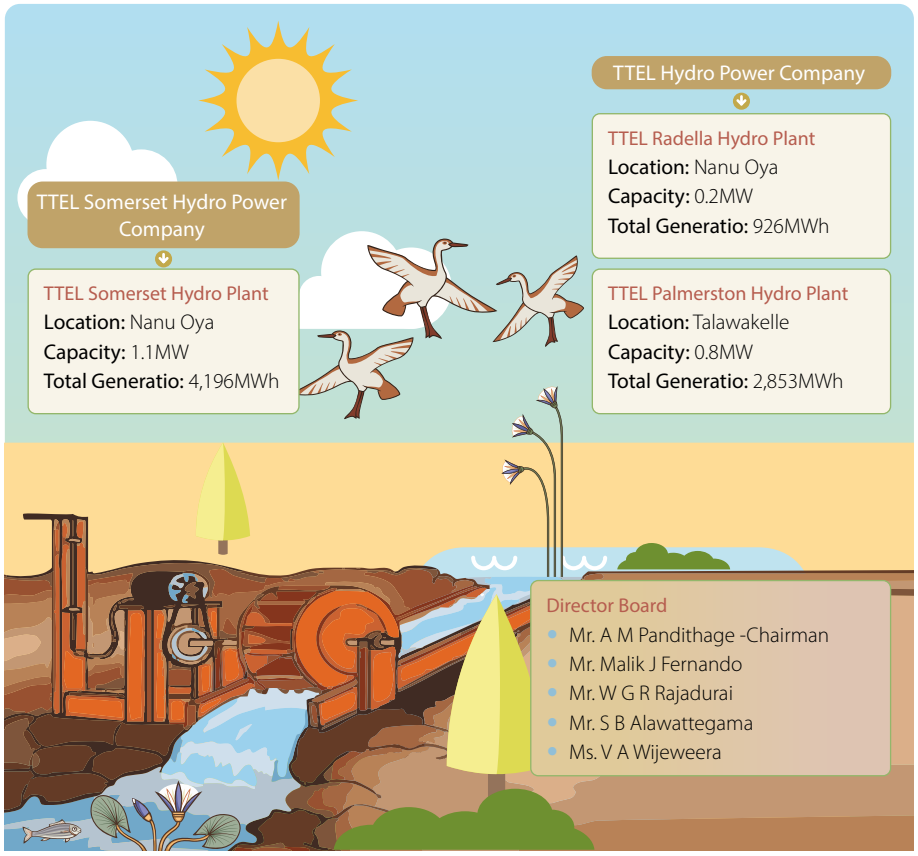
Principals/Government /Community/Employees

Our Subsidiaries

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, we increased our stake in these subsidiaries to 100%, reinforcing our commitment to renewable energy.

Our Segment Activity

The core business of hydropower is centered on generating electricity by utilizing the kinetic energy of flowing or falling water. This electricity is then supplied to the national grid.



Story of Our Subsidiaries

Industry Analysis

The hydropower industry stands at the forefront of the renewable energy revolution, driven by the urgent need to combat climate change and the depletion of fossil fuels. With efficient and sustainable energy generation, we are uniquely positioned to capitalise on this shift. Despite facing challenges such as high initial costs and regulatory hurdles, significantly to a sustainable future. By combining the industry analysis with the SWOT analysis, to determine our strengths, and weaknesses against external opportunities, and threats. This integrated approach helps in strategic planning and decision-making.

SWOT

Strengths

- Renewable Energy Source: Hydropower is a clean and sustainable energy source, reducing reliance on fossil fuels
- Low Operating Costs: Once established, hydropower plants have relatively low maintenance and operational costs
- Long Lifespan: Hydropower facilities can operate for many decades, providing a stable energy supply
- High Efficiency: Hydropower is one of the most efficient forms of energy generation, with high conversion rates from water flow to electricity
- Utilizing the Natural Assets Owned by TTEL's Parent Company

Weaknesses

- High Initial Costs: The construction of hydropower plants requires significant upfront investment/ Significant capital investment required to maintain hydropower infrastructure
- Environmental Impact: Potential negative effects on local ecosystems and water quality
- Dependency on Water Availability: Hydropower generation is dependent on consistent water flow, which can be affected by seasonal variations and climate change
- Regulatory Challenges: Navigating complex regulatory requirements and obtaining necessary permits can be time-consuming and costly

Opportunities

- Government Incentives: Engage with policymakers to advocate proactive regulations to develop and promote renewable energy
- Technological Advancements: 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

Threats

- Government Rules and Regulations: Regulatory changes and redefinitions of water resources as stipulated in policies and Acts can negatively impact the viability of hydropower projects
- Rates and Cost: 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
- Climate Change: Rainfall, Droughts and Natural Disasters:
- 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
- Local Communities, NGOs and Environmental Activists:
- Conflicts with local communities over land and water rights
- Environmental concerns and protests regarding hydropower operations from environmental activists and local communities

Value Creation Highlights

Capital	KPI's	2024/25			2023/24		
		TTEL Somerset Hydro Power Company	TTEL Hydro Power Company	Total	TTEL Somerset Hydro Power Company	TTEL Hydro Power Company	Total
Financial	Revenue (Rs. Mn)	45.27	48.76	94.03	32.91	35.98	68.89
	Net Profit (Rs. Mn)	17.0	12.33	29.33	7.6	6.3	13.90
	NP Increase (%)	123	95	111	105	60	82
	Dividend Paid (Rs. Mn)	4.4	24.9	29.30	4.4	-	4.4
Manufactured	Total Investment (Rs. Mn)	-	-	-	51.5	39.4	90.4
	Machinery Maintenance & Depreciations (Rs. Mn)	14	15.5	29.5	7.9	11	18.9
Human	Engagement in business (Nos)	4	11	15	5	11	16
	Employee benefits (Rs. Mn)	6.8	11.5	18.3	8.4	11.3	19.7
Natural	Energy Generation (Gj)	15,106	13,604	28,710	12,935	11,761	24,696
	IREC Credits	-	1,053	1,053	-	1,878	1,878

Developments and Highlights During the Year

Financial Highlights

Rs. 113.86 Mn
Short Term Investment

Rs. 7.85 Mn
Net Finance Income

Rs. 94 Mn
36% ↑
Revenue

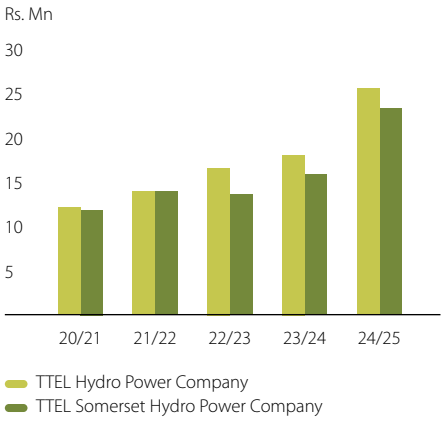
Rs. 4.4 Mn
TTEL Somerset Hydro Power

Rs. 24.9 Mn
TTEL Hydro Power

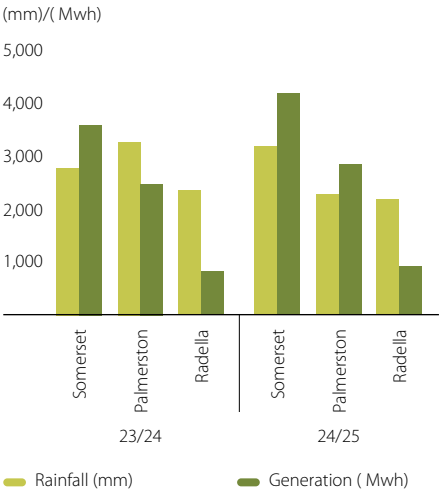
Dividend Paid

- **Electricity Generation:** Due to favorable weather patterns and high demand for hydropower, We have generated from 6.8 million kWh to 7.9 million kWh of electricity in the fiscal year 2024/25.
- **Revenue Growth:** Our two companies achieved its highest-ever revenue growth, increasing by Rs 25 million, which corresponds to a 36% rise from Rs 68.96 million to Rs 94 million in 2024/25.
- **Dividend Distribution:** We leveraged strong cash flows from operations to deliver robust shareholder returns, indicating the Company's continued commitment to value creation through prudent financial management. TTEL Somerset Hydropower Company distributed dividends amounting to Rs. 4.4 million and TTEL Hydropower Company distributed dividends amounting to Rs. 24.9 million to the broader TTEL parent company.

Gross Profit



Rainfall & Generation



Non-Financial Highlights

1,053 IREC
Renewable Energy

5,452tCO$_2$e
GHG Saving

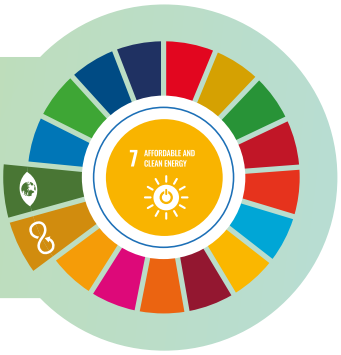
7,975 MWh 16% ↑
Generation

TTE PLC Metric — Renewable Energy Generation

Our 2030 Target — Increase Renewable Energy Generation continually

Contribution — Our investment in solar PV systems, hydro power and biomass plantation contributes directly to increasing renewable energy use

Target 7.2



- Looking ahead, the Company plans to increase hydropower generation by diversifying into other renewable sectors to strengthen energy security and support long-term sustainability goals.
- To further enhance efficiency and reliability, strategic investments will be made in advanced turbine technology and energy storage solutions. These upgrades are expected to improve overall performance and operational resilience.
- The Company is also committed to reducing its carbon footprint, with a clear target of achieving a significant reduction by 2025., reflecting a strong alignment with global climate objectives and responsible environmental stewardship.
- In addition, the Company aims to secure 2,500 International Renewable Energy Credits (IREC) by 2025/26. This initiative will support its transition toward cleaner energy while adding value through verified green energy production.

Future Roadmap

Economic Value Added

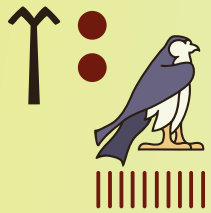
GRI 3-3 | 201-1 | 13.2.1, 13.22.1, 13.22.2

The tea sector's sustained strength continued this year, firmly establishing itself as a crucial cornerstone of the national economy. Its significant contribution played a vital role in the country's broader economic and social progress and demonstrated remarkable resilience in the face of many obstacles.

The economic value we created in the year on a consolidated basis, including hydropower operations, touched Rs.5,787.6 Mn. Given difficult market conditions, the value stood at 2.4 % below the level achieved in the previous year. Out of the value created, we distributed over 80% among our key stakeholders while retaining Rs. 1,192.2 Mn within the business, corresponding to 20%.

Statements of Value Added

	(Group) Rs.000'				(Company) Rs.000'			
	2024/25		2023/24		2024/25		2023/24	
Total Revenue	7,805,693		7,763,611		7,711,657		7,694,650	
Purchase of goods and services	(2,485,830)		(2,500,146)		(2,456,029)		(2,483,056)	
	5,319,863		5,263,465		5,255,628		5,211,594	
Other Income	467,765		667,025		481,656		667,986	
Total Value Added	5,787,628		5,930,490		5,737,284		5,879,580	
Value created and shared with		%		%		%		%
To Government (Income Tax and Other Taxes)	543,249	8	409,556	5	530,057	8	401,882	6
To Employees (Salaries and other staff costs)	3,712,287	64	3,683,896	62	3,696,032	62	3,667,474	62
To lenders of Capital (Interest on Loan Outstanding and Minority Interest)	184	1	(662)	1	184	1	627	1
To Shareholders (Dividends)	339,625	7	1,275,375	23	339,625	21	1,275,375	22
Retained for re-investment and future growth	1,192,283	20	562,325	9	1,171,386	8	534,222	9
	5,787,628	100	5,930,490	100	5,737,284	100	5,879,580	100



-14.4%
Value Distributed
2024/2025 - Rs. 4,595.4 Mn
2023/2024 - Rs. 5,368.1Mn

112.0%
Value Retained
2024/2025 - Rs. 1,192.3 Mn
2023/2024 - Rs. 562.3 Mn

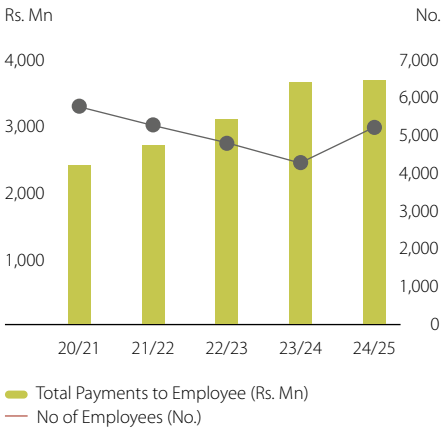
-2.4%
Value Created
2024/2025 - Rs. 5,787.6 Mn
2023/2024 - Rs. 5,930.4 Mn

Value Allocated to Employees

Worker/Staff Costs - The amount paid to employees increased slightly from Rs. 3,684 Mn in the current year, reflecting a modest growth of approximately 0.77%, underscoring the ongoing commitment to investing in its workforce while maintaining prudent cost management.

Wages, Salaries & Other related Costs	Rs. 3,318.5 Mn
Defined Benefit Plan Cost	Rs. 203.3 Mn
Defined Contributions Plan Costs-EPF & ETF	Rs. 190.5 Mn

Employees-Combination



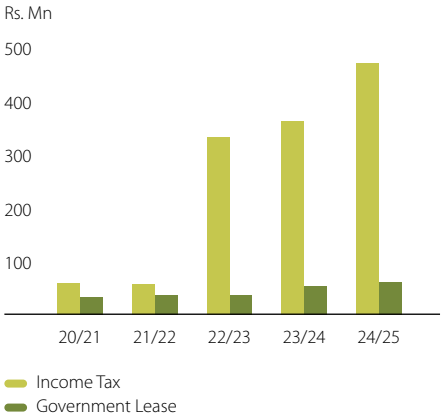
Refer: Human Capital, pages 164 to 177

To Government

Tax Expenses-Income tax paid to the government increased significantly from Rs. 410 mn in the previous year to Rs. 543 mn in the current year, reflecting a sharp rise of approximately 32.6%, due to the change in tax laws and, in line with TTE's commitment to regulatory compliance and fiscal responsibility.

Income Tax	Rs. 475.8 Mn
Paid Amount to VAT	Rs. 123.0 Mn
SVAT	Rs. 1.169.1 Mn
Interest on Government Lease and Other Lease	Rs. 67.4 Mn

Government / Income Tax



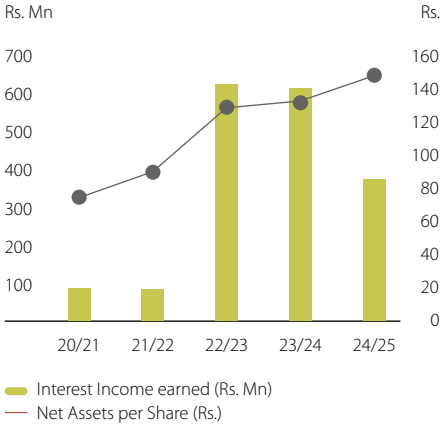
Refer: Financial Capital, pages 130 to 137

To Providers of Capital

Dividend - Dividends paid to shareholders declined from Rs. 1,275 Mn in the previous year to Rs. 340 Mn in the current year, representing a sharp drop of approximately 73.4%. This reduction reflects the Group's prudent approach to capital management amid prevailing challenges, prioritizing reinvestment and financial stability while continuing to deliver long-term shareholder value.

Interest Income Earned	Rs. 376.5 Mn
Net Asset Per Share	Rs. 149.52

Shareholders

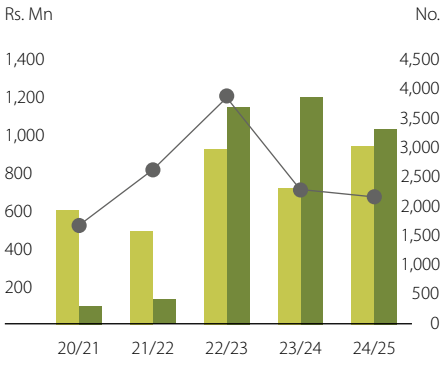


Refer: Financial Capital, pages 130 to 137

Supplier

With extensive operations, we have a large Supplier base. Our low grown operations engage and provide a livelihood to almost 2,023 bought leaf suppliers within the tea smallholder sector. In the year, our supplier payments stood at Rs. 944.9 Mn, with 100% for local suppliers including 22.7% for bought leaf suppliers.

Suppliers Payments



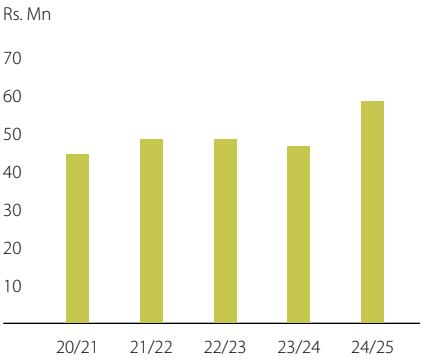
Refer: Social and Relationship Capital – Supplier, page 158

Environmental Management

As a plantation company, climate change impacts our crop production and leaf quality, in turn, affecting our financial viability both in the near and in the long term. As part of us environmental responsibility initiatives, we invest well on controlling carbon emissions and addressing the impacts of climate change on our business operations. In the year, we spent Rs. 58.3 Mn for environmental management.

We also invested in our second roof top solar power project.

Total Environment Cost



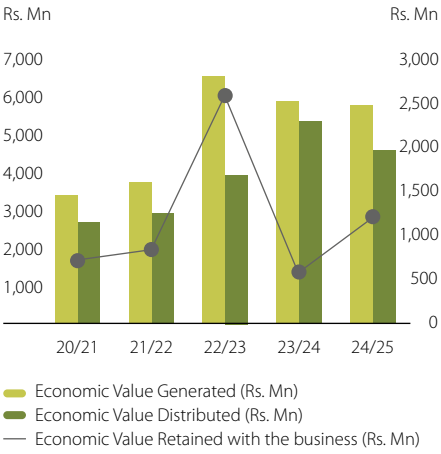
I Refer: Natural Capital, pages 178 to 192

To Expansion and Growth

Retained in Business - The amount retained for reinvestment and future growth increased significantly from Rs. 562 Mn in the previous year to Rs. 1,192 Mn in the current year, marking a notable growth of 111.9%. This sharp rise underscores the Group's strategic focus on strengthening its capital base and supporting long-term sustainability and expansion through internal reinvestment

Depreciation/Amortization - Depreciation and amortization expenses increased from Rs. 226.1 Mn in the previous year to Rs. 261.2 Mn in the current year, marking a 15.5% rise. This reflects the Group's continued investments in Property, Plant & Equipment and replanting, underscoring its commitment to modernizing operations and supporting future growth.

Expansion and Growth



Refer: Financial Capital, pages 130 to 137

Summary of Capital Performance

Aspect	Objective	Unit	Target	Goal	Achievement				
			2025/26	2024/25	2024/25	2023/24	2022/23	2021/22	2020/21
Financial Capital	1. Revenue	Rs. Mn	8,386	7,844	7,806	7,764	8,199	4,727	4,516
	2. Gross Profit	Rs. Mn	1,455	1,643	1,818	1,775	2,857	920	851
	3. Return on equity (ROE)	%	12	17	17	26	43	19	20
	4. Debt to equity	%	7.59	6.39	6.92	7.04	5.16	6.96	8.96
Manufactured Capital	1. New Machinery Acquisitions	Rs. Mn	24.4	7.5	257.7	4.2	29.1	29.4	33.7
	2. Production - Made Tea	kgs. Mn	5.9	5.3	5.5	5.7	5.1	5.9	6.7
	3. Production - Hydro generation	MWh	6,238	7,835	7,995	6,860	7,933	7,421	6,482
	4. Made Tea Outturn	%	23	21.5	23.26	22.65	23.1	23.9	23.4
Intellectual Capital	Recognitions & Awards	Number of main awards	95	75	93	69	54	37	15
	Certification Coverage								
	ISO 22000:2005 –FSMS	Number of Factories	15	15	15	15	15	15	15
	Rainforest Alliance	Number of Estates	14	14	14	14	14	14	14
	Great Place to Work	%	100	100	100	100	100	100	-
	ISO 14064-1:2018 GHG	%	100	100	100	100	100	100	100
	ISO 14001:2015-EMS	Number of Factories	6	6	5	5	5	5	5
	ISO 9001:2015-QMS	Number of Factories	1	1	1	1	1	1	1
	ISO 50001:2018 EnMS	Number of Factories	2	2	1	1	1	1	1
	ECO Lable	Number of Factories	16	16	16	16	16	-	-
	Reputation and Brand Value	RPC Ranking	1	1	1	1	1	1	1
Relationship Capital	1. Customer Complaints	Nos	-	-	11	5	6	14	5
	2. Customer Satisfaction Index	%	100	100	92	86	86	86	85
	3. Total Local Supplier Percentage	%	100	100	100	100	100	100	100
	4. Made-tea from Tea Smallholder Supplies	kgs	700,000	700,000	816,714	624,274	700,779	814,317	960,277
	5. Price Earnings Ratio	Times	7.00	7.00	5.36	3.28	1.63	2.48	2.50
Social & Human Capital	1. Investment on Employee Training	Rs. Mn	10	3.00	11.0	14.4	13.8	1.4	0.64
	2. Worker Turnover	%	6	8	3.4	11	8.6	8.6	5.8
	3. Investment on Social Infrastructure Development	Rs. Mn	8	8.0	36.9	8.2	5.7	65.5	56.8
	4. Investment on Social Activities and Community Development	Rs.Mn	60	100	82.21	95.4	159.7	41.9	40.2
Natural Capital	1. Yield Per Hectare	kg/Hec	1,363	1,400	1,268	1,366	1,171	1,360	1,422
	2. Renewable Energy Generation	kWh-Mn	10	10	8.6	7.5	8.5	8.1	6.8
	3. Energy Consumption	TJ	175	175	218	214	188.02	208	196.1
	4. Energy Intensity	MJ/ kg of Made tea	37	37	39.47	37.18	34.96	33.3	29.5
	5. GHG emissions-carbon Footprint	tCO_2e	23,022	24,707	23,431	25,194	29,782	9,504	15,111
	6. GHG emissions Intensity	tCO_2e/Tonne of Made Tea	4	4	4.24	4.41	5.7	1.5	1.29
	7. Investment on environmental Initiatives and Field Development	Rs. Mn	45	45	58.3	46.8	48.9	48.6	43.9

Hapi

The Life-Giver of Waters

Like Hapi's sacred floods, our water stewardship sustains growth, community, and continuity.

Financial Capital

Financial capital is a critical resource that enables organizations to invest in growth opportunities, expand operations, drive innovation, and ultimately deliver sustainable results that benefit all stakeholders. At its core, effective management of financial capital involves diligent performance monitoring, proactive capital and liquidity management, and disciplined cash flow oversight. With companies required to operate in an increasingly complex macroeconomic and geopolitical environment, the importance of robust financial controls and governance principles has only grown. Stringent policies and procedures around the deployment of capital, risk management, and reporting are essential to ensure financial resources are allocated prudently and in alignment with the organisation's strategic priorities. With the right people, processes and systems in place at TTE, We can harness the power of financial capital, and build the resilience and agility needed to navigate an uncertain world and generate long-term value creation.

Rs. 10 Bn Assets Milestone

The asset base has doubled in the past five years and reached the Rs 10 billion asset milestone within the year.

State-of-the-art Tea Factory

Rs 714 million of internally generated funds were used to construct a modern tea factory at the Kiruwanaganga Estate.

Expansion of Strawberry

Steps have been taken to expand Strawberry with four new tunnels through knowledge gained from the existing Strawberry project.

Transformation of Somerset Tea Center

The Somerset Tea Boutique has been upgraded to an luxury center, aiming to cater to the increasing demand for ecotourism

GRI 3-3

Management Approach

Risks
Diverse weather conditions may impact revenue and profitability.

Ad-hoc regulatory policy changes resulting in unreasonably high wage increases.

Opportunities
Diversification into high-margin product lines and value-added exports.

Efficient capital investment offers long-term cost savings and financial resilience.

Material Matters
- Economic Performance
- Tax

Management Approach
TTE adopts a forward-looking approach to managing financial capital, balancing short-term performance with sustainable value creation. The Company's strategy centres on maintaining financial stability through diversification, prudent capital structuring, and disciplined cost management. By prioritising investments that enhance operational efficiency and asset productivity, TTE strengthens its capacity to absorb external shocks while continuing to deliver stakeholder value.

A key principle of this approach involves the use of internal funds (retained earnings) for strategic investments, thereby preserving independence and minimising exposure to financial risk. Profitability is managed not just through revenue growth but also through lean operational practices and strong working capital discipline.

Equally importantly, strong emphasis is placed on liquidity management, ensuring that operating cash flows are sufficient to meet reinvestment needs and shareholder commitments. In parallel, the Company actively manages its investment portfolio to generate steady financial income and support overall capital growth.

Governance

Oversight
- Board of Directors
- Group Management Committee
- Board Audit Committee
- Head of Finance

Compliance
- Sri Lanka Accounting and Auditing Standards Act No 15 of 1995
- Companies Act No 07 of 2007
- Inland Revenue Act No 24 of 2017
- CSE Listing Rules

Voluntary Best Practices
- Code of Best Practice Corporate Governance 2023

Internal Mandates and Commitments
- Policy on Control and Management of Company Assets and Shareholder Investments
- Enterprise Risk and Opportunity Management Framework

Monitoring and Reporting
- Variance Analysis by comparing actual results with budgeted targets and past performance.
- Benchmarking against competitors

Capital Performance FY 2024/25

Resource Allocation Highlights

Rs. 271 Mn Field Development	Rs. 362 Mn Investment in PPE	Rs. 11 Mn Training Investment	Rs. 58.3 Mn Environment Management	Rs. 119 Mn Investment (A Home for Every Plantation Worker)	Rs. 264.4 Mn Welfare and benefits

Outputs for TTE
- Revenue Rs. 7,806 Mn
- Operating cash flow Rs. 2,244 Mn
- Finance Income Rs. 377 Mn

Stakeholder Outcomes	FY 2024/25	FY 2023/24	Value Enhanced (+) | Preserved (=) | Eroded (-)
Return on Equity (%)	18.33	26.22	Preserved
Shareholders Funds (Rs. Mn)	7,102	6,370	Enhanced
Dividend (Rs.)	339.5	1,275	Preserved
Share Price (Rs.)	139.25	113.75	Enhanced
Government Levies & Taxes (Rs. Mn)	543.24	409.57	Enhanced

SDG's

- Target 2.3: Double the agricultural productivity and incomes of small-scale food producers.
- Target 7.2: Increase substantially the share of renewable energy in the global energy mix.
- Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation
- Target 8.5: Achieve full and productive employment and decent work for all women and men, and equal pay for work of equal value
- Target 8.8: Protect labour rights and promote safe and secure working environments.
- Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable.
- Target 12.2: Achieve the sustainable management and efficient use of natural resources.
- Target 12.6: Encourage companies to adopt sustainable practices and integrate sustainability information into their reporting.
- Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.
- Target 13.2: Integrate climate change measures into national policies, strategies and planning.

Financial Capital

Analysis of Profit and Loss

Revenue

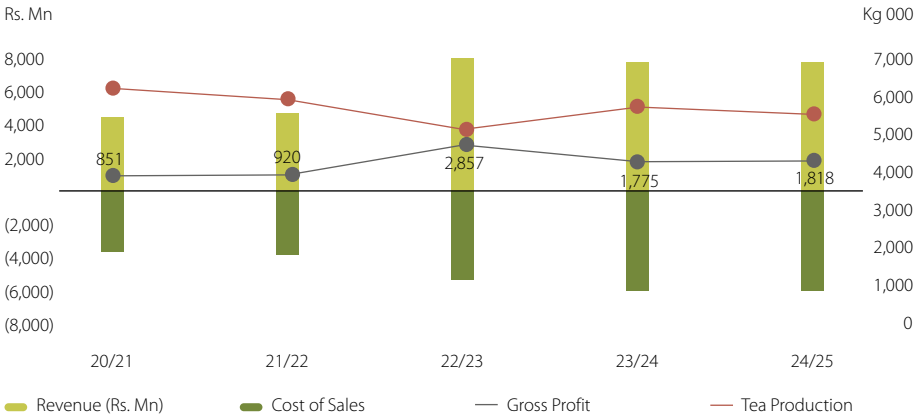
Despite the significant recovery of the economy and stabilisation of the currency following the severe economic crisis in 2022, Sri Lanka's tea industry continued to experience disruptions due to extreme weather conditions in 2024. In the face of adverse weather events, TTE's strategic initiatives including the implementation of precision agricultural practices focused on optimising quality and productivity, helped to contain the reduction in tea production to 3.5%. Moreover the emphasis on producing high-quality tea has resulted in improved prices, leading to an increase in tea revenue by Rs. 21.5 million with total revenue from tea reaching Rs 7,436 million in the current financial year.

Likewise, the Rubber and Cinnamon sectors also witnessed growth in FY 2024/25, with revenue increasing by Rs 2 million and Rs 8 million respectively. Furthermore, the Hydro power generation by two subsidiaries has contributed to a notable rise in revenue of Rs 25 million. Despite the contraction of other revenue streams by Rs. 14 million, TTE's total revenue for the current year registered an increase of Rs 42 million compared to the previous year, underscoring the Company's resilience and adaptability in the face of challenging circumstances.

Gross Profit (GP)

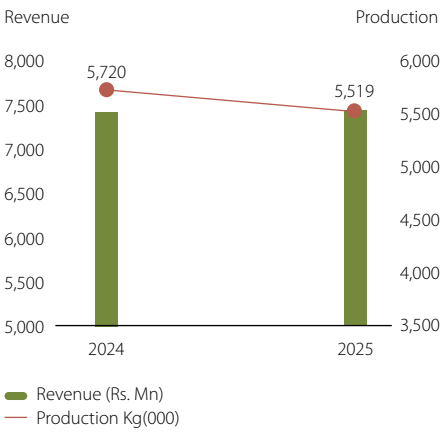
By implementing effective agricultural practices and leveraging lean management principles, TTE successfully maintained its cost of sales at a similar level to the previous year. This achievement comes despite a significant 35% increase in daily wages since September 2024, which was partially offset by lower expenses on fertiliser, electricity, and energy. As a result, gross profit saw a modest rise from Rs. 1,775 million in the previous year to Rs. 1,818 million.

Top-line Performance

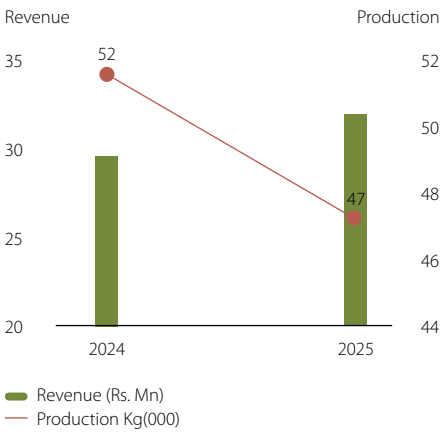


Segment Revenue

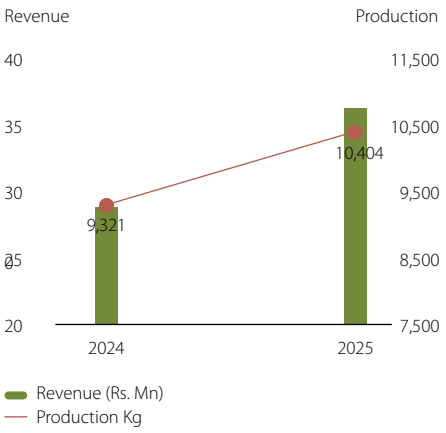
Tea



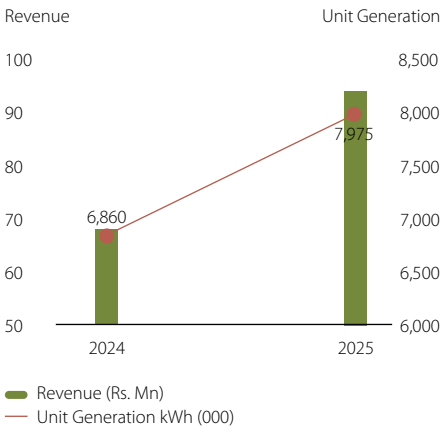
Rubber



Cinnamon



HydroPower



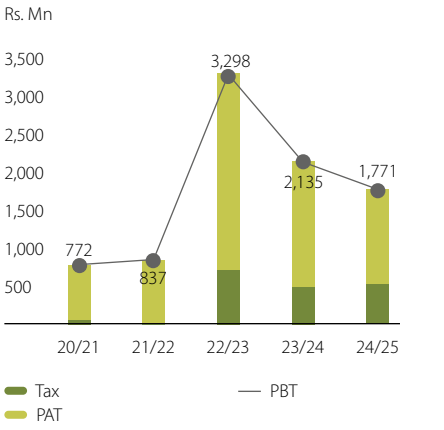
Refer: Note 6 of Financial Statements on Pages 272 to 273

Profit Before Tax (PBT)

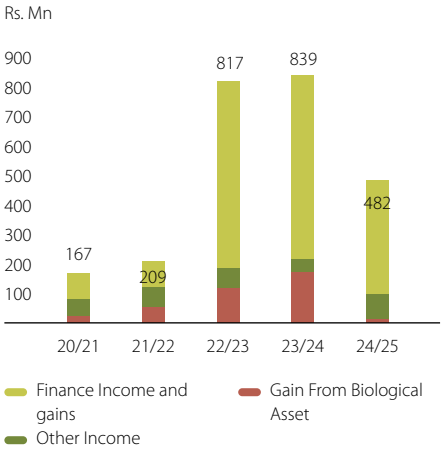
GRI 207-1, 2

Despite a slight increase in gross profit, profit before tax during the year decreased from Rs. 2,135 million in 2024 to Rs. 1,771 million, mainly due to a decrease in fair value gains on biological assets and a decrease in financial income from investments in financial instruments in the prevailed low interest rate regime.

Bottom-line Performance



Other Income and Gains



Profit After Tax (PAT)

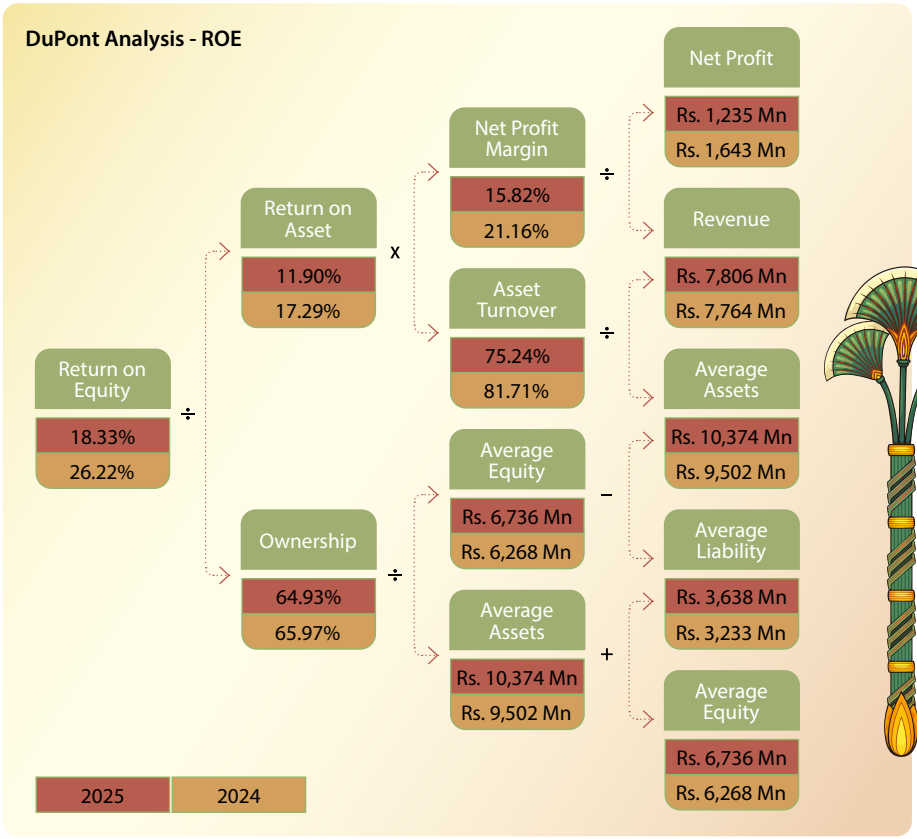
Despite the decrease in pre-tax profit, the Company's tax expenses increased from Rs. 352 Mn in 2024 to Rs. 475 Mn, (refer Note No 9 of to the Financial statements) owing to the end of tax concessions for profits on Agro-farming with effect from the current year. The increase in income tax expenses led to a decline in PAT from Rs. 1,643 million in the previous year to Rs. 1,235 million in the current year.

Profitability and Returns

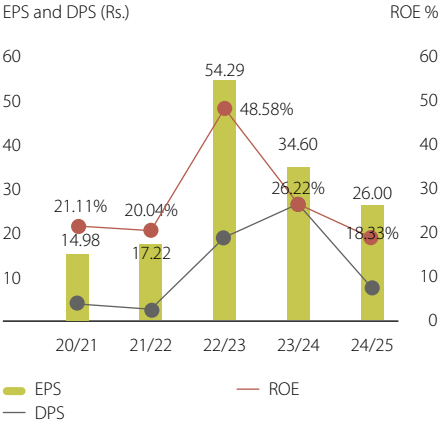
Despite facing significant challenges—including weather-related crop losses, and the substantial 35% wage increase adding approximately Rs. 270 million in costs along with reduced returns on financial investments amounting to Rs. 236 million, a Rs. 148 million drop in fair value gains on biological assets, and a low-inflation environment—the Company delivered a commendable return on equity of 18.33%. However, this figure represents a decline from the previous year's ROE of 26.22%, which is well above the average market rate of return. TTE' share price increased by 22% year-on-year from Rs. 113.75 to Rs. 139.25.

	2024	2023
Average Weighted Deposit Rate (%)	7.53	11.64
Inflation (%)	1.2	17.4

Source: CBSL Annual Economic Review 2024



EPS, DPS and ROE



Refer: 10 year summary on page 322

Financial Risk Management

Financial Risk evaluation and management practices established are discussed in pages 198 to 206.

Financial Capital

Vertical Analysis - Income Statement

Over the past five years, the cost of sales percentage has decreased from 81% to 77% whilst, administrative expenses and the net profit margin have remained largely stable over the five year period from 2021 to 2025.

	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Revenue	7,806	100%	7,764	100%	8,199	100%	4,727	100%	4,516	100%
Cost of Sales	(5,988)	-77%	(5,988)	-77%	(5,342)	-65%	(3,808)	-81%	(3,677)	-81%
Gross profit	1,818	23%	1,776	23%	2,857	35%	920	19%	839	19%
Change in Fair Value of Consumable Biological Assets	24	0%	172	2%	119	1%	54	1%	23	1%
Other Income and Gains	83	1%	46	1%	67	1%	71	1%	69	2%
Administrative Expenses	(472)	-6%	(422)	-5%	(336)	-4%	(253)	-5%	(208)	-5%
Results from operating activities	1,453	19%	1,572	20%	2,707	33%	791	17%	724	16%
Finance Income	384	5%	621	8%	632	8%	85	2%	87	2%
Finance Expenses	(0.18)	0%	0.63	0%	(1)	0%	(1)	0%	(2)	0%
Interest Paid to Government and Other Leases	(67)	-1%	(57)	-1%	(39)	0%	(38)	-1%	(38)	-1%
Net Finance Income	317	4%	564	7%	591	7%	46	1%	48	1%
Profit before tax	1,771	23%	2,136	27%	3,298	40%	837	18%	772	17%
Income Tax Expenses	(535)	-7%	(491)	-6%	(719)	-9%	(20)	0%	(60)	-1%
Profit after tax	1,235	16%	1,645	21%	2,579	31%	817	17%	712	16%

Horizontal Analysis - Income Statement

The top line has increased by 1% in 2025 Compared to last year, but the bottom line has decreased by 25% mainly due to decrease in Financial Income and Fair value gain on biological Assets.

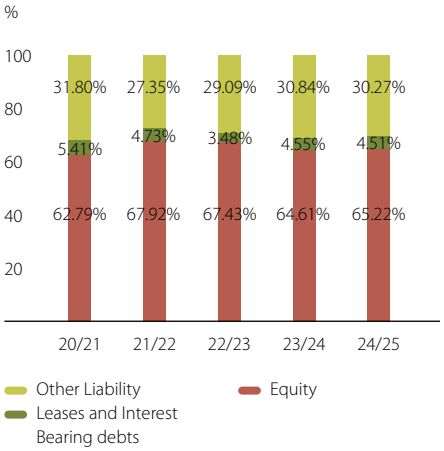
	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Revenue	7,806	1%	7,764	-5%	8,199	73%	4,727	5%	4,516	16%
Cost of Sales	(5,988)	0%	(5,988)	12%	(5,342)	40%	(3,808)	4%	(3,677)	2%
Gross profit	1,818	2%	1,776	-38%	2,857	211%	920	10%	839	186%
Change in Fair Value of Consumable Biological Assets	24	-86%	172	51%	119	92%	54	135%	23	-72%
Other Income and Gains	83	80%	46	-31%	67	-5%	71	2%	69	28%
Administrative Expenses	(472)	12%	(422)	25%	(336)	33%	(253)	22%	(208)	5%
Results from operating activities	1,453	-8%	1,572	-42%	2,707	242%	791	9%	724	343%
Finance Income	384	-38%	621	-2%	632	639%	85	-2%	87	-8%
Finance Expenses	(0.18)	-129%	0.63	-151%	(1)	22%	(1)	-53%	(2)	-12%
Interest Paid to Government and Other Leases	(67)	18%	(57)	46%	(39)	3%	(38)	1%	(38)	1%
Net Finance Income	317	-44%	564	-5%	591	1176%	46	-3%	48	-13%
Profit before tax	1,771	-17%	2,136	-35%	3,298	294%	837	8%	772	253%
Income Tax Expenses	(535)	9%	(491)	-32%	(719)	3512%	(20)	-67%	(60)	170%
Profit after tax	1,235	-25%	1,645	-36%	2,579	215%	817	15%	712	262%

Analysis of Financial Position

Equity and Reserves

TTE's capital structure is comprised primarily of equity capital, which minimises the sensitivity to interest rates fluctuations and strengthens the Company's working capital position. Construction of the state-of-the-art tea factory at Kiruwanaganga Estate in the current financial year was fully funded through equity at a cost of Rs. 714 million, representing the single largest investment in TTE's history

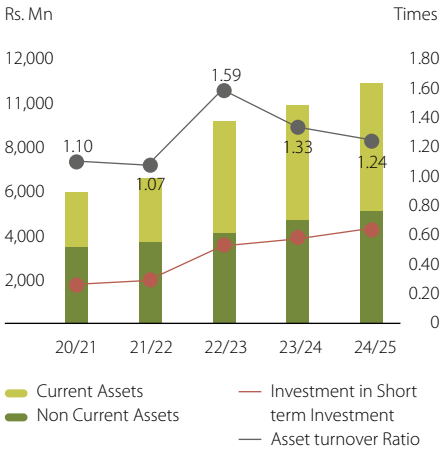
Funding Composition



Total Assets

TTE's total asset base grew by 10% to Rs. 10,890 million as at 31st March 2025, up from Rs. 9,858 million at the end of the previous year. This increase was primarily attributed to investments in property, plant, and equipment, right-of-use assets and short-term investments. The asset turnover ratio (excluding short-term investments), exceeded 1, indicating enhanced asset efficiency. Notably, 40% of total assets represent short-term investments, which generated Rs. 384 million in income during the financial year 2024/25

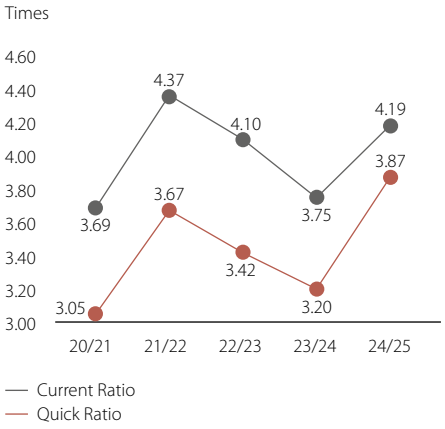
Total Assets



Liquidity Position

With a positive cash flow, TTE's liquidity position remained stable and strong in the year under review. The current and quick ratios exceeded 3.5 times, demonstrating the Company's ability to meet short-term obligations smoothly.

Current Ratio and Quick Ratio



Refer: 10 year summary on page 322

Vertical Analysis - Financial Position

Non-current assets have decreased from 58 percent to 47 percent of total assets in the last five years. Current assets have increased from 42 percent to 53 percent, mainly due to the growth in short-term investments. Long-term liabilities have been reduced from 27 percent to 21 percent and shareholders' equity has been increased from 62 percent to 65 percent within the capital structure over the last five years.

	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Assets										
Non Current Assets										
Right-of-use Assets	456	4%	404	4%	288	3%	311	5%	326	6%
Tangible assets other than Immature/Mature Plantations	1,765	16%	1,540	16%	1,145	13%	890	14%	719	13%
Bearer Biological Assets	2,206	20%	2,048	21%	1,909	21%	1,816	29%	1,786	31%
Consumable Biological Assets	679	6%	665	7%	484	5%	386	6%	326	6%
Intangible Assets	9	0%	12	0%	12	0%	14	0%	5	0%
Investments in Subsidiaries	0	0%	0	0%	135	2%	135	2%	135	2%
Deferred Tax Asset	0	0%	1	0%	0	0%	0	0%	0	0%
	5,115	47%	4,669	47%	3,973	44%	3,552	56%	3,297	58%
Current Assets										
Produce on Bearer Biological Assets	32	0%	23	0%	23	0%	17	0%	23	0%
Inventories	889	8%	750	8%	831	9%	483	8%	425	7%
Trade and Other Receivables	435	4%	454	5%	430	5%	263	4%	237	4%
Amounts due from Related Companies	10	0%	6	0%	13	0%	138	2%	7	0%
Short Term Investments	4,346	40%	3,849	39%	3,514	39%	1,887	30%	1,711	30%
Cash and Bank Balances	63	1%	108	1%	166	2%	24	0%	26	0%
	5,775	53%	5,189	53%	4,977	56%	2,813	44%	2,428	42%
Total assets	10,891	100%	9,858	100%	8,950	100%	6,364	100%	5,725	100%

Financial Capital

	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Equity and Liabilities										
Equity										
Stated Capital	350	3%	350	4%	350	4%	350	5%	350	6%
Revenue Reserves	6,752	62%	6,020	61%	5,646	63%	3,938	62%	3,178	56%
Equity attributable to equity holders of the parent	7,102	65%	6,370	65%	5,996	67%	4,288	67%	3,528	62%
Non-Controllinq Interests										
TOTAL EQUITY	7,102	65%	6,370	65%	5,996	67%	4,288	67%	3,528	62%
Non Current Liabilities & Deferred Income										
Interest Bearinq Loans & Borrowinqs	0	0%	0	0%	3	0%	6	0%	14	0%
Retirement Benefit Obligations	1,182	11%	933	9%	798	9%	868	14%	888	16%
Deferred Tax Liability	635	6%	645	7%	544	6%	160	3%	212	4%
Deferred Income	136	1%	132	1%	137	2%	137	2%	139	2%
Lease Liability	455	4%	393	4%	259	3%	272	4%	278	5%
	2,409	22%	2,103	21%	1,740	19%	1,443	23%	1,531	27%
Current Liabilities										
Trade and Other Payables	1,044	10%	993	10%	1,075	12%	587	9%	574	10%
Interest Bearinq Loans & Borrowings	0	0%	3	0%	3	0%	8	0%	20	0%
Lease Liability	21	0%	14	0%	15	0%	14	0%	12	0%
Amounts due to Related Companies	146	1%	219	2%	82	1%	19	0%	52	1%
Income Tax Payable	153	1%	118	1%	0	0%	0	0%	0	0%
Bank Overdraft	15	0%	39	0%	37	0%	7	0%	8	0%
	1,379	13%	1,385	14%	1,213	14%	634	10%	667	12%
Total Liabilities	3,788	35%	3,488	35%	2,953	33%	2,077	33%	2,197	38%
Total Equity and Liabilities	10,891	100%	9,858	100%	8,950	100%	6,364	100%	5,725	100%

Horizontal Analysis - Financial Position

The company reached an asset milestone of Rs. 10 billion last year, with a 10% increase in fixed assets and current assets compared to the previous year.

	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Assets										
Non Current Assets										
Riqht-of-use Assets	456	13%	404	40%	288	-7%	311	-5%	326	-1%
Tanqible assets other than Immature/Mature Plantations	1,765	15%	1,540	34%	1,145	29%	890	24%	719	-3%
Bearer Bioloqical Assets	2,206	8%	2,048	7%	1,909	5%	1,816	2%	1,786	1%
Consumable Biological Assets	679	2%	665	37%	484	25%	386	18%	326	7%
Intangible Assets	9	-20%	12	-5%	12	-11%	14	180%	5	
Investments in Subsidiaries	0	0%	0	-100%	135	0%	135	0%	135	0%
Deferred Tax Asset	0	0	1	0	0		0		0	
	5,115	10%	4,669	18%	3,973	12%	3,552	8%	3,297	1%
Current Assets										
Produce on Bearer Biological Assets	32	42%	23	-1%	23	31%	17	-23%	23	415%
Inventories	889	19%	750	-10%	831	72%	483	14%	425	41%
Trade and Other Receivables	435	-4%	454	5%	430	64%	263	11%	237	84%
Amounts due from Related Companies	10	84%	6	-56%	13	-91%	138	1943%	7	79%
Short Term Investments	4,346	13%	3,849	10%	3,514	86%	1,887	10%	1,711	54%
Cash and Bank Balances	63	-42%	108	-35%	166	590%	24	-7%	26	-37%
	5,775	11%	5,189	4%	4,977	77%	2,813	16%	2,428	52%
Total assets	10,891	10%	9,858	10%	8,950	41%	6,364	11%	5,725	18%

	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Equity and Liabilities										
Equity										
Stated Capital	350	0%	350	0%	350	0%	350	0%	350	0%
Revenue Reserves	6,752	12%	6,020	7%	5,646	43%	3,938	24%	3,178	28%
Equity attributable to equity holders of the parent	7,102	12%	6,370	6%	5,996	40%	4,288	22%	3,528	25%
Non-Controlling Interests										
TOTAL EQUITY	7,102	12%	6,370	6%	5,996	40%	4,288	22%	3,528	25%
Non Current Liabilities & Deferred Income										
Interest Bearing Loans & Borrowings	0	0%	0	-100%	3	-57%	6	-56%	14	5%
Retirement Benefit Obligations	1,182	27%	933	17%	798	-8%	868	-2%	888	-13%
Deferred Tax Liability	635	-2%	645	19%	544	240%	160	-25%	212	6%
Deferred Income	136	3%	132	-3%	137	0%	137	-1%	139	-1%
Lease Liability	455	16%	393	52%	259	-5%	272	-2%	278	3%
	2,409	15%	2,103	21%	1,740	21%	1,443	-6%	1,531	-7%
Current Liabilities										
Trade and Other Payables	1,044	5%	993	-8%	1,075	83%	587	2%	574	62%
Interest Bearing Loans & Borrowings	0	-100%	3	-25%	3	-54%	8	-62%	20	298%
Lease Liability	21	52%	14	-8%	15	8%	14	14%	12	3%
Amounts due to Related Companies	146	-33%	219	167%	82	338%	19	-64%	52	98%
Income Tax Payable	153	29%	118	0%	0	0%	0	0%	0	0%
Bank Overdraft	15	-61%	39	3%	37	469%	7	-15%	8	149%
	1,379	0%	1,385	14%	1,213	91%	634	-5%	667	66%
Total Liabilities	3,788	9%	3,488	18%	2,953	42%	2,077	-5%	2,197	7%
Total Equity and Liabilities	10,891	10%	9,858	10%	8,950	41%	6,364	11%	5,725	18%

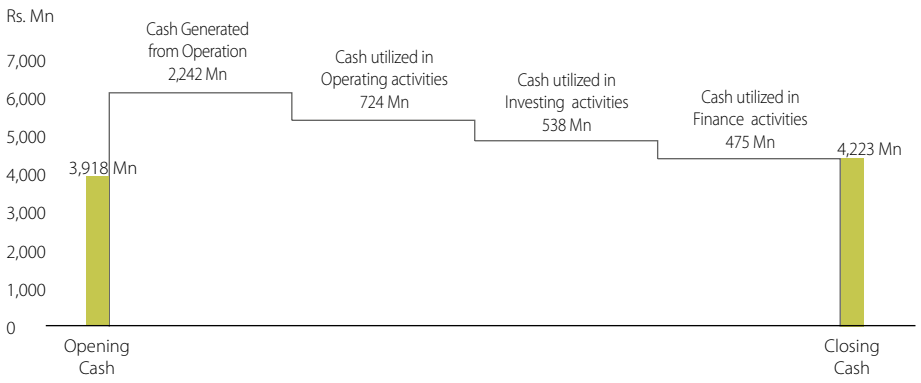
2.3 Cash Movement

Cash is the lifeblood of any business, ensuring its ability to cover expenses, reward investors, and drive growth. During the reporting year, operational cash flow amounted to Rs. 2,242 million, closely aligning with profit before tax and highlighting the Company's strong cash conversion efficiency. A total of Rs. 538 million was invested in field development activities and property, plant, and equipment, in line with the commitment to future expansion. Notably, while maintaining a healthy reinvestment strategy, Rs. 387 million was distributed as dividends to shareholders. A net cash inflow of Rs. 505 million was recorded at the end of the current financial year, the Company effectively generated sufficient operational cash to support both investment and financing activities.

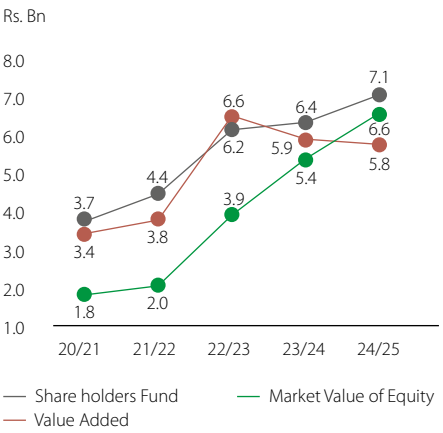
2.4 Market Value Added

Over the past five years, the growth in value added has led to increase in shareholders' funds. This sustainable performance has been recognized by investors in the capital market, and by the end of 2024/25, market capitalization reached Rs. 6.6 billion.

Cash Movement



Market Value Added



Refer: the shareholder Information on page 307

Manufactured Capital

In today's complex business environment—shaped by market volatility, productivity challenges, and the growing impact of climate change—effective management of our manufactured capital has become a strategic priority. This capital, comprising our tangible assets, plays a vital role in delivering sustainable value. It supports operational efficiency, enhances product quality, and helps contain production costs. The following section outlines the best practices that guide our capital expenditure (capex) decisions, enabling us to maintain efficient operations while advancing our consolidation and expansion initiatives.

The State-of the-art Kiruwanaganga New Factory

Reinforcing TTE's commitment to sustainable innovation and operational excellence

Glamping Site

Nestled within the majestic Great Western Mountain Range, which boasts the sixth highest peak in Sri Lanka at an impressive elevation of 2,215 meters

Solar Power

Sustainability and reducing our environmental footprint, we have continued to invest in solar energy solutions

Hydro Power

Greater energy stability, reduced greenhouse gas emissions, and progress toward our long-term sustainability targets

GRI 3-3 | 13.22.1

Management Approach

Risks

Risk of existing machinery and infrastructure becoming outdated.

Damage to physical assets due to extreme weather events .

Opportunities

Investment in renewable energy and sustainable buildings to improve resilience

Integrate advanced technologies such as IoT and smart tools for data-driven real-time decision making

Material Matters

- Estate infrastructure
- Field Development
- Factory Maintenance
- Plant, Machinery & Equipment
- Renewable Energy

Management Approach

We manage our manufactured capital through a deliberate two-pronged approach to ensure that our assess and infrastructure remains efficient, agile, and aligned with the evolving needs of the business and its stakeholders. Our foremost priority is to build a robust and resilient physical infrastructure base that is capable of withstanding environmental challenges and meeting future growth demands. To further complement these efforts, we focus on integrating digital technologies and automation to further enhance productivity, lifespan and overall performance of our asset base.

Governance

Oversight
- Board of Directors
- Group Management Committee
- Estate Management
- Head of Finance

Compliance
- Central Environment Authority
- Department of Labour
- Urban Development Authority
- Ceylon Electricity Board

Voluntary Best Practices
- Rainforest Alliance Certification

Internal Mandates and Commitments
- CAPEX Plan and Budget
- Procurement Policy
- Agro Chemical and Fertilizer Application Policy
- Soil Management Guidelines

Monitoring and Reporting
- Hayleys CUBE" Sustainability Data Management System
- UN Sustainable Development Goals (SDG's)

Capital Performance FY 2024/25

Resource Allocation Highlights

- Rs. 714.3 Mn invested in the construction of the Kiruwanaganga Factory
- Rs. 42.6 Mn incurred in expanding the Somerset Estate-Tea Boutique Center
- Rs. 14.9 Mn invested in the Glamping Project at Great Western Estate
- Rs. 268 Mn invested in Field Development activities

Outputs for TTE
- Tea Production
- Solar power generation capacity
- Hydro power capacity
- Reduction in rejects due to AI based colour sorting technology

Stakeholder Outcomes	FY 2024/25	FY 2023/24	Value Enhanced (+) | Preserved (=) | Eroded (-)
Bought Leaf Process	4,183 MT	3,198 MT	Enhanced
Hydro Power Capacity	2.1MW	2.1MW	Preserved
Solar Power Capacity	819.86kWp	599.43kWp	Enhanced

SDG's

- Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.
- Target 7.3: By 2030, double the global rate of improvement in energy efficiency.

- Target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value-added and labor-intensive sectors.
- Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation.

- Target 9.1: Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being.
- Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.

- Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.
- Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.

- Target 13.2: Integrate climate change measures into national policies, strategies, and planning.
- Target 13.3: Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

Manufactured Capital

GRI 203-1, 2 | 13.22.3, 13.22.4

Our Manufacturing Footprint

Operating across 16 estates ,12 factories and 3 re-processing centers, our business model depends significantly on a diverse range of manufactured capital — from machinery, equipment, and IT hardware to estate infrastructure, including factory buildings and community assets. With a long-term perspective, we adopt a systematic management approach guided by a well-structured and comprehensive capital expenditure (capex) plan. This plan is developed annually during our corporate planning sessions under the direction of the Board of Directors and includes clearly defined budgets, timelines, and key performance indicators.

Our capex strategy serves a dual purpose: it aligns with our long-term strategic growth objectives while simultaneously addressing the operational needs of our estates. All new investments in property, plant, and equipment are subject to thorough due diligence, including need-based assessments to ensure they support our broader strategic goals. We rigorously follow up on these investments with feasibility studies and cost-benefit analyses to ensure they deliver solid returns. Sustainability is a key consideration in this process, and we strive to incorporate ESG principles in line with our certification standards.

More recently, significant investments have been directed toward the integration of AI-powered tools aimed at forecasting trends, optimizing resource utilization, and strengthening strategic planning through data-driven insights. As part of this digital advancement, Rs. 93.25 million was invested during the year to introduce AI-based colour sorters at the Deniyaya and Kiruwanaganga factories. Combining cutting-edge technologies from Japan, Germany, Sweden, and the UK, these precision-driven AI tools use sophisticated algorithms to identify and selectively retain or reject silver tips and gold tips, extracting residual black tea from waste, and sorting tea based on shape, length, and thickness. Moreover, these color sorters with their built-in self-recovery system ensure reliability and uptime, operate with minimal noise as well as ultra-low air and energy consumption.

Region	Estate	No. of Factories	Capability	Crop Distribution	%
High Grown					
Talawakelle	7	6	Orthodox - Rotorvane	2,494,317	45
Nanu Oya	5	3	Orthodox - Rotorvane	1,502,916	27
			Orthodox - Leafy Green Tea		
Low Grown					
Galle	1	1	Orthodox - Rotorvane	167,555	3
Deniyaya	3	2	Orthodox - Rotorvane	1,354,197	25

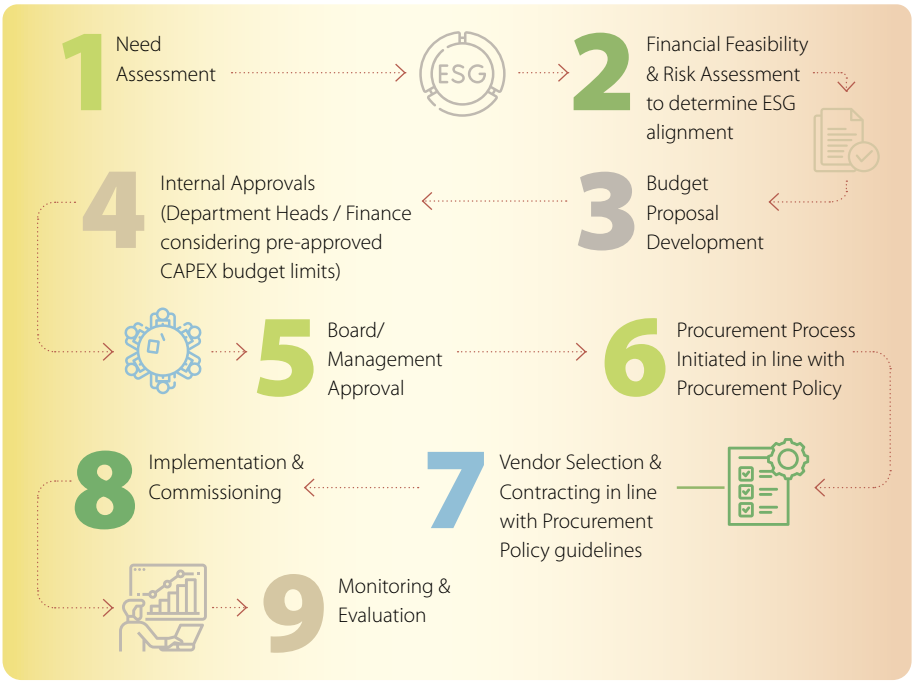
Investment in (PPE) Property, Plant and Equipment

As a plantation company, PPE is critical for TTE's day to day operations. Investing in land improvements, machinery and production infrastructure is therefore vital for building the scalability to expand output and the agility to pivot operations in response to evolving market dynamics.

We Incurred a sum of Rs. 277Mn in the reporting year on new machinery & Equipment.

Asset Type	2024/25 Carrying Value (Rs.'000)	2023/24 Carrying Value (Rs.'000)
Biological Assets	3,464,726	3,216,999
Buildings	1,109,093	509,738
Motor Vehicles	469,028	408,556
Plant & Machinery	1,490,686	1,255,035
Funiture & Fittings	25,361	21,567
Equipment & Tools	186,027	215,046
Total	**6,744,921**	**5,626,941**

Journeying Towards Excellence



TTE PLC Metric Investment in industrial and community infrastructure

Our 2030 Target Increase annual investment in sustainable infrastructure across estates

Contribution By procuring machinery and upgrading both industrial and community infrastructure, we foster inclusive and sustainable industrial development.

Target 9.1 | 9.4

Construction of the state-of-the-art Kiruwanaganga Tea Factory

Following the earth slip that impacted the factory premises in 2017, The management of TTE, along with the Sri Lanka Tea Board, recommended the relocation of the factory in the interest of employee safety. The affected facility was the Company's largest low-grown tea factory and was situated on the largest estate within our portfolio, spanning 338 hectares. This estate has consistently made a substantial contribution to the Company's profitability, and the resulting disruption posed a serious challenge to both operational continuity and financial performance.

With all necessary approvals secured in 2019, the construction of the new Kiruwanaganga Tea Factory commenced, overcoming numerous external challenges such as the COVID-19 pandemic, ongoing risks of landslides, and prevailing economic constraints. Despite these adversities, TTE ensured uninterrupted operations throughout the transition, a testament to its unwavering commitment to long-term resilience, business continuity, and stakeholder trust.

The new Kiruwanaganga facility stands as a landmark in TTE's journey toward modernized, sustainable industrial infrastructure. Designed in line with international environmental standards and the Green Building Concept, the factory reflects the Group's broader sustainability agenda. The facility has received multiple prestigious certifications, including:

- Rainforest Alliance
- ISO 22000:2018 (Food Safety Management)
- ISO 14064-1:2018 (Greenhouse Gas Emission Verification)
- Ecolabel Certification
- Science Based Targets
- UN Climate Neutral Now
- Mother & Child Friendly Seal for Responsible Businesses (MCFS)
- Responsible Care Certification
- Certificate of Ethical Trading

The Green Building Certification is also underway.

The factory has also been designed to support inclusive growth by integrating smallholder farmers into the formal tea supply chain, thereby contributing to local economic development.

In a strategic move to increase market share and capitalize on economies of scale, TTE invested Rs. 714.3 Mn in this state-of-the-art facility. The investment breakdown is as follows:

- Rs. 497.6 Mn for structural expansion
- Rs. 214.5 Mn for advanced plant and machinery, including automation
- Rs. 2.0 Mn for specialized factory equipment such as rollers, dryers, and precision color sorters

The 37,290 sq. ft. facility boasts a daily processing capacity of 14,000 kg of tea, with an annual output of 2 Mn kg of green leaf and 1.4 Mn kg of bought leaf. The plant incorporates advanced features such as dedicated elevators for tea transport and in-house tea tasting areas, aimed at enhancing both production efficiency and quality control.

Incorporating sustainable construction materials and energy-efficient technologies, the factory not only enhances environmental performance but also prioritizes the health, safety, and comfort of its workforce. This development represents a significant leap forward in industrial infrastructure within Sri Lanka's plantation sector.

Notably, the entire project was financed through internally generated funds, underscoring TTE's financial strength and disciplined capital management approach.

The ceremonial opening of the new Kiruwanaganga Tea Factory on 28th March 2025 marks a significant milestone in our operational journey—one that exemplifies our commitment to innovation, sustainability, and long-term value creation.

"Tea touches lives– connecting generations, supporting families, and sustaining communities. At TTE, we believe in nurturing the people and places behind every leaf, and in building a future rooted in responsibility and care."

Manufactured Capital

Expansion of the Somerset Estate-Tea Boutique Center

TTE invested a total of Rs. 42.6 million in the construction and expansion of the tea boutique center at the Somerset Estate. Of this, Rs. 37.9 million was allocated for building renovations aimed at achieving the desired aesthetic, including interior design, flooring, lighting, and minor structural modifications. The remaining Rs. 3.9 million and Rs. 0.8 million were invested in furniture and fittings, and equipment, respectively. This expansion aligns with TTE's strategy to develop a scalable model that supports future growth opportunities including larger space and expanded product range provide opportunities to enhance revenue, enhances & improves the overall customer experience in turn attracting more customers, streamlined operations contribute to more effective management of resources, ability to host events attracts additional patrons and creates new revenue streams.

Establishing a Glamping Site at the Greatwestern Estate

TTE invested a total of Rs. 14.9 million in a glamping project, comprising Rs. 13.5 million for the glamping tent and site-related expenses, Rs. 0.9 million for furniture and fittings, and Rs. 0.3 million for equipment. This investment reflects the Company's strategic move to capitalise on the growing demand for nature-based tourism experiences. The initiative targets individuals looking for distinctive accommodations that provide not only breathtaking views but also easy access to local attractions and an outdoor experience that merges comfort with unique experience such as the Tea Factory tour, Mountain Hiking, Waterfall Trek, Estate Tour etc.

Nestled within the majestic Great Western Mountain Range, which boasts the sixth highest peak in Sri Lanka at an impressive elevation of 2,215 meters, this region, renowned for its breathtaking landscapes and lush tea estates, attracts a diverse clientele eager to experience the unparalleled beauty of tea country in a manner that is both comfortable and memorable which includes scenic mountain views, cozy comforts and fresh hill country air.

Estate Infrastructure Development

Our infrastructure development efforts encompass both the construction of new facilities and the renovation of existing assets, including factory buildings and processing floors. Beyond our operational needs, we are equally committed to enhancing the well-being of surrounding communities by developing estate roads, housing, and essential water and sanitation infrastructure.

To uphold the highest standards of quality, we engage experienced and well-regarded architects, contractors, and engineers. These professionals are selected through a transparent and formal tender process that emphasizes proven expertise and a strong track record in their respective domains.

Recognizing the value of collaboration, we actively engage with both government and non-governmental organizations operating in the plantation sector. These partnerships enable us to implement community-focused infrastructure projects that are responsive to local needs and compliant with regulatory frameworks.

Through these initiatives, we aim to foster a sustainable and supportive environment—one that benefits our employees as well as the broader community in which we operate.

Worker Rest Room at Kiruwanaganga

As part of our ongoing efforts to enhance worker welfare and estate infrastructure, a dedicated rest room facility has been established within the estate premises. This rest room has been designed to provide a clean, safe, and comfortable environment for estate workers to take breaks, rest, and recuperate during their workday.

With the opening of the Kiruwanaganga New Tea Factory, we have invested Rs. 22Mn in this significant project located in close proximity to the new factory.

The facility includes well-ventilated seating areas, clean drinking water, sanitation amenities, and adequate lighting. It is strategically located to ensure easy accessibility for all workers, while also promoting better health and hygiene standards across the estate.

Developing Renewable Energy Infrastructure

Renewable energy infrastructure makes a vital contribution towards strengthening the resilience of TTE's physical asset base. Integrating renewable energy significantly enhances energy security, reducing dependence on fossil fuels, and mitigating operational risks linked to energy cost volatility.

Hydro Power

Plant	Capacity MW	Generation kWh	% Bud.Genration
Radella	0.2	926,557	113%
Somerset	1.1	4,196,275	110%
Palmerston	0.8	2,852,588	98%
Total	**2.1**	**7,975,420**	**106%**

Solar Power

Plant	Capacity Kwp	Generation kWh	% Bud.Genration
Bearwell	108.24	105,889	80%
Moragalla	149.80	136,608	76%
Deniyaya	118.19	96,828	67%
Dessford	113.95	126,949	95%
Calsay	109.68	88,403	63%
Kiruwanaganga	220.00	112,394	74%
Total	**819.86**	**669,071**	**76%**

Our journey toward renewable energy began with initial investments in mini hydro projects in 2005, followed by biomass energy in 2012. TTE's initial investment in solar energy in 2016 marked a major milestone in the company's strategy to achieve energy self-sufficiency.

We have since been working in line with the national renewable energy initiative led by the Ministry of Power and Renewable Energy and Business Development, and have invested in rooftop solar systems at six TTE factories and twelve bungalows across estates. The most recent investment of a 59.3 Mn solar deck at the Kiruwanaganga estate, and serveral estate bungalows marks the latest additions to TTE's renewable energy infrastructure. Together these investments have a generation capacity of 300kWp.

Building a Reliable IT Backend

We have long since realized the importance of a strong IT backend to seamlessly support our front end operations. Premised on this, we have progressively increased our investment in IT over the years. From bluetooth enabled digital weighing systems for accurate collection of harvesting data, to productivity tracking using QR technology and automated factory data collection systems have been introduced to measure field-to-factory variances on a daily basis, enabling continuous improvement, real-time access, and enhanced analytical capabilities for informed decision-making.

Every tea dispatch is tracked through a cloud based invoicing system to ensure all transactions are accurately recorded.

TTE PLC Metric Smart infrastructure coverage

Our 2030 Target Increase in the number of factories adopting AI, IoT & digital infrastructure

Contribution By enhancing productivity through smart factories and AI, while estate infrastructure and tourism projects create fair, safe jobs and build skills in rural communities.

Target 8.2 | 8.5

Field Development Programme

GRI 201-4

Our estates are RA (Rainforest Alliance) certified and are managed in accordance with the best practices outlined in the certification, covering key areas such as nursery management, harvesting, soil management, and replanting.

During the current financial year, we made significant progress in replanting Tea, Timber and Fuelwood crops across our high-grown estates. In our low-grown estates, we expanded the cultivation of Cinnamon, Coconut, and Agarwood alongside Tea. Total field development expenditure amounted to Rs. 268 million, reflecting a 12% increase compared to the 2023/24 financial year. Our replanting program also benefited from government grants totaling Rs. 7.2 Mn Refer Business Review, page 116 for further details.

Future Roadmap

Short Term

- Expand online dashboard systems to allow for real-time monitoring of key performance indicators (KPIs) and facilitate more effective management decisions

Medium Term

- Invest in IoT devices to improve the efficiency and quality of tea production though the provision of real-time data enabling better monitoring and control over the production process.

Long Term

- To develop a smart, sustainable, and scalable manufacturing ecosystem that ensures consistent product quality, minimizes environmental impact, and supports future growth.

Intellectual Capital

Our intellectual capital including innovation, certifications, proprietary knowledge, and institutional experience is a key differentiator in the global tea market. TTE's commitment to quality, R&D and digital transformation fuels our ability to anticipate change and deliver superior products. With top-tier certifications, internal expertise, and data-driven tools, we push boundaries while embedding sustainability across our value chain. This section highlights how knowledge and innovation drive operational excellence and brand value.

Strengthening Cybersecurity Resilience

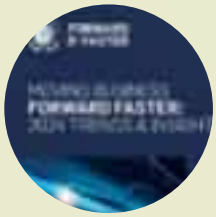
We implement multi-layered cybersecurity measures, regular audits, and ISO-aligned practices to protect data, ensure resilience and mitigate digital threats.

TTE PLC leads forward faster in global sustainability and environmental responsibility

Advances sustainability through net-zero goals, community impact, renewable energy and pioneering eco-restoration aligned with global SDGs.

TTE PLC lead Sri Lanka's journey towards sustainable water and climate action through UNGC partnerships

Pioneering water conservation and climate goals, TTE PLC foster collaboration for a sustainable, resilient corporate future.



Publication in Moving Business Forward Faster 2024

TTE PLC leads climate action, reduces emissions, promotes renewable energy, and supports community empowerment through global sustainability collaboration.

Management Approach

Risks
Loss of critical institutional knowledge due to retirements, turnover, or gaps in succession planning

Lack of clarity and relevance of R &D

Unauthorized access to sensitive information can lead to significant financial and reputational damage

Compliance Risks

Opportunities
Prioritise regenerative agriculture to enhance soil fertility to improve long-term productivity.

Material Matters
- Research and development
- Anti Corruption
- Brands
- Reputation
- Knowledge Management
- Sustainability Practices

Management Approach
Our approach to managing intellectual capital is centred on building, protecting, and enhancing the intangible assets that set our business apart. A key focus is consolidating TTE's industry leadership by continuously strengthening our corporate reputation, championing Environmental, Social, and Governance (ESG) principles, and prioritising the adoption of globally recognised standards and certifications. In parallel, we remain deeply committed to advancing our strategic intangibles — refining our internal knowledge base, strengthening our R&D capabilities, and leveraging group synergies — to ensure we stay ahead of market trends and continue driving sustainable growth.

Governance

Oversight
- Board of Directors
- Group Management Committee
- EESG Committee

Compliance
- Intellectual Property Act No: 36 of 2003

Voluntary Best Practices
- Rainforest Alliance
- ISO 14064-1:2018
- Science Based Targets Verification
- UN Climate Neutral Now
- ISO 22000:2018
- ISO 14001:2015
- ISO 9001:2015
- ISO 45001:2018
- ISO 50001:2018
- HACCP
- GMP
- Mother and Child-Friendly Seal for Responsible Business (MCFS)
- Great Place to Work
- Responsible Care Certification
- Eco Label Certification

Internal Mandates and Commitments
- Hayleys Life Code

Monitoring and Reporting
- Hayleys CUBE" Sustainability Data Management System
- Finance Department
- Marketing
- Sustainability & Quality Management Team
- Internal Audit
- External Audit
- UN Sustainable Development Goals (SDG's)
- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)

Capital Performance FY 2024/25

Resource Allocation Highlights

Extensive focus on ESG integration	Rs. 46 Mn allocated for R&D	Invested to adoption and maintain of globally recognised Standards Certifications

Outputs for TTE
- Ranked #1 in High Grown GSA Amongst RPC
- Ranked #1 in Low Grown GSA Amongst RPC
- Ranked#1 in Overall GSA Ranking Amongst RPC
- 223 Top Prices
- 46 Value Added Products
- "TEATEL" & "SPICE COUNTRY" brands
- 1st Plantation company in the world to win the "World Class Award in GPEA 2024"

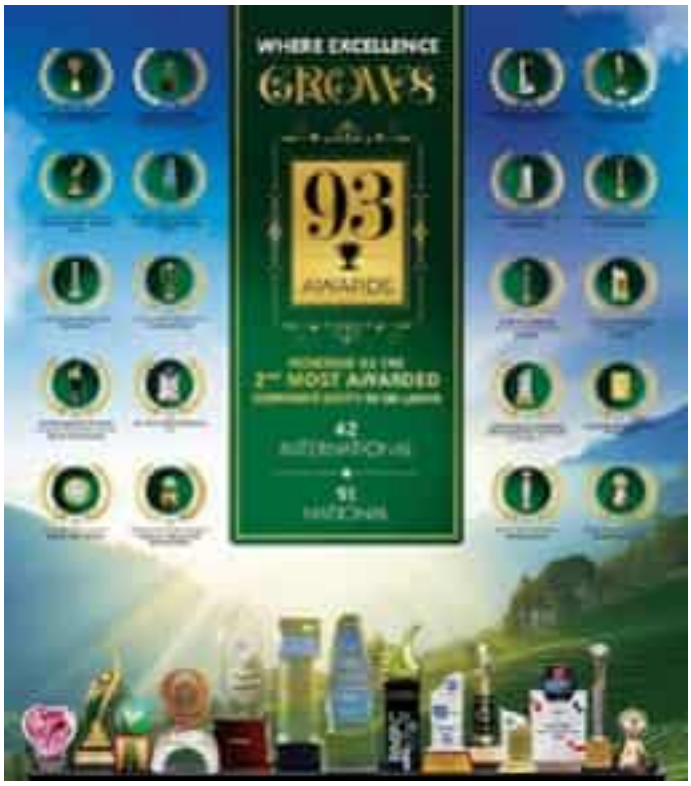
Stakeholder Outcomes	FY 2024/25	FY 2023/24	Value Enhanced (+) | Preserved (=) | Eroded (-)
Awards & Recognitions	93	69	Enhanced
New Innovative Artisanal Grades	4	6	Enhanced
TTE average selling price (Rs) (Jan – Dec)	1403.74	1326.06	Enhanced

SDG's

- Target 4.4: Increase skills for employment, decent jobs, and entrepreneurship
- Target 9.5 – Enhance scientific research and upgrade industrial technologies
- Target - 13.3 – Improve education, awareness, and capacity for climate change mitigation and adaptation
- Target 8.2 – Achieve higher productivity through diversification, technological upgrading, and innovation
- Target - 12.2 – Achieve sustainable management and efficient use of natural resources
- Target - 17.16 – Strengthen global partnerships for sustainable development through knowledge sharing

Intellectual Capital

Awards for FY 2024/25



1. Industry Leadership

1.1 Distinguished Corporate Reputation

A proud legacy represented by the unwavering commitment to quality, sustainable cultivation practices and innovation sets TTE apart in the highly competitive local plantation industry. Today, TTE today is recognised as one of the most respected Regional Plantation Companies (RPCs) in Sri Lanka, with our teas from both our high-grown and low-elevation estates consistently attracting strong demand at the Colombo Tea Auctions, often commanding premium prices well above national averages.

Our speciality artisanal teas too have carved out a distinct reputation as some of the finest Ceylon teas available in the global market. Renowned for their distinctive flavour profiles and unwavering quality, TTE's range of speciality artisanal teas has earned the trust and loyalty of buyers across the world. Through the rapid expansion into new markets in recent years, we remain focused on enabling more tea enthusiasts the world over to discover and savour the authentic, high-quality experience that defines our speciality artisanal teas.

At the same time, we continue to reimagine the tea experience beyond the traditional norms. Recognising that tea is not just a beverage, but a story steeped in culture, history, and nature, we are now venturing into tourism to create immersive, sensory-rich encounters with tea. From guided tours of our scenic estates and interactive tasting sessions to curated experiences that celebrate the heritage of Ceylon tea, we aim to offer a fresh perspective that blends leisure, learning and luxury. These new pathways enable us to connect with a broader audience and redefine how the world experiences and appreciates tea;from leaf to lifestyle.

Key Achievements Recorded by TTE Estates in the Year 2024

Rank No 01 High Grown GSA Ranking	Rank No 01 Low Grown GSA Ranking	Rank No 01 Overall GSA Ranking
Achived the ever highest gap with Rank No 02 - Rs. 72.97 per/kg	Gap with Rank No 02 - Rs. 77.07 per/kg	Gap with Rank No 02 - Rs. 81.44 per/kg
Ever highest gap with Western High Grown Elevation - Rs. 185.34 per/kg	Gap with Low Grown Elevation - Rs. 166.41 per/kg	Ever highest gap with National Elevation - Rs. 178.58 per/kg
Previous Year: Rank No 01 Gap with the Rank No 02 - Rs. 72.47 per/kg Gap with Western High Grown Elevation - Rs. 180.60 per/kg	**Previous Year: Rank No 01** Gap with the Rank No 02 - Rs. 112.47 per/kg Gap with Low Grown Elevation - Rs. 147.18 per/kg	**Previous Year: Rank No 01** Gap with the Rank No 02 - Rs. 82.77 per/kg Gap with National Elevation - Rs. 154.77 per/kg

Speciality Artisanal Teas and Value Added Products from TTE's Estates

Silver Blossoms

Abbotsford Special

Blooming Tea

Dragon Balls

Silver Curls

Tea Coin

Tea Flame

Emerald Tips

Scalpa Tips

Jade Tips

Green Wine

Golden Sunrays

Ran Pathra

Kiru Curls

White Line

Sparkling Rose

Golden Curls

Bullet Tea

Floral Threads

Silver Twist

Intellectual Capital

1.2 Championing ESG

At TTE, we take pride in leading by example in championing Environmental, Social, and Governance (ESG). Our ESG Framework 2030 – Regenerative Agenda serves as the long-term strategy underpinning our commitment to operating responsibly, ethically, and sustainably in every aspect of our business.

Regenerative Business Agenda 2030

Environment

Our environmental agenda is built on the goal of delivering a net-positive impact, with a firm focus on sustainability, resource efficiency, and climate resilience. We are committed to implementing innovative, pragmatic, and regenerative practices aimed at preserving and restoring ecosystems within our operational footprint. .

Socio-economic

We place the highest priority on enhancing the well-being and empowerment of all our stakeholders, including employees, customers, suppliers, and estate-based communities. We are dedicated to cultivating an inclusive and equitable workplace, while continuously investing in education, healthcare, and social infrastructure to uplift the quality of life within the communities we operate.

Governance

Our governance practices reflect our deep commitment to transparency, accountability, and ethical conduct. We remain agile and principled in navigating an evolving business landscape, striving to create long-term stakeholder value while upholding the highest standards of trust and corporate responsibility.

1.3 Standards and Certifications

Internationally recognised standards and best practices have been instrumental in reinforcing TTE's reputation for excellence and trust. Furthermore, adherence to internationally accepted operational and ethical standards provides tangible assurance to customers, business partners, and other stakeholders regarding the reliability, safety, and sustainability of our offerings.

Over the years, we have voluntarily adopted a number of leading standards and certifications. The integration of these benchmarks into our operations amplifies our focus on continuous improvement in critical areas such as quality management, food safety, environmental stewardship, and social responsibility. This approach enables us to consistently deliver products that not only meet but often exceed the stringent expectations of customers in increasingly competitive and regulated global markets.

Membership Pledge & Engagement List

GRI 2-28

- Corporate Member of the Wildlife & Nature Protection Society, Sri Lanka
- General Members of Biodiversity Sri Lanka platform
- Pledge CEO Water Mandate
- Signatory member of UN Global Compact
- Pledged UN Women's Empowerment Principles
- Ceylon Chamber of Commerce
- Planters' Association of Ceylon
- Employers' Federation of Ceylon
- Colombo Tea Traders Association

Rainforest Alliance
Covering 14 estates and factories
14 internal audits | 01 external audits

ISO 14064-1:2018
Covering all TTE operations
01 internal audits | 01 external audits

Science Based Targets Initiative (SBTi)
Covering all TTE operations

UN Climate Neutral Now
Covering all TTE operations

ISO 22000:2018
Covering 15 factories
15 internal audits | 15 external audits

ISO 14001:2015
Covering 05 factories
05 internal audits | 05 external audits

ISO 9001:2015
Covering 01 factory
01 internal audits | 01 external audits

ISO 45001:2018 (Implemented)
Covering 01 factories

ISO 50001:2018
Covering 01 factories
01 internal audits | 01 external audits

Great Place to Work
Covering all TTE operations

Responsible Care Certification
Covering TTE operations

Eco Label Certification
Covering TTE operations

Certificate of Ethical Trading
Covering TTE operations

Mother and Child-Friendly Seal for Responsible Business (MCFS)
Covering TTE estates

Journeying Towards Excellence

2005
Great Western
- First tea estate in Sri Lanka to obtain HACCP certification for food safety and hygiene

2006
Kiruwanaganga
- First tea factory in Sri Lanka to obtain certification under ISO 22000:2005 Food Safety Management Systems

2011
TTE
- Obtained certification under Rainforest Alliance

2016
TTE
- Adopted United Nations Global Compact Principles
- Advanced Level

2017
Great Western
- First RPC to be certified under ISO 14001:2015 Environmental Management System and ISO 9001:2015 Quality Management System

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

2018
TTE
- Adopted the United Nations Women's Empowerment Principles

2018
TTE
- First RPC to be awarded Gold Overall Winner, Business Excellence Awards
- National Chamber of Commerce

2018
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

2024
TTE
- First plantation company in the world to win world class award in Global Performance Excellence Awards 2024
- Win Gold for our Commitment to excellence in recognition of regenerative approach for climate-smart agribusiness management at the APQA International Best Practices Award 2024
- United Nations Climate Neutral Now

TTE PLC Metric Investment in R&D Development

Our 2030 Target Improve investment in R&D development

Contribution

R&D, cultivar development, MRL safety, and specialty tea innovations enhance local innovation and sustainable growth, while digitalisation supports modern, resilient infrastructure.

Target 9.5

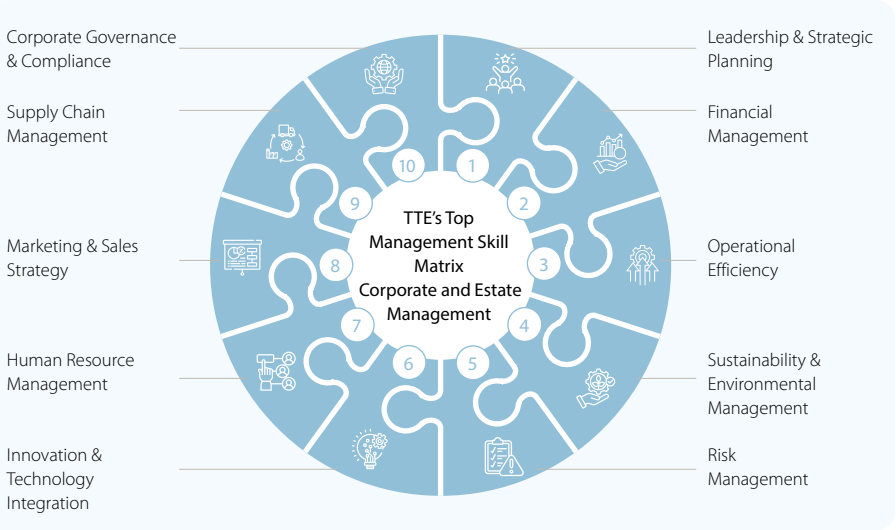
Intellectual Capital

2. Strategic Intangibles

2.1 Knowledge Base

TTE's extensive internal knowledge base, built over decades of experience in the plantation industry, serves as a key strategic intangible that provides a clear competitive advantage. Our teams Corporate Management and Estate Management Teams possess deep industry expertise, honed through years of hands-on experience across every facet of the plantation value chain. The collective knowledge enables the Company to adapt swiftly to industry changes, capitalise on emerging trends, and develop innovative solutions that enhance both product quality and operational efficiency.

Recognising the strategic value of our knowledge base, we are fully committed to bolster this wealth of expertise through ongoing investments in training and capacity building. By providing access to both local and international training opportunities, we empower our teams to refine their existing skills and acquire new competencies to keep them at the forefront of industry advancements. As part of our holistic approach to capacity building, we also promote cross-functional collaboration for the purpose of sharing best practices. Additionally, we encourage senior members to act as mentors to facilitate ongoing knowledge transfer within the organization.



2.2 Research and Development (R&D)

Key Research Initiatives
Our R&D investment accounts for Rs. 46 Mn

Field Operations
Cultivar Development in Nurseries
Improve yield, quality and resilience to climate, pests and diseases

Factory Operations
Innovative Processing Techniques
Enhance flavour, aroma and appearance of tea

Product Development
Value Addition and Diversification
Develop high value-added specialty teas to best-fit evolving consumer preferences and market demands

Soil Management
Soil Health Optimisation
Increase soil nutrition and overall ecosystem sustainability

Quality and Safety
Minimum Residue Level
Promote sustainable cultivation practices to minimise pesticides and chemical residues

TTE's in-house R&D team plays a vital role in driving innovation and sustainability across the organisation. Our R&D efforts focus on key aspects starting with field operations where we explore the development of high yielding and climate resilient cultivar. In recent years our R&D efforts have also increasingly focused on soil health optimisation, specifically in regard to soil nutrition and overall ecosystem sustainability. Another key R&D priority is the adoption of sustainable cultivation practices to minimise pesticides and chemical residues in the tea leaf.

Likewise for factory operations we focus on innovative processing techniques to enhance the flavour, aroma and appearance of tea while value product development looks at developing high value- added specialty artisanal teas to best-fit evolving consumer preferences and market demands.

2.3 Automation and Digitalisation

Aligned with Industrie 4.0 principles, we have strategically invested in automation and digitalization despite our labor-intensive model. These initiatives have streamlined operations and significantly improved efficiency, bolstering our agility and responsiveness in today's dynamic business environment.

Business Disruptions and Continuity

Managing Cyber Security Threats

As a leading RPC, we proactively mitigate cybersecurity threats through a multi-layered approach. Collaborating with our parent company, we maintain a robust disaster recovery system featuring live and off-site backups. Network security is fortified with advanced firewalls, anti-malware, and encryption, while data is classified according to recommended standards.

Furthermore, we prioritize cybersecurity training and conduct regular internal and external audits, vulnerability assessments, and have updated our IT policies and procedures to align with ISO/IEC 27001:2022, ensuring operational resilience and data protection.

HRIS Oracle Cloud System

Integrated HR system streamlines executive hiring, performance, leadership growth and succession for strategic success.

Digital Employee Identification

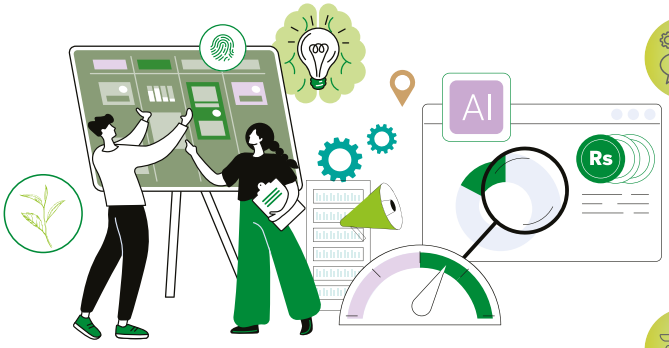
QR code technology replaces NFC, offering a cost-effective, accessible and eco-friendly solution for estate worker identification.

Fixed GPS Navigation System

GPS tracking optimizes estate vehicle routes, reduces fuel use and enhances security against misuse and pilferage.

Digital Empowerment of Estate Management

Estate managers use mobile tablets for real-time performance tracking, enabling data sharing and informed decision-making.



Online Marketing Ledger System

The in-house IT team developed an end-to-end system streamlining operations and enhancing efficiency across the value chain.

Decision Support System

This system enables real-time KPI tracking and proactive planning, ensuring optimal performance across all estate properties.

Digital Weighing System

Digitizing green leaf weighing boosts efficiency, accuracy and transparency, enabling real-time insights for optimized estate operations.

2.4 Group Synergies

Being part of the Hayleys Group provides TTE with significant strategic advantages that drive growth and competitiveness. The Hayleys Group's extensive global footprint opens up access to new markets, while strong financial backing supports greater investment in innovation, infrastructure and sustainability initiatives.

Hayleys' expertise in supply chain management and logistics further enhances our operational efficiency, optimising costs while upholding the highest quality standards. Access to cross-industry knowledge-sharing further accelerates our progress through the adoption of global best practices, innovative business strategies, and technological advancements. Our employees also benefit through enhanced career development, leadership training, and exposure to industry expertise, building a motivated, future-ready workforce.

Trade-offs

With Financial Capital

We've continued to invest heavily in innovation and technology spending Rs. 46 Mn on R&D this year and upgrading our digital systems with tools like the HRIS Oracle Cloud, QR-based IDs for employees, and GPS tracking for logistics. These are big investments that can strain our finances in the short term. But we see them as essential building blocks for the future. They help us boost product quality, improve how we work, and strengthen our brand as a leader in sustainable, high-quality tea.

With Natural Capital

Our research into developing better tea cultivars, ensuring safety through MRL testing, and promoting regenerative farming helps reduce the use of chemicals, keep our soils healthy, and protect biodiversity. These efforts are shaping a smarter, more responsible way of managing the land. While things like field trials and test plots might use up a bit more water or temporarily disrupt normal land use, the long-term result is a healthier environment that supports both nature and our business for years to come.

Future Roadmap

Short Term

Strengthen R&D capacity with a focus on product innovation (e.g, specialty teas, low-residue cultivars), and expand third-party collaborations to bring global expertise into local contexts.

Medium Term

Leverage the HRIS Oracle Cloud System and in-house data analytics to enhance decision-making, performance monitoring and innovation across estates and factories.

Long Term

Position TTE as a knowledge hub in the global tea industry by combining cutting-edge research, sustainable certifications and digital transformation to drive product leadership and industry influence.

Social and Relationship Capital

Our relationships with communities, customers, suppliers and regulators are rooted in trust, transparency, and mutual benefit. At TTE, we go beyond compliance to foster inclusive growth through ethical sourcing, community development and responsible customer engagement. From supporting over 330,000 people through healthcare and education to strengthening supplier partnerships via traceability and fair procurement, this capital sustains our social license to operate. This section explores how we build resilient stakeholder relationships that drive long-term shared value.

Empowering Mothers and Children

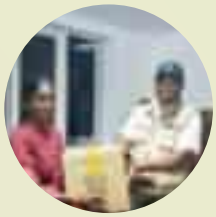
Strengthened partnerships to enhance female worker wellbeing & childcare access, promoting child rights & empowering mothers across our estates.

360° Product Quality & Safety Assurance

We ensure 100% of our tea products undergo stringent quality checks from field to factory. With zero product recalls

A Home for Every Plantation Worker

Our flagship initiative to provide permanent, secure housing for estate workers, enhancing quality of life and long-term community wellbeing.



Empowering Communities Through Sustainable Cooking

Cookstove initiative reduces emissions and indoor pollution, improves community health and empowers families through sustainable, locally sourced cooking practices.

GRI 3-3 | 13.10.1, 13.12.1

Management Approach

Risks
Reputational damage from non-compliance with social and ethical standards

Lack of alignment on social values and responsible practices across the supply chain

Opportunities
Strengthen brand loyalty by showcasing strong ethical and social commitments

mpower communities through development initiatives, fostering long-term shared growth

Material Matters
- Premium Quality
- Sustainable production
- Traceability
- Product Responsibility
- Community Health & Wellbeing

Management Approach
TTE adopts an inclusive and ethical approach to managing social and relationship capital, focusing on building trust with customers, strengthening supplier relationships, and uplifting communities. We are committed to responsible business practices, collaborative partnerships, and impactful development, collectively contributing to long-term stakeholder value and sustainable business growth.

Governance

Oversight
- Board of Directors
- Group Management Committee
- Estate Management

Compliance
- Sale of goods Ordinance
- Sri Lanka Tea Board Laws

Voluntary Best Practices
- ISO 22000: 2018 Food Safety Management Systems
- ISO 9001: 2015 Quality Management System
- ECO Label Certification
- Rainforest Alliance Certification

Internal Mandates and Commitments
- Quality and Food Safety Policy
- Procurement Policy
- Social Policy

Monitoring and Reporting
- Hayleys CUBE" Sustainability Data Management System
- Global Reporting Initiative (GRI)
- GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022
- Sustainability Accounting Standards Board (SASB)
- UN Sustainable Development Goals (SDG's)

Capital Performance FY 2024/25

Resource Allocation Highlights

- Invested Rs. 93.25 million to introduce AI-based colour sorters at the Deniyaya and Kiruwanaganga factories
- Increase the frequency of product quality and food safety audits
- Strengthened third-party verification of agrochemical safety in line with compliance with health standards
- Improved labelling clarity on tea packaging focusing on grade, weight, and certifications
- Appointed a Community Advisory Panel (CAP) to support more structured community engagement and policy advocacy
- Invested Rs. 119 Mn in a home for every plantation worker

Outputs for TTE
- Zero incidents of non-compliance with regulations related to health and safety impacts of products; and zero product recalls issued/recalled
- Zero incidents of rejections and monetary fines of non-compliance with regulations related to product and service information and labelling

Stakeholder Outcomes	FY 2024/25	FY 2023/24	Value Enhanced (+) | Preserved (=) | Eroded (-)
Customer Satisfaction	92%	86%	Enhanced
Beneficiaries from living environment initiatives	8,034	17,676	Eroded
Beneficiaries from health and nutrition initiatives	245,004	183,494	Enhanced
Beneficiaries from community capacity building initiatives	32,863	40,979	Eroded
Beneficiaries from living youth empowerment initiatives	45,931	3,865	Enhanced

SDG's

- Target 1.2: Reduce by half the proportion of people living in poverty in all its dimensions.
- Target 1.4: Ensure all men and women have equal rights to economic resources, basic services, and ownership.

- Target 2.1: End hunger and ensure access to safe, nutritious, and sufficient food.
- Target 2.2: End all forms of malnutrition, particularly among children and vulnerable groups.

- Target 3.4: Reduce mortality from non-communicable diseases through prevention and treatment.
- Target 3.8: Achieve universal health coverage and access to quality essential healthcare services.

- Target 4.1: Ensure all children complete free, equitable, and quality primary and secondary education.
- Target 4.4: Increase the number of youth and adults with relevant skills for employment and entrepreneurship.

- Target 5.1: End all forms of discrimination against all women and girls everywhere.
- Target 5.5: Ensure full participation of women in leadership and decision-making.

- Target 6.1: Achieve universal and equitable access to safe and affordable drinking water.
- Target 6.2: Improve sanitation and hygiene, especially for women and girls.

Social and Relationship Capital

1. Strengthening Customer Trust

Our Customers

Tea Brokers
Colombo Tea Auctions (95 tea brokers account for 96% of annual sales volume)

Tea Boutiques - Value Addad
TeaTel Brand and Somerset Brand to Local Customers & Foreign Visitors

Local Exporters and Buyers

Direct Overseas Buyers
in Japan | Taiwan | Australia

Management Approach

GRI 3-3 | 416-1, 2 | 13.10.1 | 13.10.2 | 13.10.3

Our approach to developing and retaining a loyal customer base is driven by a 360° value proposition focused on delivering 100% satisfaction throughout the customer journey. We serve diverse customer segments through quality assurance, regulatory compliance, and value-added offerings. Ongoing internal and external audits, along with weekly checks and monthly visits by our Sustainability and Quality Control Team, ensure globally accepted food safety and quality standards across the value chain.

1.1 Prioritising Product Quality and Safety

At TTE, quality and safety are not just compliance goals, but rather a promise we make to every single customer who purchases our products. Anchored by our Quality and Food Safety Policy, we adopt a comprehensive 360-degree approach to quality and safety spanning the entire product life cycle to ensure 100% of all TTE products are subject to stringent quality and safety testing. Essentially, from nurturing the finest tea plants in our nurseries to the moment our blends reach the customer, we embed rigorous quality and safety controls at every step.

TTE's 360 degree approach to Product Quality and Safety

In the fields
we focus on cultivating and harvesting premium tea leaves with minimal environmental and health risks.

In our supply chain
we work closely with bought-leaf suppliers, ensuring their practices align with our strict guidelines.

In our factories
we follow responsible manufacturing protocols that emphasize resource efficiency, traceability, and hygiene

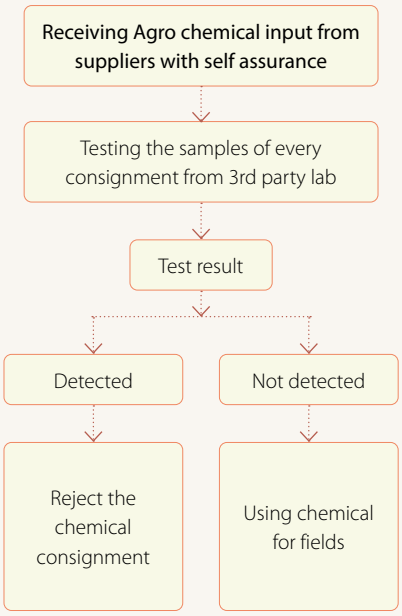
In packaging and distribution
we adopt safe, sustainable practices to ensure to integrity of our product in maintained until the final point of sale.

We have implemented specific guidelines on the responsible use of agrochemicals, including independent safety verification through random sampling. Every batch is thoroughly tested to ensure compliance with Maximum Residue Level (MRL) requirements. This commitment is further reinforced through collaboration with internationally recognised certification bodies, who validate and enhance our safety protocols, helping us deliver products that consistently meet and exceed global expectations.

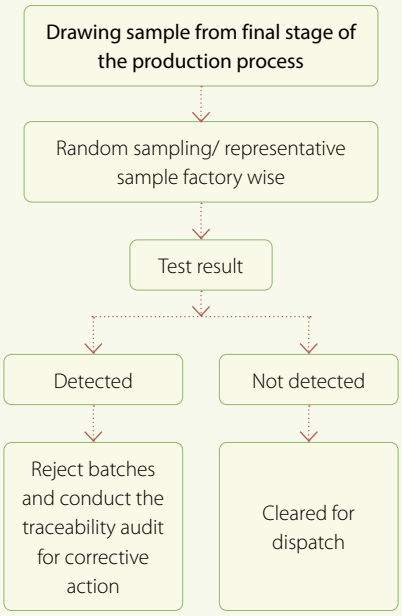
Zero incidents of non-compliance with regulations related to health and safety impacts of products; and zero product recalls issued/recalled.

Refer Manufactured, Intellectual, Human & Natural Capital, pages 138 to 192

MRL Assurance Process of Agro Chemical Inputs



MRL Assurance Process of Tea



Quality Improvement Highlights FY 2024/25

Grading and Sorting

TTE invested Rs. 93.25 million to introduce AI-based colour sorters at the Deniyaya and Kiruwanaganga factories. These advanced machines, integrating technologies from Japan, Germany, Sweden, and the UK, use AI to sort tea by shape, length, and thickness while recovering black tea from waste

Sampling and Testing

- Conducted 15 quality and food safety audits during the financial year.
- Strengthened third-party verification of agrochemical safety in compliance with health standards.
- Implemented a random sampling and independent verification process for agrochemicals and tea products.
- Increased factory-level sampling to detect and eliminate contaminated batches before dispatch.
- Internal and third-party audit reports on food safety compliance
- MRL traceability audits to track potential contamination sources

1.2 Innovation

Innovation is a key pillar of TTE's efforts to build customer trust, as it reflects the Company's ongoing commitment to excellence across products, processes, and capacity expansion.

Innovation Highlights FY 2024/25

Construction of the state-of-the-art Kiruwanaganga Factory

Expansion of the Somerset Estate-Tea Boutique

Establishing a Tea Boutique at the Kiruwanaganga Estate

Establishing a Glamping site at the Greatwestern Estate

TTE PLC Metric

Investment and beneficiaries for community

Our 2030 Target

Improve the living environment investment & beneficiaries by 50% by 2030

Contribution

Company's estate-level community housing, education, and infrastructure support contributes to sustainable rural development and enhanced quality of life.

Target 11.3

1.3 Responsible Labelling

We understand that informed choices begin with clear, reliable information and strive to empower our customers through transparent and accurate product labelling. All our tea packages including paper sacks carry detailed product information in English in compliance with the guidelines set by the Sri Lanka Tea Board and the Colombo Tea Traders Association. Accordingly, each package clearly displays the Tea grade, Selling mark, Net weight, Invoice number and Bag count.

Meanwhile, the labelling of value-added tea packs is carefully designed in line with international labelling standards and contains information on ingredients, brewing instructions, storage guidelines, net weight, expiry date, batch number, origin of the tea and relevant certifications. Additionally, in keeping with the commitment to environmental responsibility and encouraging sustainable consumer behaviour, we have ensured our labels also include guidance on appropriate recycling and disposal practices.

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

Social and Relationship Capital

1.4 Customer Communication and Engagement

At TTE, we recognise that building customer trust goes hand in hand with meaningful, two-way communication. Engaging with our customers consistently and transparently not only helps us better understand their evolving needs and preferences but also allows us to deliver value-added experiences that go beyond the product itself.

We maintain regular interactions with our tea broker network. Daily briefings, weekly tea tastings and monthly review meetings with brokers help align expectations, gather insights and continuously enhance our offering and service quality.

We also maintain ongoing engagement with our direct buyers through targeted marketing campaigns, social media interactions, and buyer familiarisation tours. Moreover, to support our efforts to expand into new global markets, we participate in global tea events, exhibitions and road shows, enabling us to connect with diverse customer audiences.

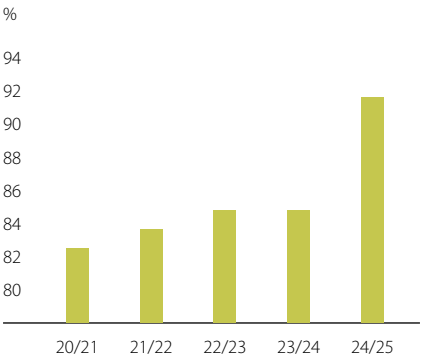
Notably, all customer data and insights gathered through our marketing and engagement efforts are treated as confidential. Strict data confidentiality policies in compliance with data protection laws are in place to safeguard data integrity.

Annual Customer Satisfaction Survey - FY 2024/25

Topics covered - tea quality, taste, packaging, delivery, customer service, customer requirements such as certifications, areas to improve

Overall Customer Satisfaction Score - 92%

Customer Satisfaction



Customer Interactions - FY 2024/25

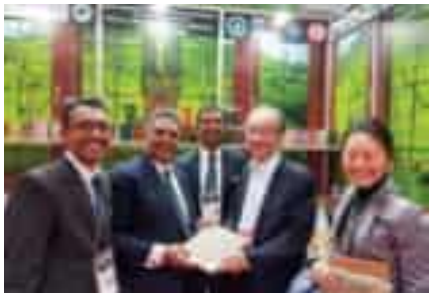
- 03 Briefings
- 40 Weekly Tea Tasting Sessions
- 05 Broker Review Meetings
- 03 Direct Marketing Campaigns
- 15 Buyer Familiarisation Tours
- 03 Global Tea Events/ Roadshows/ Exhibitions

Direct Marketing Campaigns

Buyer Familiarisation Tours

Briefings

Global Tea Events / Roadshows / Exhibitions



Tea Tasting Sessions

TTE PLC Metric

Investment and beneficiaries for community

Our 2030 Target

Improve the living environment investment and beneficiaries by 50% by 2030

Contribution

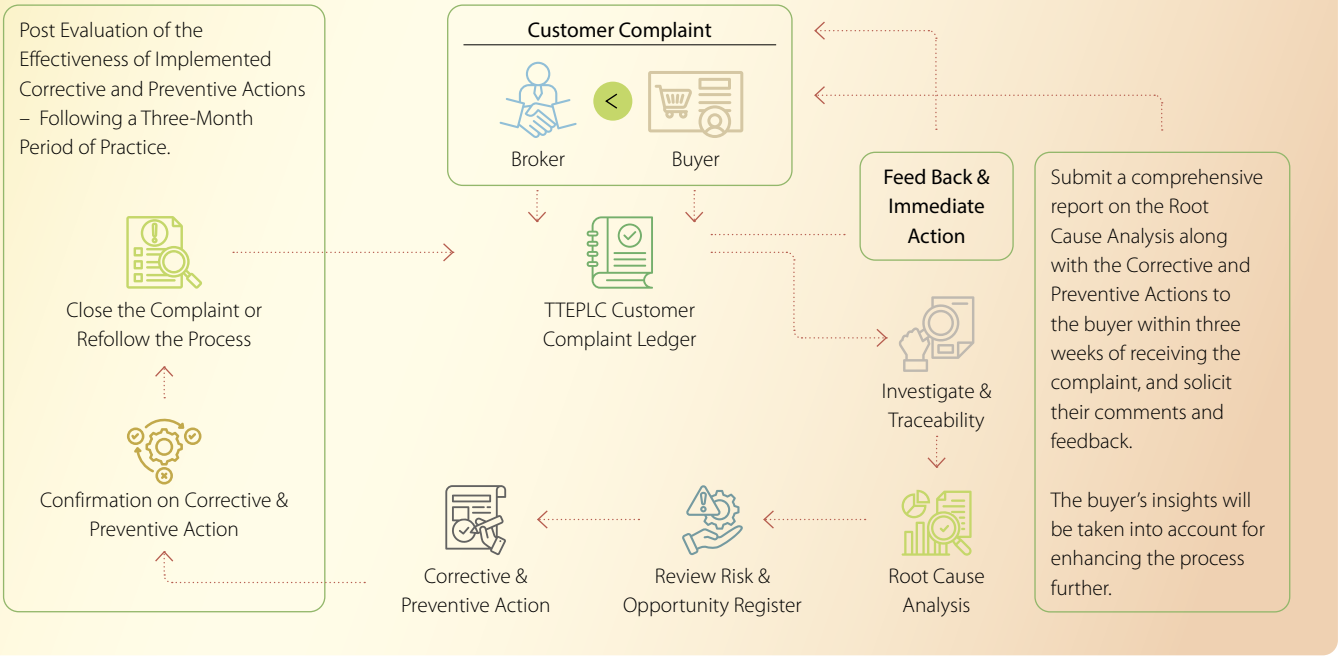
By improving living conditions, building skills, and promoting inclusive growth, the company helps reduce poverty and boost estate residents' economic well-being.

Target 1.4

1.5 Complaint Handling

GRI 2-25, 26

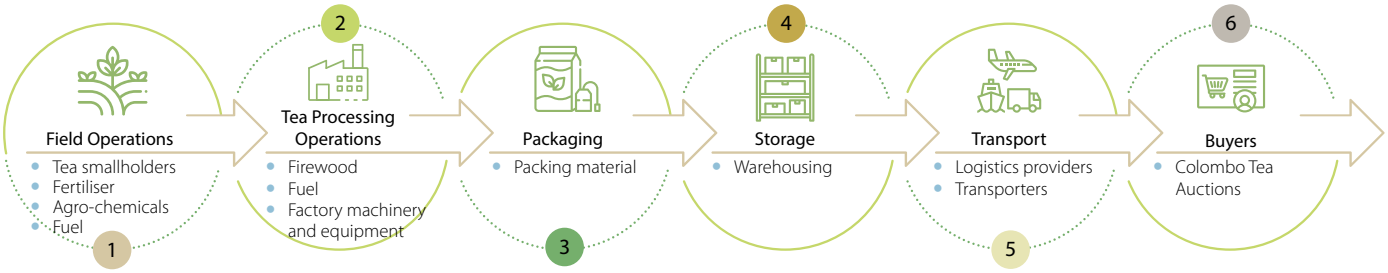
We believe that swift and effective complaint resolution helps to convert the customers' negative experience into a positive one, thereby strengthening relationships, and contributing to enhancing overall customer satisfaction and loyalty. As per our structured mechanism, every complaint we receive is logged, assessed and addressed promptly, supported by a feedback loop to enable quicker response times and better tracking. As part of our overall approach, we also conduct root cause analyses for each case to prevent recurrence and drive continuous improvement. In the reporting year, we recorded 11 formal complaints and fully resolved.



Social and Relationship Capital

1. Building a Reliable Supply Chain

GRI 2-6



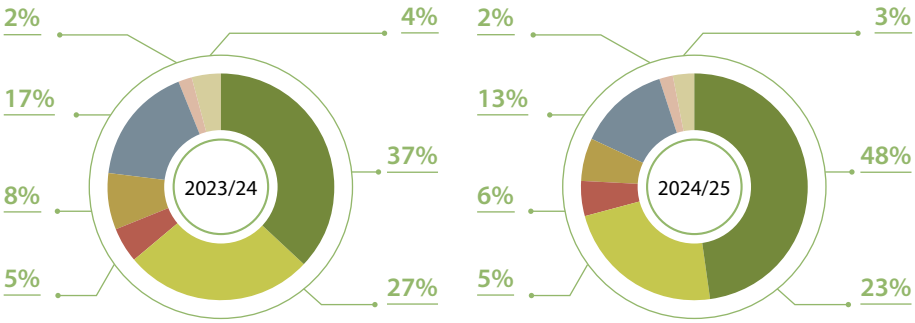
Management Approach

GRI 3-3 | 13.23.1,13.23.2,13.23.3,13.23.4

Our supply chain management approach is aimed at building a reliable network of suppliers who align with TTE's high operational standards and strategic sourcing needs. We follow a structured framework that includes supplier selection based on quality, compliance, and sustainability criteria, along with periodic audits and traceability protocols. Bought-leaf suppliers benefit from knowledge sharing, technical support, and fair payment practices. All suppliers are expected to meet ISO 14000 standards, with certifications from Rainforest Alliance and Ethical Tea Partnerships.

Supplier Payments

GRI 204-1



Supplier Types	2024/25 (Rs. Mn)	2023/24 (Rs. Mn)
Bought Leaf	944.96	721.17
Agro Chemical and Fertilzer	453.02	523.14
Fuel	100.13	90.48
Firewood	119.52	143.5
Machinery and equipment	253.77	334.91
Packing Material	38.23	38.33
Transport Service Provider	71.53	74.55
Total	**1,981.17**	**1,926.08**

2.1 Procurement Best Practices

GRI 407-1 | 13.18.2

As a large plantation Company, TTE works with a wide network of suppliers, the majority of whom are local entities or individuals based in the vicinity of our estates. Consequently, approximately 95% of our annual procurement spend is attributed to local suppliers from whom we procure bought leaf, agro chemicals and fertilisers, fuel, firewood, packaging materials and transport services. The Company's supply chain underwent a change in the current year following the Hayleys Group's decision to bring the procurement of for the plantation sector under the Central Sourcing Department, with effect from October 2024. This decision was aimed at leveraging Group synergies to negotiate better prices and ensure availability of critical inputs to minimise business disruptions.

In line with the principles outlined in the Procurement Policy, TTE conducts all supplier dealings with the utmost professionalism and transparency. We strictly adhere to all payment terms and contractual obligations. Furthermore, we do not engage in monopolistic or anti-competitive practices and are committed to offering fair opportunities to all qualified suppliers.

Supplier Assessed for Risks Related to corruption	
Total number of new suppliers assessed for risks related to corruption.	80% of new suppliers
Total number of suppliers benefitting from anti-corruption training and awareness	0 (0% of total suppliers)
Total number of incidents of corruption detected in the supply chain	0
Action taken in relation to incidents	N/A
Supplier Environmental Assessment GRI 308-1, 2	
Percentage of new suppliers that were screened using environmental criteria	80%
Number of suppliers identified as having significant actual and potential negative environmental impacts	0
Supplier Social Assessment GRI 414-1, 2	
Percentage of new suppliers that were screened using social criteria	80%
Number of suppliers identified as having significant actual and potential negative social impacts	0

Our commitment to ethical and responsible sourcing is supported by a robust Supplier Management Framework designed to build partnerships with best-fit suppliers who align with TTE's business values and standards. accordingly, bought-leaf suppliers, who represent the largest segment of our supplier base, are carefully screened and onboarded to ensure quality and reliability.

For other supplier categories, we apply stringent screening and due diligence processes to assess their capabilities, experience, and track record as well as adherence to standards and certifications. The onboarding process for fuel and food suppliers also includes specific social and environmental assessments to ensure adherence to human rights and labour best practices, as well as compliance with all relevant environmental regulations. All existing suppliers are subject to periodic audits to verify continuity of regulatory compliance, social and environmental practices and adherence to traceability protocols. Our procurement teams also perform spot checks and site visits to obtain further assurance regarding licences and permits of fuel wood suppliers.

2.2 Supplier Development

Supplier development is an important part of our overall approach to building a reliable supply chain. Much of our supplier development efforts are directed towards our bought leaf suppliers and fuel wood suppliers, who are typically micro entrepreneurs. With approximately 314 of bought-leaf suppliers being individual block managers operating within TTE's own estates under the Revenue Share Model, we offer technical advisory services to help suppliers maximise yields, improve output quality and minimise environmental degradation. Likewise, we continue to work with our fuelwood suppliers to encourage them to align with global best practices outlined under the Rainforest Alliance certification.

Supply Chain Traceability

At Talawakelle Tea Estates, we have implemented an end-to-end traceability system that ensures complete visibility from the tea field to the final customer. Our system not only guarantees food safety and compliance with international certifications like Rainforest Alliance but also enhances transparency, accountability, and operational excellence across every stage of production and logistics.

TTE PLC Metric
Investment in Health and Nutrition investment

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

Contribution
By promoting food security through home gardening, nutrition awareness, and sustainable cooking initiatives that enhance community resilience and reduce food dependency.

Target 2.2 | 2.3

We trace every tea batch back to the plucker, field, machine, and process — supporting quality assurance, ethical sourcing, and sustainable practices.

From Leaf to Cup- Our Tea Trackability Flow

1 **Field-Level Traceability**
- Agronomic records: Fertilizer, practices
- Field book maintained in every estate
- TRI guidelines followed

2 **Plucking Traceability**
- Worker name & ID
- Field number & plucking date
- Quantity of green leaf plucked

3 **Transport to factory**
- Field weight stations logs
- Vehicle ID and transporter details
- Clean, labeled transport practice

4 **Factory-Level Traceability**
- Batch number linked to field & plucker
- Withering, Rolling, drying, grading fully logged
- Machine & operator ID/ Moisture & Temperature records

5 **Packaging and Storage**
- Batch info printed on every package
- Grade, date of manufacture , factory name
- Stored under controlled condition

6 **Distribution and Dispatch**
- Shipment record
- Dispatch date and customer details

Social and Relationship Capital

3. Uplifting Communities

GRI 3-3 | 203-1, 413-1 | 13.12.1 |13.12.2 | 13.22.1 | 13.22.3

Management Approach

We invest in providing the tools and knowledge to empower estate communities to grow as productive members of society. Our community investment strategy focuses on Living Environment, Health & Nutrition, Community Capacity Building, and Youth Empowerment. Guided by strong governance, risk management frameworks, and partnerships with organizations like Save the Children and Plantation Human Development Trust, we are committed to enhancing dignity, morale, and opportunities for all residents through continuous engagement and socially responsible practices.

A Home for Every Plantation Worker: Strengthening Our Commitment to Uplifting Communities

Our flagship initiative, A Home for Every Plantation Worker, stands as a powerful expression of our long-term commitment to community development. This programme is more than just a housing initiative-it's a cornerstone of our vision to uplift and transform estate communities. By providing secure, dignified and permanent housing for plantation workers and their families, we are laying the groundwork for long-term social and economic development.

Stable housing improves health, education outcomes and family wellbeing, creating a ripple effect that strengthens the community as a whole. This programme directly supports our broader commitment to uplifting communities by enhancing living standards, promoting social inclusion, and fostering a sense of pride and stability among estate families.

A Home For Every Plantation Worker

Living Environment	Health and Nutrition	Capacity Building	Youth Empowerment
Investment: Rs. 36.9 Mn Beneficiaries: 8,034	Investment: Rs 59.7 Mn Beneficiaries: 245,004	Investment: Rs. 21.2 Mn Beneficiaries: 32,863	Investment: Rs.1.2 Mn Beneficiaries: 45,931

Living Environment

Strategic Focus:
Enhancing the physical infrastructure and communal spaces to uplift the overall living conditions of estate communities.

Key Initiatives:
- Upgrading access roads
- Constructing and renovating housing
- Providing water and sanitation facilities
- Establishing child development centres
- Building recreation and rest centres

Intended Impact:
Build healthier, more sustainable communities with an improved quality of life, enabling individuals to thrive and lead fulfilling lives.

Progress Monitoring:

Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	8,034	20%	30%	50%
Investment	10%	36.9 Mn	20%	30%	50%

Kiruwanaganga - Factory Rest Room

Field Rest Room

Health & Nutrition

Strategic Focus:
Promoting wellness and resilience through preventive healthcare and nutritional interventions.

Key Initiatives:
- Immunisation drives
- Disease prevention and nutrition education
- Antenatal and postnatal care
- Child health and wellbeing programmes
- Daycare services and child protection mechanisms
- Auxiliary healthcare services (e.g., medical centres, ambulances)

Intended Impact:
Enhance the health and vitality of estate communities, allowing them to live more productive, enriched lives.

Progress Monitoring:

Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	245,004	20%	30%	50%
Investment	10%	59.7Mn	20%	30%	50%

Community Kitchen

Issuing Nutrition Packs

Capacity Building

Strategic Focus:
Partnering with Housing Cooperative Societies to promote economic resilience and alternative livelihoods.

Key Initiatives:
- Housing loans and microfinance support
- Savings schemes
- Community-based training initiatives

Intended Impact:
Expand livelihood options, strengthen financial independence, and improve living standards through skill-building and support systems.

Progress Monitoring:

Awareness on Saving Habits

Youth Empowerment

Strategic Focus:
Equipping youth with essential skills, confidence, and awareness to pursue rewarding careers and life paths.

Key Initiatives:
- Vocational and technical training
- Soft skill and leadership development
- Education on relevant social topics

Intended Impact:
Develop a future-ready youth population that is empowered, employable, and capable of driving positive transformation.

Progress Monitoring:

Career Guidance Seminar for Youth

3.1 Understanding and Responding to Community Needs

GRI 203-2, 413-2 | 13.9.1,13.9.2,13.12.3

As a plantation company, we take deep responsibility for the well-being of the wider community residing within our estates. Currently, around 42,000 individuals who live across TTE's 16 estates. We play the role of caretaker for these extensive estate communities and strive to create a safe, inclusive, and enabling environment that supports their long-term development and quality of life.

Guided by our Social Policy we focus on improving living conditions, empowering women and youth, and promoting health and hygiene awareness.

For example, our flagship 'A Home for Every Plantation Worker', has been a cornerstone of our community development efforts for the past 13 years, with clearly defined objectives focused on housing, healthcare and nutrition, skills development, and youth empowerment.

These community-based initiatives are fully aligned with the broader sustainability agenda of the Hayleys Group and are driven with the direct oversight and engagement of our Board of Directors.

Each initiative is strategically planned and responsibly executed, with comprehensive assessments carried out to gauge both potential impacts and the long-term value of our community investments. We ensure that all actions are consistent with our organisational goals while being responsive to the needs of the communities we serve.

By fostering strong community relationships and championing inclusive growth, we aim to uplift the social fabric of our estates and ensure that the benefits of our operations are shared broadly and sustainably. In the past year, there have been no reported incidents of negative impacts on our estate and neighbouring communities.

We recognize the importance of food security for our estate communities and are committed to ensuring access to safe, nutritious, and culturally appropriate food. Through home gardening, knowledge sharing on good agricultural practices, and capacity building, we help reduce food loss and improve household-level food resilience. Dedicated land is allocated for estate communities to cultivate vegetables, enhancing food availability and reducing dependency on external markets. These efforts strengthen local food systems and support sustainable, community-led nutritional well-being.

In partnership with public health authorities and NGOs, we conduct awareness programs on maternal nutrition, child feeding, and balanced diets. Our sustainable cooking initiative with World Vision and Tea Leaf Trust introduced efficient cookstoves that reduce indoor air pollution and improve food preparation. We also promote regenerative agriculture, soil health, and integrated pest management to preserve productive land and ensure yield stability.

In FY 2024/25, we invested:
- Rs. 80,000 in immunization programs
- Rs. 53.07 Mn in health and nutrition
- Rs. 613,475 in antenatal/postnatal care
- Rs. 1.15 Mn in supplemental medical services

As a result of our efficient practices, total food loss in our operations is approximately 0.1%. This minimal loss is achieved because any refuse tea remaining after the primary black tea manufacturing process is further processed for reuse. We are committed to reducing food loss through optimized harvesting, processing, and storage practices. In our supply chain, we continuously monitor and raise awareness among partners about food security and responsible resource management. We actively work to reduce food loss throughout our operations by:

- Enhancing green leaf handling and transport practices
- Implementing real-time monitoring and calibrated processing systems
- Conducting continuous staff training to minimize reject rates

These initiatives not only reduce waste but also improve resource efficiency, enhance processing effectiveness, and reinforce our commitment to sustainable and responsible production.

Social and Relationship Capital

CSR Project : Building Social Capital Through Community Healthcare Support

In a commendable demonstration of corporate social responsibility, Talawakelle Tea Estates PLC, in partnership with CA Sri Lanka, made a significant donation of essential medicines to the Deniyaya Base Hospital. This initiative reflects the company's ongoing commitment to uplifting the communities in which it operates, especially by strengthening access to vital healthcare services. By supporting local medical institutions, Talawakelle Tea Estates PLC continues to foster trust, goodwill, and strong relationships within the community, contributing meaningfully to the nation's social capital.

Continuing Our Commitment to the "Mother & Child Friendly Seal" for Responsible Business

We have reaffirmed our commitment to the "Mother & Child Friendly Seal" by strengthening our partnership with the Centre for Child Rights and Business and Save the Children Fund. Through this collaboration, we have introduced impactful measures, systems and processes to support the wellbeing of our female workers and their children. A comprehensive strategy and action plan have been developed to address key challenges, enhance support for women in our workforce and ensure access to quality childcare across our estates-safeguarding the rights of every child and empowering working mothers.

Empowering Communities Through Sustainable Cooking: World Vision and Tea Leaf Trust's Cookstove Initiative"

World Vision and Tea Leaf Trust have launched a cookstove distribution program aimed at significantly reducing carbon emissions while promoting sustainable cooking practices and enhancing community well-being. The initiative focuses on providing environmentally friendly cooking solutions by supplying efficient cookstoves that decrease reliance on traditional, polluting methods. It also addresses health benefits by minimizing indoor air pollution, particularly for vulnerable groups like women and children, thereby reducing respiratory illnesses.

The program encourages sustainable practices through the use of local resources and eco-friendly materials and actively involves community members in the distribution and education processes to ensure that the benefits of the new cookstoves are fully understood and utilized. Additionally, regular monitoring and evaluation will assess the program's impact on emissions reductions and community health, allowing for continuous refinement and improvement of the initiative.

World Vision

TEA LEAF TRUST

Impact to the Community from TTE's Operations

Positive Impacts

- Employment Opportunities
- Reduced inequalities through improved access to healthcare, education, and vocational training
- Better quality of life through support for livelihood development
- Stronger community infrastructure

Negative Impacts

- Dependence on plantation-based livelihoods, limiting economic diversification
- Disruption of traditional lifestyles and cultural practices due to modernisation and structural changes
- Environmental concerns such as soil degradation and contamination of natural water bodies

Journeying Towards Excellence

Step 1
Needs Identification

- Needs Assessments & Surveys: Engaging with employees & estate communities (selected Nos) to understand pressing issues.
- Stakeholder Consultations: Holding discussions with government agencies, social organizations and unions.
- Industry & Regulatory Requirements: Complying with legal frameworks and industry guidelines for community engagement.

Step 2
Evaluation & Approval

- Board-Level Review & Endorsement: Project proposals are evaluated by Corporate Management and HR/ Operations leadership.
- Budget Allocation & Funding Decisions: Top Management approves funding for projects.
- Policy & Compliance Checks: Obtaining government & other regulatory approvals.

Step 3
Resource Allocation & Implementation

- Financial Resources: Setting aside funds from the Company's budget, grants, or partnerships.
- Human Capital: Assigning HR teams, employee volunteers and third-party experts to execute projects.
- Partnerships & Collaborations: Working with NGOs, government bodies and academic institutions.
- Technology & Infrastructure Support: Providing necessary tools, training and facilities for sustainable implementation.

Step 4
Execution & Monitoring

- Project Management Teams: Appointing dedicated teams or committees to oversee implementation.
- Periodic Progress Reviews: Conducting quarterly, bi-annual or annual reviews.
- Community Feedback Mechanisms: Engaging with beneficiaries and stakeholders.

Step 5
Continuous Improvement & Sustainability

- Lessons Learned & Best Practices: Reviewing completed projects to enhance future initiatives.
- Scaling & Replication: Expanding successful projects to other communities or regions.
- Long-term Commitment: Ensuring sustainability by integrating projects into the company's long-term CSR & ESG strategy.

TTE PLC Metric Frequency of occupational accidents

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

Contribution Company's occupational health & safety programs, grievance mechanisms, and child-friendly estate model directly improve labor conditions.

Target 8.8

Trade-offs

With Financial Capital

At TTE PLC, we see investing in our communities as an investment in our future. In FY 2024/25 alone, we spent over Rs. 119 Mn on key areas like healthcare, housing, youth development, and skills training reaching more than 250,000 people. While this level of spending does place pressure on our short-term finances, it's a deliberate and long-term commitment. These efforts help us build trust, reduce social risks, and create a more stable, supportive environment for our business to grow.

With Natural Capital

When communities are strong and informed, they become powerful allies in protecting the environment. Thanks to our inclusive approach, local residents now play an active role in caring for the land through initiatives like home gardening, training on soil health, using sustainable fuelwood, and adopting clean cookstoves. While giving communities access to shared land and resources can sometimes strain things like water and soil, we manage this carefully. The result is a shared responsibility for nature that helps protect our ecosystems and supports sustainable tea cultivation for the long run.

Future Roadmap

Short Term

Engagement with estate communities through improved grievance mechanisms, social audits and expanded access to healthcare, housing and childcare support.

Medium Term

Build stronger partnerships with NGOs, government agencies and buyers to co-create community development and food security programs that scale impact across the sector.

Long Term

Embed shared value creation into core business operations by transforming estate communities into empowered, self-reliant ecosystems ensuring long-term trust, stability and social license to operate.

Human Capital

At Talawakelle Tea Estates, our people drive our success, fuel our innovation and embody our purpose. In 2024/25, we focused on building an inclusive culture where every voice is heard, every contribution is valued and every individual has the opportunity to grow.

From reimagining our workforce models to empowering women in leadership, from fostering wellbeing and safety to providing global learning opportunities, this year has been about nurturing our greatest asset-our people.

As we continue to champion diversity, innovation and sustainability, our human capital initiatives are paving the way for a future-ready, resilient workforce.

Revenue Share Model Transformation

Shifted traditional employment to a revenue-sharing approach, empowering workers as entrepreneurs with ownership and accountability in tea cultivation.

Empowering Women in Leadership

Strengthened gender equality with new female field supervisors and leadership initiatives, fostering diversity and inclusive decision-making across the estates.

Commitment to Employee Wellbeing

Enhanced workplace safety, health and wellbeing through comprehensive policies, training and employee support systems across all estates.

Global Learning and Development

Invested in global learning initiatives for senior managers and robust training programs, enhancing strategic skills and future readiness.

GRI 3-3 | 13.15.1, 13.16.1, 13.17.1, 13.18.1, 13.19.1

Management Approach

Risks
Risk of losing high-performing employees and the inability to attract individuals with the necessary expertise in a competitive market decreased morale, lower performance, and increased turnover if employees feel undervalued or disconnected from the organization's goals.

Opportunities
Improve workforce resilience by investing upskilling and targeted leadership development initiatives to keep employees motivated and engaged in organisational goals

Strengthen TTE's reputation as an employer of choice by fostering inclusivity and employee wellbeing

Material Matters
- Occupational Health & Safety
- Healthy Relations & Employee Satisfaction
- Gender Equality & Fair Remunerations
- Hiring & Retention
- Talent Development
- Compensation & Benefits
- Mother & Child Friendly Estates
- Performance & Rewarding

Management Approach
We believe that our people are the foundation of our success, and we are committed to creating an environment where they can thrive, grow and contribute meaningfully to the organisation's goals. Hence, we have adopted an integrated approach to human capital development guided by four key pillars that work together to shape a resilient and future-ready workforce. We focus on attracting and retaining the right talent based on efficient and ethical hiring practices alongside purpose-driven, yet competitive remuneration structures. At the same time we strive to build a skilled and competent workforce by investing in training and systematically measuring employee performance. Creating a safe and conducive workplace is central to our efforts, as we work to uphold the highest standards of employee well-being and workplace safety, while prioritising employee motivation and satisfaction by promoting a culture of recognition and shared success.

Governance

Oversight
- Board of Directors
- Group Management Committee
- Board Remuneration Committee
- Head of HR
- Estate HR Representative

Compliance
- Wages Board Ordinance
- Shop and Office Act 19 of 1954 and Amendments
- Employees Provident Fund Act
- Employees Trust Fund l
- Payment of Gratuity Act

Voluntary Best Practices
- ILO Convention Protocols
- UN Global Compact on Human Rights and Child Labour
- UN Women's Empowerment Principles
- Save the Children Sri Lanka
- Child Protection Policy
- Centre for Child Rights - Mother & Child Friendly Seal

Internal Mandates and Commitments
- DEI Policy
- OHS Policy
- Safety Manual

Monitoring and Reporting
- Hayleys CUBE" Sustainability Data Management System
- Global Reporting Initiative (GRI)
- GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022
- Sustainability Accounting Standards Board (SASB)
- UN Sustainable Development Goals (SDG's)

Resource Allocation Highlights

Rs. 3,481 Mn paid as remuneration and benefits to employees	336 new Block Managers appointed under the RSM scheme	1 new female field supervisors appointed	Launch of the Women in Leadership initiative

Outputs for TTE
- 3.4% employee turnover rate
- 96.6% employee retention
- 99% overall employee satisfaction in the GPTW study
- 4,305 hours on Employee Safety

Stakeholder Outcomes	FY 2024/25	FY 2023/24	Value Enhanced (+) | Preserved (=) | Eroded (-)
New recruits	1,829	565	Enhanced
No. of employees promoted	31	33	Eroded
Total Training hours	25,018	38,555	Eroded
Incidents of Discrimination	ZERO	ZERO	Preserved

- Target 1.2: Reduce at least by half the proportion of men, women, and children of all ages living in poverty in all its dimensions according to national definitions
- Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all.
- Target 4.4: Increase the number of youth and adults who have relevant skills for employment, decent jobs, and entrepreneurship.
- Target 5.1: End all forms of discrimination against all women and girls everywhere.
- Target 5.5: Ensure women's full participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.
- Target 8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities.
- Target 8.6: Substantially reduce the proportion of youth not in employment, education, or training.
- Target 8.7: Take immediate and effective measures to eradicate forced labor, end modern slavery, and human trafficking, and secure the prohibition and elimination of the worst forms of child labor.
- Target 10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies, and practices and promoting appropriate legislation, policies, and action in this regard.

Human Capital

Workforce Analysis - FY 2024/25

GRI 2-7, 8 | 405-1 | 13.15.2, 13.21.1, 13.21.2, 13.21.3

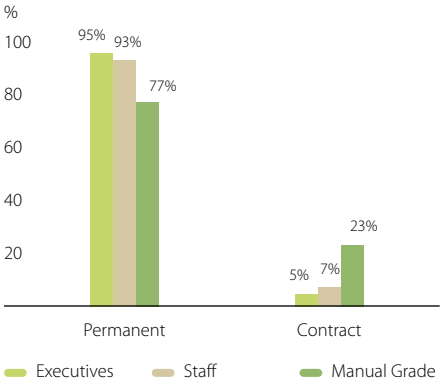
Cadre Profile – FY 2024/25

	Gender		Provinces			Age			Total
Employees	Male	Female	Western	Southern	Central	< 30 years	30-50 years	>50 years	
Total	2,438	2,809	42	1,296	3,909	554	3,976	717	5,247
Permanent	1,741	2,365	37	777	3,292	447	3,159	500	4,106
Contract	697	444	5	519	617	107	817	217	1,141

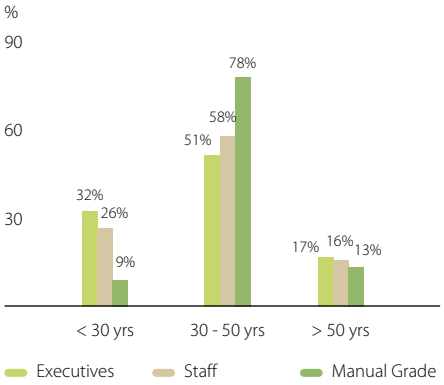
TTE does not engage any non-employee workers whose work is controlled by the organization during the reporting period. Independent service providers and leaf suppliers operate autonomously Under "Revenue Share Model" (RSM), without organizational control, and therefore are excluded from these disclosures.

Governance Bodies & Employees on Gender & Age as at 31st March 2025

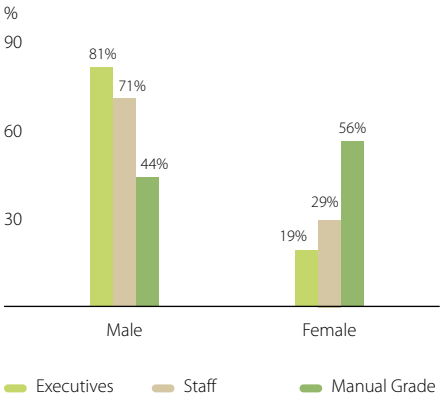
Profile of Employee Grade Categories



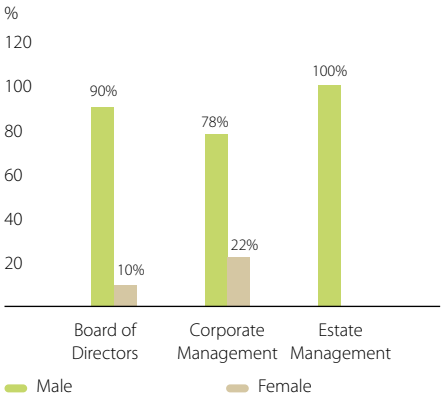
Age Profile of Employee Categories



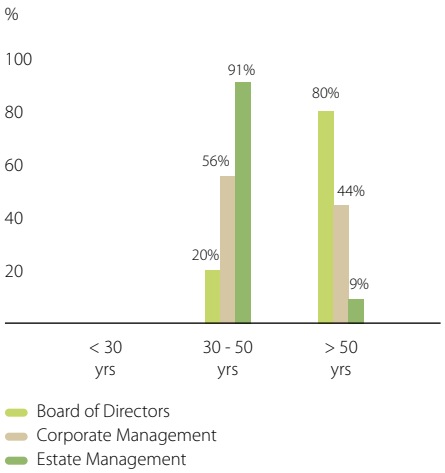
Gender Profile of Employee Categories



Gender Profile of Governance Bodies



Age Profile of Governance Bodies



As of 31st March 2025, TTE's total workforce comprised 5,247 employees, of which 4,106 were permanent staff, while 1,141 were employed on a contractual basis. All employees are engaged in full-time roles, with no part-time or casual (non-guaranteed) employment.

- **75%** of the workforce is based across TTE's 16 estates in the Central Province
- **54%** of the estate workforce are women
- **78%** of the total estate workforce are within the productive age group of 30 to 50 years
- More than **74%** of employees reside on the estates
- **4,789** employees serve as the manual grade employees

TTE PLC Metric Gender in leadership positions

Our 2030 Target Improve work place diversity index by 25% in 2030

Contribution The company's leadership development initiatives and maternity care programs promote equal opportunities and a gender-sensitive work environment.

Target 5.5

1. Talent Acquisition and Retention

GRI 202-2, 401-1

1.1 Recruitment and Selection

Recruitment at TTE is a well-planned and structured process. Our recruitment policy endorses a merit-based approach to attract the right talent aligned with the organisation's strategic goals, underscoring our commitment to equal opportunity and non-discriminatory employment.

Our multi-tiered approach supported by effective delegation of recruitment responsibilities across different levels of the organisation enables purpose driven recruitment that correlate to organisational objectives. Under the guidance of the Corporate HR Department, the respective Estate Manager is responsible for recruiting the estate (manual) workforce. Recruitment of estate staff is carried out based on a staffing plan developed in consultation with the Director–Plantations and the Chief Executive Officer. Executive-level recruitments are handled by the corporate HR team, subject to the final approval by the Managing Director.

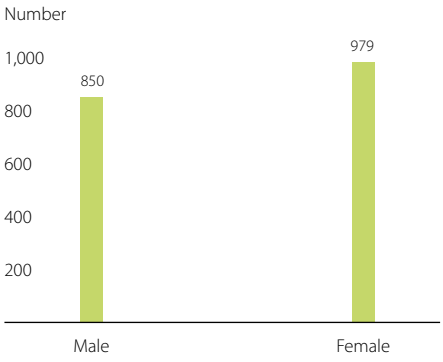
The scope of the executive recruitment framework was broadened in the current year with the creation of new executive level roles for Digital Marketing and Data Analytics in line with the emphasis on strengthening TTE's digital presence and the renewed focus on data-driven decision-making to improve overall strategic agility.

In the manual worker category, ongoing efforts to shift workers to the Revenue Share Model (RSM) gathered momentum in the current year, with approximately 97.2% of the total manual grade now hired on contract basis through the RSM.

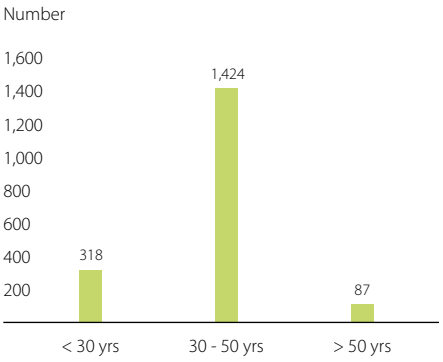
Workforce Movement – FY 2024/25

1,829	1,762	56	11
Recruitment FY 2024/25 42.6% Recruitment Rate	Manual Recruitment	Staff Recruitment	Executive & Above Recruitment

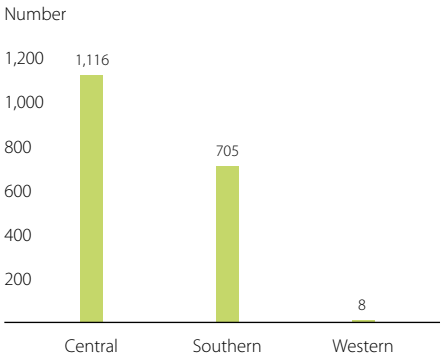
Recruitment By Gender



Recruitment By Age



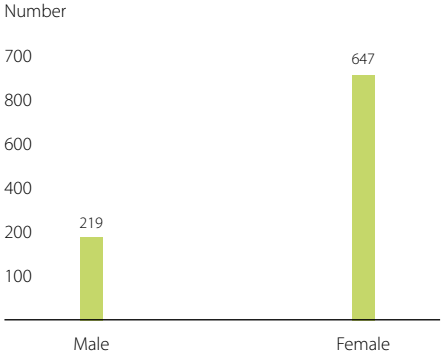
Recruitment By Region



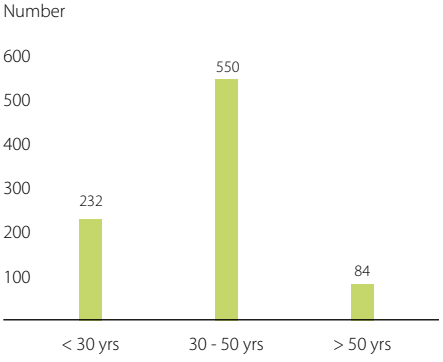
While no Senior Management personnel were recruited from the local community during the current financial year, 1,110 manual grade employees have been engaged under contract employment.

866	92%	6.5%	1.5%
Resignations FY 2024/25 3.4% Average Turnover Rate 96.6% Retention Rate	Manual Turnover Rate 794	Staff Turnover Rate 56	Executive & Above Turnover Rate 15

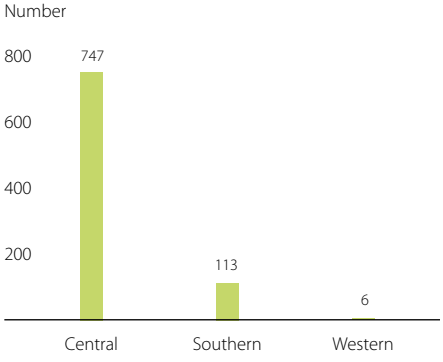
Turnover By Gender



Turnover By Age



Turnover By Region



Human Capital

The highest turnover was observed within the manual grade category amongst 30-50 years age group.

Safeguarding Child Rights (Making Sure Children Are Treated Right)

GRI 408-1 | 13.17.2

TTE has a zero tolerance approach on child labour underscoring the commitment to align with national labour laws as well as the best practices set out under the International Labour Organization (ILO) Conventions and the United Nations Global Compact (UNGC) Principles. Accordingly, we take proactive measures to guarantee that our recruitment policies and operational practices strictly prohibit the employment of children under the legal working age of 18 years. A special clause pertaining to child protection has been included in the letter of appointment given for every new employee.

Our commitment goes beyond compliance, all TTE's estates has a dedicated focal point to safeguard child rights. A key responsibility of the Child Protection Focal Point is to raise awareness among our estate communities about the importance of education and encourage parents to ensure their children remain in school. Rigorous audits are also conducted regularly across our estates to identify any potential risks and for child-labour. As part of our overall approach, TTE is working work closely with the Save the Children Fund and the Centre for Child Rights and Business to implement standard child protection procedures across all levels of our operations.

At the same time, we expect our bought-leaf suppliers and other business partners to commit to our standards for the prevention of child labour. We provide training and conduct ongoing discussions with our suppliers and business partners to emphasise the importance of eliminating child labour within the supply chain.

In the year under review, no incidents of child labour were reported across TTE's operations, among bought leaf suppliers or any other business partners.

Employment Practices

GRI 13.20.1

At TTE, we uphold ethical, inclusive, and transparent employment practices. Our Ethical Recruitment Policy, applicable across all estates and factories, prohibits recruitment fees and the withholding of identity documents, and ensures contracts are issued in a language understood by workers. As we do not engage third-party recruitment agencies, all recruitment is managed directly by TTE, ensuring full adherence to our internal standards. Non-compliance is addressed through formal grievance mechanisms, including our "We Care 360" platform.

We ensure fair and timely compensation, free from unjustified deductions, and provide in-kind benefits such as housing, childcare, and community services. While we do not use piece-rate systems, all significant sites disclose the proportion of in-kind remuneration through internal reporting.

To uphold labor rights across our value chain, we assess suppliers for compliance with national and international labor standards. We monitor risks such as informal or disguised employment and ensure workers are engaged through legally recognized contracts wherever applicable.

TTE's workforce practices reinforce safe, equitable, and rights-based employment supporting our broader commitment to decent work and sustainable livelihoods in Sri Lanka's plantation sector.

1.2 Remuneration and Benefits

GRI 202-1, 401-2

At TTE, we are committed to ensuring that all employees receive fair and competitive remuneration and benefits in full compliance with applicable labour laws and industry norms.

For manual grade employees, wages are determined in line with the minimum wage regulations under the Wages Board Ordinance. With nearly 98% of our estate workforce unionised across five worker categories, collective bargaining outlines conditions for annual increments and incentives. The collective bargaining agreement is formally reviewed and updated at the time of renewal every three years.

Meanwhile, the management may extend discretionary allowances to supplement daily wages, based on the type and complexity of work undertaken. Salaries of estate staff are also set under the collective agreement.

TTE ensures compliance with all statutory benefit obligations, including contributions of 12% to the Employees' Provident Fund (EPF) and 3% to the Employees' Trust Fund (ETF), calculated on employees' basic salaries. Employees are also entitled to gratuity, as prescribed under the Gratuity Act, upon completion of the required period of continuous service.

On 10th September 2024, the minimum daily wage for plantation workers in Sri Lanka was raised to Rs.1,350/-. This wage increase will be in effect for three years. The new wage structure includes a basic salary of Rs.1,350/- plus an additional Rs.50/- based on productivity, representing a crucial step toward improving the livelihoods of plantation workers. The new wage structure was agreed upon after negotiations between the Regional Plantation Companies (RPCs), trade unions and the Wages Board.

Meanwhile an annual increment was granted on all estate staff salaries in keeping with the terms of the collective bargaining agreement.

For executives and above, salaries and benefits are set by the Human Resources and Remuneration Committee, based on factors such as job description, qualifications, experience, and performance, while ensuring alignment with industry benchmarks. Increments for executive grades are based on performance outcomes determined through the annual performance review process outlined below.

Rs. Mn	2024/25	2023/24	% Change
Remuneration	2,320.4	2,253.3	3.0
Performance incentives	968.6	1,022.3	(5.2)
Welfare and benefits	192.0	174.5	10.0
Total remuneration and benefits	3481.0	3,450.2	1.0
Defined Contribution and Benefits			
Employee Provident Fund - 15%	180.6	151.5	19.2
Employee Trust Fund - 3%	45.1	37.9	19.0
Gratuity provision	179.0	202.4	(11.6)
Gratuity payments	160.7	196.1	(18.0)

	Estate				Corporate Office		
Benefits - Permanent and Full-time Employees	Manager	Executive	Staff	Manual	Manager	Executive	Staff
Housing with electricity and water	●						
Living quarters with electricity and water		●	●				
Line rooms with electricity and water				●			
Employee medical insurance - OPD, spectacles and hospitalisation	●	●	●		●	●	●
Immediate family medical insurance - OPD, spectacles and hospitalisation	●	●	●		●	●	●
Free prescription drugs				●			
Medical facilities and free medical clinics				●			
Maternity benefits and child care facilities				●			
Mid-day-meal nutrition programme				●			
Milk and wheat flour for children				●			
Scholarships for children				●			
Death donations			●	●			

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 along with 21 medical leave.

Maternal Leave Facets	Number
Total female employees	2,839
Maternity leave availed	39
Returned to work after maternity leave	13
Resignations after maternity leave	2
Currently on maternity leave	26
Retained after 12-months of return from maternity leave	71
Return to work rate (%): 33	
Retention rate after 12 months of return to work (%): 71%	

2. Building a Skilled and Competent Workforce

GRI 404 -3

2.1 Performance Management

The performance management process at TTE is designed as a strategic tool to assess, guide, and enhance employee performance at all levels, to ensure every employee from estate workers to corporate executives contributes meaningfully to the Company's overall success. The performance management process also creates a strong platform to potential candidates for promotions, increments and other recognition and rewards schemes.

TTE PLC Metric % of work sites with zero incidents reported

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

Contribution We support employee wellbeing through healthcare access, awareness programs, and proactive safety measures including hazard prevention and risk assessments.

Target 3.8 | 3.9

Managing Performance of all Employee Categories

Executives

The performance of Executives is evaluated annually through a structured mechanism based on the Balanced Scorecard Methodology where employee performance is measured against predetermined targets at both individual and collective levels. Performance tracking and monitoring is facilitated through our cloud-based Human Resource Information System (HRIS). The annual performance review is conducted between each executive and their immediate supervisor, providing a transparent and interactive platform to discuss performance outcomes, identify training and development needs, and support career planning. These insights form the basis for decisions related to promotions, salary increments, and performance-based rewards. Exceptional performers are earmarked for further development through individual development plans that combine specialised training in leadership and management alongside coaching and mentoring by members of the senior management to prepare selected employees to take up higher career responsibilities.

Staff

The performance of estate staff is reviewed annually by the estate manager and subsequently validated by the Chief Executive Officer and Director Plantations. High performing staff are rewarded with special increments (in addition to the standard increment linked to the collective bargaining agreement) and granted promotions to higher grades as appropriate.

Estate staff awards

Human Capital

Monthly recognition of best tea harvesters

Manual Workers

Productivity of manual workers is evaluated on a daily basis against predefined minimum standards for green leaf plucking with employees who exceed these daily targets incentivised accordingly. To ensure accuracy and transparency, a digital weighing system is used, enabling fair and reliable measurement of individual output. Supporting this effort is the Future Navigator, a dedicated mobile application that enables estate management to track each plucker's performance in real time.

Performance of all categories of permanent employees are reviewed every year.

Promotions Granted

Employee Category	2024/25		2023/24		2022/23	
	Men	Women	Men	Women	Men	Women
Executive	13	2	18	4	19	3
Staff	7	3	10	1	4	2

Enhancing Earning Capacity of Employees through the Revolutionary Revenue Share Model (RSM)

Our Revenue Share Model (RSM) was introduced in 2001 and it represents a transformative shift from the conventional attendance-based wage system for our estate workers. Based on the principle of entrepreneurship, the RSM scheme allocated designated plots of land within our estates to individual workers who assume the role of "block managers" responsible for the cultivation and harvesting of tea and are directly accountable for their output. We also provide technical assistance, training, and continuous advisory services. Meanwhile, participating Block Managers are integrated into our bought-leaf supplier network via a buy-back guarantee.

TTE's Deniyaya estate is now fully operated through the RSM scheme, which has inspired all other estates to begin adopting the RSM with a view to gradually phasing out the the attendance-based traditional wage system in due course.

Revenue Share Model Key Performance Indicators FY 2024/25

All (16) Participating Estates	2:3 Block Managers Male to Female Ratio	4.19 Mn Kgs Bought-Leaf Supply
336 New Block Managers		10.24 Mn Kgs Green Leaf Production
1,507 Total Block Mangers		14.43 Mn Kgs Total Green leaf Production

2.2 Training and Development

GRI 404-1, 2

At TTE, we are deeply committed to employee training. For optimal results, we work according to a pre-approved training plan and budget to provide targeted training using a combination of internal and external resources to deliver targeted training to employees across the organisation. Internally, members of our senior management team, including our Managing Director, frequently conduct motivational sessions and knowledge-sharing forums to inspire and guide employees. We also maintain a network of external training partnerships encompassing both public and private institutions.

Training Indicators FY 2024/25

	Person Head Count Trained		Avg. Training Hours	
	Male	Female	Male	Female
Manual	3,697	7,550	1.97	1.43
Staff	552	984	3.34	3.77
Executive & above	256	52	4.40	4.06

25,018
Total Training Hours FY 2024/25

13,091
Total Trained FY 2024/25

1.91 hrs
Average Training Hours Per Employee FY 2024/25

Rs. 11Mn
Training Investment FY 2024/25

Rs. 843.70
Training Investment Per Employee FY 2024/25

In keeping with our structured and performance-driven approach, training needs for staff and executives are identified through the annual performance appraisal process. To further support ongoing learning, we encourage executive employees to undertake continuous professional development for which we offer scholarships, study loans, and course fee reimbursements for recognised professional and vocational qualifications.

Training for our estate workforce is coordinated through regional cluster HR units and estate-level HR teams, in consultation with the Corporate HR Department and consists mainly of motivational and productivity improvement related activities.

Beyond this, we also empower our estate workforce with the tools for long term personal and professional growth by delivering special programmes focused on critical areas such as occupational health and safety, nutrition and food security, gender and social awareness, and financial literacy.

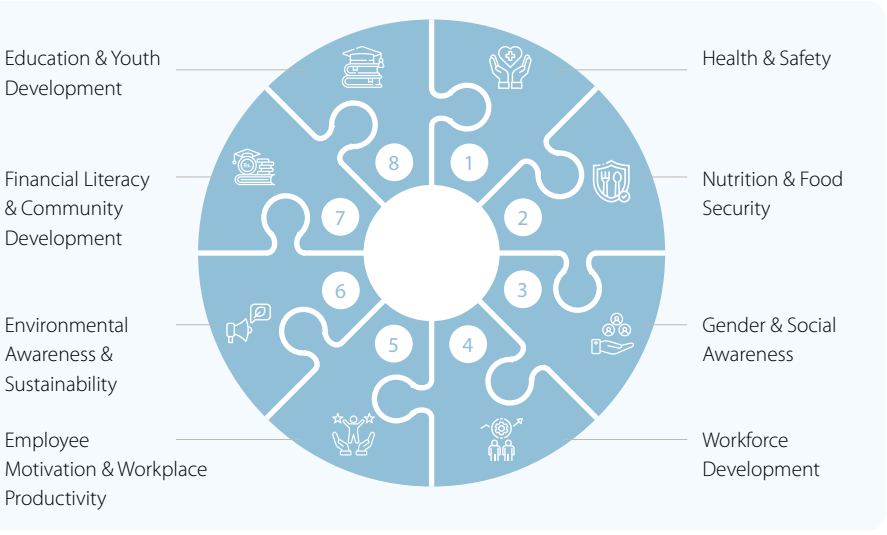
Pathways to Leadership - "EmpowerU" Initiative

Providing Youth within the estate community, TTE has launched the "EmpowerU" project, which offers comprehensive training in tea cultivation, factory operations, office administration and supervisory skills through a blend of theoretical and practical sessions. This initiative aims to empower estate youth in the agricultural sector while establishing a sustainable framework for developing skilled individuals. Key objectives include increasing employment opportunities, enhancing management practices within tea estates and creating a robust support network for ongoing mentorship and learning. By investing in the skills and capabilities of young people, the "EmpowerU" project seeks to foster long-term growth and sustainability in the tea industry.

Human Capital

Engagement of International Gender Expert to Strengthen Equity Initiatives

An international volunteer with expertise in gender equality from WUSC has been assigned to support our initiatives by contributing global knowledge and best practices in the field.



Senior Leadership Enhances Strategic Capabilities Through International Executive Training in Japan and Thailand

Management Development Programme: Experience Japanese Management in Thailand

Five Senior Managers participated in this specialized training program held in Thailand from 23rd -29th March 2025, aimed at enhancing managerial competencies through insights into Japanese management principles and practices.

Program on Transforming to Circular Economy Business Model (CEB)

Two Senior Managers participated in the international training program on Transforming to Circular Economy Business Model (CEB), conducted at the AOTS Kansai Kenshu Center in Osaka, Japan, from 5th - 18th February 2025. The program focused on sustainable business transformation through circular economy principles.

TTE Shines at Hayleys Symposium 2024

At the Hayleys Plantations Management Symposium 2024, TTE stood out as a leader in innovation and sustainability. Five TTE estates ranked among the Top 10 Best Presentations, highlighting the company's progressive approach to modern plantation management.

Showcasing initiatives under the theme "Intellectual Intervention & Innovation in Plantations towards Sustainability," TTE impressed with models focused on environmental stewardship, operational efficiency and community impact.

3. Safe and Conducive Workplace

GRI 406-1 | 13.15.4

3.1 Diversity, Equality and Inclusion (DEI)

Equity and Inclusion (DEI) is deeply embedded across TTE's operations through a formal DEI policy that articulates our stance against discrimination in any form. Guided by this policy, we strive to create a workplace where all individuals are treated equally, regardless of gender, background, religious beliefs or any other status protected by law. A key step in promoting workplace equality is the commitment to maintaining a 1:1 ratio in the basic salary offered to men and women in entry-level positions. We further strive to ensure there is no pay gap across similar roles throughout the organisational hierarchy.

Beyond equitable pay, we also prioritise equal opportunities for personal and professional growth, with all employees having access to training and career development opportunities designed to support their progression at every stage of their employment journey.

We also place special emphasis on training our managers to stand against discrimination by respecting the dignity and rights of every individual. These commitments are extended to our supply chain partners as well.

In the year under review, no incidents of discrimination were reported across TTE's operations, among bought leaf suppliers or any other business partners.

"HerLead" Project: A Milestone in Gender-Inclusive Leadership in the Tea Sector

The introduction of female supervisors under the HerLead project has been widely acknowledged as a pivotal achievement in advancing gender-inclusive leadership within the tea sector. These appointments underscore the project's dedication to empowering women in supervisory roles and fostering a more equitable and representative workforce. The efforts were prominently recognized at various events organized in celebration of International Women's Day, highlighting the significant contributions of women in leadership.

"Women in Leadership" (WIL) Programme

"Empowering Women in Leadership: Promoting Gender Equality in the Sri Lankan Tea Sector"

With the support of The Republic of Tea, the Ethical Tea Partnership–Sri Lanka (ETP) has collaborated with Talawakelle Tea Estates PLC (TTE) to implement the Women in Leadership (WIL) initiative, with a primary focus on advancing gender equality within the tea industry. Led by TTE, the project is designed to empower women to assume leadership roles and foster a more inclusive workplace culture.

The initiative delivers comprehensive leadership training to a diverse group of participants, including women such as tea harvesters, team leaders, field supervisors, and factory workers; men including estate managers, assistant managers, and field workers; as well as youth. A key objective of the program is to engage male leaders as active advocates for gender equality. Through this inclusive and participatory approach, the WIL project aims to drive meaningful transformation within the tea sector and strengthen the presence of women in leadership.

Human Capital

Ensuring Dignity of Work in the Sri Lankan Tea Sector

In Sri Lanka's 150-year-old tea industry, increasing women's participation and leadership is essential-not only to uphold human rights, but also to drive meaningful transformation for individuals, communities and the industry, while promoting dignity of work across the sector.

Sharing insights on current trends in Sri Lanka's tea industry and addressing key sustainability challenges at the Ethical Tea Partnership's inaugural forum in Sri Lanka.

Gender Parity Dashboard FY 2024/25

	2024/25	2023/24
Remuneration	1:1 Ratio of basic salary between men and women	1:1 Ratio of basic salary between men and women
Sexual Harassment	ZERO Incidents reported	ZERO Incidents reported
Training Opportunities	1.33:1 Training hours per person (M:F)	1.21:1 Training hours per person (M:F)
Career Development Opportunities	5 females promoted	5 females promoted
	6:3 Gender Ratio (senior management)	6:2 Gender Ratio (senior management)

Ratio of Basic Salary between Men and Women

GRI 405-2 | 13.15.3

Our remuneration and benefits framework aligns with relevant labour laws and industry best practices, taking into account each employee's job role, qualifications, experience, and performance. We are committed to gender equality, ensuring that female employees receive the same entry-level basic salary as their male counterparts, maintaining a 1:1 ratio across all staff categories. Overall, there is no significant difference in the basic salary or wage scale between genders.

Living income and living wage

GRI 13.21.1, 13.21.2, 13.21.3

TTE is committed to fair compensation and economic dignity for all employees, aligning our wage structures with recognized living wage standards. In accordance with the Wages Board Ordinance, we guarantee a minimum daily wage of Rs. 1,350 for estate workers, supplemented by variable allowances based on job complexity and performance.

To enhance earnings, we offer initiatives such as the Revenue Share Model (RSM), which enables flexible work schedules and performance-based earnings. Incentive-based schemes like the "Monthly Best Harvester" award and optimized plucking schedules further promote income growth and job satisfaction. The appointment of female supervisors reinforces our commitment to gender equity and inclusive leadership.

We apply the Anker methodology, aligned with Rainforest Alliance standards, to define and monitor living wages based on local living costs and household needs. Our annually updated wage matrix helps identify and close wage gaps. This process is supported through stakeholder collaboration with trade unions, NGOs, employer associations, and government agencies.

To monitor ongoing progress, we utilize the IDH Living Wage Roadmap system in conjunction with Rainforest Alliance-recommended monitoring tools to ensure robust tracking of wage commitments across all divisions.

Living income considerations are integrated into our sourcing, pricing, and remuneration strategies. Product pricing reflects the full cost of sustainable tea production, including fair compensation for workers.

We also monitor supplier wage practices through third-party certifications and internal audits to uphold living wage principles across the supply chain.

3.2 Human Rights

GRI 2-30 | 409-1| 13.16.2

Talawakelle Tea Estates PLC (TTE) upholds a strong commitment to human rights and ethical labour practices, with particular emphasis on preventing forced or compulsory labour. We respect every employee's right to freely choose their employment without coercion, threats, or intimidation. All terms of employment, including resignation and termination procedures, are clearly communicated, ensuring alignment with national labour laws and ethical standards.

TTE does not operate in any country or region with identified high risks of freedom of association violations. Nonetheless, we proactively engage with unions and uphold formal collective agreements, which ensure transparent communication and consensus on significant operational decisions—such as amalgamations or sub-leasing of divisions.

We have also implemented a comprehensive Occupational Health and Safety (OHS) framework, aligned with our collective agreements and OHS Policy. Safety protocols are made accessible to all workers through translations in Sinhala and Tamil, and regular training is conducted to promote safe working environments.

An open-door policy and structured grievance redressal system—aligned with Rainforest Alliance guidelines—empower workers to raise and resolve issues at estate, cluster, or corporate HR levels. Monthly Labour Days further facilitate worker-management dialogue, reinforcing transparency and trust.

There were no reported grievances, lawsuits, or non-monetary fines related to labour or human rights violations during the reporting period.

We do not compel any employee to work against their will, and no cases of forced or compulsory labor were reported within our operations or supply chain during the reporting period. This is further verified annually through independent audits conducted under the Rainforest Alliance certification programme, which assesses compliance with human rights and ethical labor standards.

3.3 Employee Relations

GRI 2-25,26,30 | 402-1, 407-1 | 13.18.2,13.21.1,13.21.2,13.21.3

As a large organisation with 5,200+ employees, we place a strong emphasis on open communication to earn trust and respect of our employees. We encourage managers at all levels to build strong relationships with their teams through regular meetings and team briefings. The performance appraisal process also serves as a platform for open discussion between employees and their respective superiors.

Further, with over 77 % of our workforce represented by collective bargaining agreements, monthly meetings with union representatives are deemed an essential part of our employee relations framework. We fully recognize and support our employees' freedom of association and the right to collective bargaining. Nearly 98% of our estate workforce is unionized, spanning five distinct worker categories. Wages for manual workers are determined in accordance with the Wages Board Ordinance, guaranteeing a minimum daily wage of Rs. 1,000. Collective bargaining plays a vital role in negotiating incentives and annual increments, reinforcing our commitment to fair compensation and workers' rights.

Meanwhile, employees are informed of operational changes within 4 weeks prior to implementation. Executives are informed via email, while notice boards are used to communicate operational changes to estate staff and manual workers. Union representatives are also informed of operational changes at the monthly meetings.

We encourage employees to proactively report their grievances. Our open-door policy empowers all employees to come forward with their concerns. The 'Chat with HR' platform is a dedicated mechanism for all corporate office employees to openly express their concerns, grievances, and ideas with the HR team.

Employees can also access our formal grievance handling and resolution process which has been developed in line with the Rainforest Alliance certification. Monthly labour days also provide an ideal platform for workers to engage with the management and resolve their concerns. All grievances are treated seriously and investigated promptly by the relevant authorities. Depending on the nature of the grievance, it may be escalated to the regional cluster units or to the corporate HR team for guidance on resolving the issue.

Additionally, our whistleblower policy actively encourages all employees to report any breaches of their rights or misconduct of superiors/subordinates while ensuring utmost confidentiality.

3.5 Occupational Health and Safety

GRI 403-1, 2, 3, 4, 5, 7, 8, 9, 10 | 13.19.2, 13.19.3, 13.19.4 13.19.5, 13.19.6, 13.19.8, 13.19.9,13.19.10, 13.19.11

The health and safety of our employees is of paramount importance. As a plantation Company, we are acutely aware of the occupational risks associated with our field and factory operations and have made a firm commitment to safeguard every individual within our premises, including employees, contractors, and visitors. Our efforts are supported by a comprehensive OHS policy and Safety Manual developed in compliance with all national (OHS) regulations set out under the Factories Ordinance No. 45 of 1942 and Amendments thereto and global best practices for preventive safety measures, safety risk assessments, hazard identification procedures and incident investigation protocols.

A dedicated OHS Committee at each estate provides oversight for the proper implementation of the procedures encapsulated in the Safety Manual. The Committee, which comprises a cross functional team from each estate and factory, and includes union representatives, is also responsible for identifying workplace hazards, resolving issues, and updating safety protocols. as well as for investigating incidents/near-misses and reporting to the Managing Director and the senior leadership team on a monthly basis, thereby creating a feedback loop to facilitate continuous improvement of safety infrastructure and protocols. Awareness on Occupational Health Safety conducted for estate management and factory staff and workers by the District Factory Inspecting Engineer.

First aid training for staff

Health and Safety Committee Estate Level 10-15 Members Monthly/Quarterly Meetings	Key Responsibilities
Led by the Estate Manager	• 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
70 % Manual	• Support new measures introduced to enhance and upgrade health and safety standards across the estate
55 % Staff	• Provide support to carryout health and safety risk assessments, annual audit and plans.
69 % Executive	• Monitor workplace injuries and implement corrective action to minimise the risk of future incidents

Human Capital

- Health and Safety
- Training Initiatives FY2024/25
  - Safety Handling of Chemicals & Spraying
  - Hazad Identification
  - First Aid
  - Fire Fighting & Fire Drills
  - Use of PPEs

4,213
Estate Employees Trained FY 2024/25

4,305
Training Hours FY 2024/25

1.02 hrs
Average Training Hours Per Estate Employee FY 2024/25

Estate Work Related Injury Indicators FY 2024/25

9.1 Mn Hours
Number of Hours Worked Estate Workforce

56
Injuries FY 2024/25

6.1
Injury Rate FY 2024/25

62
Lost work days FY 2024/25

There was no any work-related ill health was reported and no permanent/partial disability, occuaptional diseases or work-related fatelities, during the reporting year

4. Employee Motivation and Satisfaction

GRI 403-6 | 13.19.7

4.1 Employee Wellbeing

To complement our strong focus on OHS, we have adopted a holistic approach to safeguard employee wellbeing. Workman's compensation insurance safeguards the financial wellbeing of our estate and factory workers in the event of injury or illness from the workplace. In addition, we have partnered with Janashakthi Insurance to offer our manual workers a special medical insurance scheme for their routine healthcare needs.

Moreover our robust employee wellbeing programme focuses on holistic welfare, emphasising both physical and mental wellbeing of our employees and the communities living within our estates. The multifaceted programme includes regular health camps, mobile medical clinics, and awareness sessions on key health topics including maternal care, child nutrition, sanitation, and disease prevention. In collaboration with regional health authorities and NGOs, we frequently organise special clinics that provide screenings for chronic illnesses such as diabetes, hypertension, and vision impairment.

4.2 Rewards and Recognition

Great Place to Work

TTE was proudly awarded the Great Place to Work® certification following a comprehensive evaluation of its workplace culture and employee satisfaction. The assessment considered critical indicators such as employee turnover, productivity, participation, and engagement. TTE achieved an outstanding 99% employee satisfaction score, reflecting a deeply engaged, motivated and content workforce.

- Among 15 Best Workplaces for Women in Sri Lanka for 2024

South Asian Business Excellence Award 2024

- Best Use of CSR Practices in Community Development - WINNER
- Best Use of CSR Practices in Women & Children Empowerment -WINNER
- Best Place to Work (Work, Health & Safety) - WINNER

TTE PLC Metric Total Training hours & investment

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

Contribution We invested Rs. 11 Mn in FY 2024/25 for leadership development and training across estates, ensuring inclusive access to education and career growth.

SDG Target 4.3

Championing Excellence in Tea Harvesting : Best Tea Harvester Contest

In a remarkable tribute to the skill and dedication of Sri Lanka's tea harvesters, TTE successfully conducted the third edition of its Best Tea Harvester Competition in March 2025, at the Dimbula Cricket Club Grounds in Nanu Oya, drawing enthusiastic participation and support from plantation communities.

A total of 16 female tea pluckers, each a winner of their respective estate-level competitions, competed in the grand finale. The competition emphasized not only harvesting speed but also the critical importance of precision in maintaining the high-quality standards of Ceylon tea. Expert evaluators from the Tea Research Institute assessed each participant on both yield and leaf quality.

Ms. Anthony Iresha Rajaletchumi from Great Western Estate emerged as the overall champion, demonstrating exceptional skill by harvesting 6.2 kilograms of tea in just 15 minutes. In recognition of her outstanding performance, she was awarded a cash prize of Rs. 500,000 along with additional accolades.

This annual event continues to celebrate the invaluable contributions of tea harvesters while promoting excellence and pride in the profession.

Short Term

- Introduce a digital wellness app or platform that provides employees with resources like mental health support, stress management, fitness tracking & nutrition guidance to enhance employee wellbeing, reduce absenteeism & boost morale.

Medium Term

- Create an internal mobility program that allows employees to explore different roles or functions within the company for skill enhancement.

Long Term

- Set up a leadership development program tailored to future challenges in tea plantation management & sustainability.

Future Roadmap

NATURAL CAPITAL

Natural capital is central to our operations and long-term sustainability. From soil and water to biodiversity and climate stability, these ecosystems serve as both inputs and beneficiaries of our responsible practices. At TTE, we take a regenerative approach minimizing impacts while restoring ecosystems through soil conservation, reforestation, and climate-smart agriculture. This section explains how we measure, manage, and improve our environmental footprint to protect the landscapes we rely on.

Use of Drones to Minimize Agrochemical Usage

Deploying agricultural drones to apply pesticides or fertilizers more precisely and uniformly, targeting only where necessary.

Motor System Optimization to Reduce Energy Consumption

Improving the efficiency of electric motors in factory operations by upgrading to energy-efficient models or optimizing load, speed, and controls.

Waste to Energy

Biogas project converts estate waste into energy, reducing methane emissions and promoting circular economy practices.

Chemical Leasing Model

Adopted chemical leasing to cut agrochemical use, reduce GHG emissions, and promote climate-smart, low-emission tea cultivation.

GRI 3-3 | 13.1.1, 13.7.1, 13.8.1

Management Approach

Risks
Rising temperatures and erratic weather patterns threaten crop yields, biodiversity, and water availability.

Unsustainable land use and agrochemical reliance can degrade soil health and ecosystem stability.

Opportunities
Prioritise regenerative agriculture to enhance soil fertility to improve long-term productivity.

Material Matters
- Materials
- Soil and Land
- Energy
- Water
- Climate
- Waste
- Biodiversity & Ecosystems

Management Approach
Our approach to preventing Natural Capital loss environmental policies are anchored to 4 pillars: Climate Action, Resource Conservation, Sustainable Land Management and Ecosystem Restoration, that collectively represent a holistic commitment to preserving and enhancing the natural environment while ensuring the long-term sustainability of our operations. Our climate action strategy prioritises decarbonisation through energy reduction initiatives and strategic investments in renewable energy aimed at lowering emissions and enhancing climate resilience, while commitment to resource conservation aims to minimise waste and drive circular economy principles. Meanwhile our efforts towards sustainable land management aim to preserve and protect the Country's agricultural lands. Likewise we continue to demonstrate our leadership in ecosystem restoration through high impact projects that focus on reversing or at the very least halting nature loss.

Governance

Oversight
- Board of Directors
- Group Management Committee
- Sustainability & Quality Systems Development Team
- Estate Environmental Management Committees

Compliance
- Environment Act of Sri Lanka
- Environmental Protection Licence

Voluntary Best
- UN Climate Neutral Now
- Eco label - Tea
- UN Global Compact
- CEO Water Mandate
- Science Based Target Initiative (SBTi)
- ISO 14001:2015
- ISO 14064-1:2018
- ISO 50001:2018

Internal Mandates and Commitments
- Hayleys Life Code
- Environmental Policy
- Nature-Positive Business Policy
- Net Positive Water Impact Commitment
- Climate Action and Energy Conservation
- Green Building Initiatives
- Circular Economy and Waste Management

Monitoring and Reporting
- Environment Management System (EMS)
- Energy Management System (EnMS)
- Hayleys CUBE" Sustainability Data Management System
- Global Reporting Initiative (GRI)
- GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022
- Sustainability Accounting Standards Board (SASB)
- Good Agricultural Practices
- UN Sustainable Development Goals (SDG's)

Capital Performance FY 2024/25

Resource Allocation Highlights

Rs. 60.4 Mn invested in renewable energy	ISO 50001 Energy Management System implemented at Mattakelle Tea Factory	247 hectares of land allocated for fuelwood cultivation	Implemented the Net Positive Water Impact Policy	Implemented the Net Positive Business Policy	Commenced a large-scale reforestation project to establish a forest corridor in Sri Lanka's central highlands

Outputs for TTE
- 4.8% year on year increase in energy intensity
- 5.86% year on year increase in renewable energy generation
- 27% reduction in Scope 1 and Scope 2 emissions in line with SBTi baseline targets set in 2020
- 15.7% year on year decrease in the use of agrochemicals

Stakeholder Outcomes	FY 2024/25	FY 2023/24	Value Enhanced (+) | Preserved (=) | Eroded (-)
Emissions CO_2 owing to climate action initiatives (emission reduction)	23,431tCO_2e	25,194tCO_2e	Enhanced
Conservation of water bodies	147	147	Preserved
Renewable energy usage	88%	86%	Enhanced
Contamination of water bodies due to spills	NIL	NIL	Preserved

SDG's

- Target 6.6: Protect and restore water-related ecosystems, including forests, wetlands, and rivers.
- Target 6.4: Increase water-use efficiency and ensure sustainable freshwater withdrawals.

- Target 12.2: Achieve sustainable management and efficient use of natural resources.
- Target 12.4: Reduce chemical pollution and waste generation through responsible production.

- Target 13.1: Strengthen resilience and adaptive capacity to climate-related disasters.
- Target 13.2: Integrate climate change measures into policies and planning.

- Target 15.1: Ensure the conservation, restoration, and sustainable use of terrestrial ecosystems.
- Target 15.2: Promote sustainable management of forests and halt deforestation.

NATURAL CAPITAL

Climate Adaptation and Resilience

"Recognizing the dual challenge of contributing to and being impacted by climate change, we have embedded climate resilience across our natural capital strategy to protect and enhance the ecosystems we rely on"

At Talawakelle Tea Estate PLC, we recognize that safeguarding our natural capital goes hand-in-hand with building resilience to climate change. As extreme weather patterns, water stress, and biodiversity loss become more frequent, we are proactively adapting our operations to withstand these risks while contributing to climate resilience across the landscapes we manage.

Resilience Measures

Our estate operations have integrated **climate-smart water management** practices, including rainwater harvesting, contour drains, and efficient irrigation systems—enhancing our ability to adapt to seasonal variability and prolonged droughts. Through the adoption of **energy-efficient** technologies and the reduction of fossil fuel dependency, we are not only lowering our carbon footprint but also reinforcing energy security in the face of future climate volatility. We are strengthening ecosystem resilience by expanding biodiversity corridors, conserving native flora, and restoring degraded areas. These nature-based approaches serve as buffers against landslides, erosion, and erratic rainfall, while protecting critical habitats.

Our strategy also draws on indigenous knowledge and scientific innovation to build community and ecological resilience. By aligning our adaptation actions with our emissions reduction, water stewardship, and biodiversity goals, we ensure that our climate response is holistic, inclusive, and future-ready.

For further details, refer to the Climate Adaptation and Resilience section under SLFRS Sustainability Disclosures on page 81

Energy Management

GRI 302-1, 2, 3, 4, 5

215,985 GJ
Renewable Energy Generated

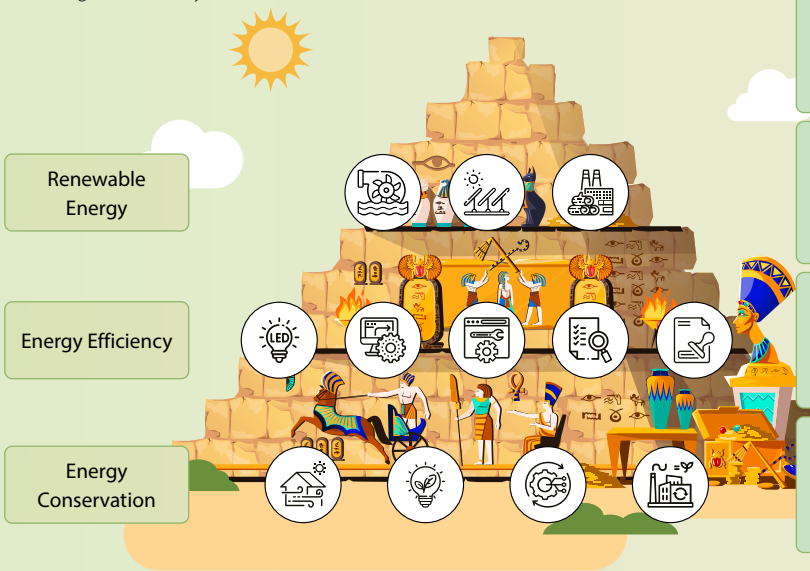
13.16%
Reduction in Grid Electricity usage

5.8%
Increase of renewable energy usage

TTE Systematic Approach to Optimizing Energy Usage and Enhancing Sustainability

Smart Energy Pyramid

Systematic approach to optimizing energy usage and enhancing sustainability



The energy pyramid offers a structured hierarchy of steps to follow, starting with the most cost-effective measures. This systematic approach ensures that all aspects of energy management are addressed, from basic conservation to advanced renewable energy integration.

- Solar Power
- Hydro power
- Sustainable Biomass from suppliers
- Self grown Biomass
- By renewable energy credits generation

- Machinery Upgrade & Regular maintenance
- Automation, LED Bulb use, Implemented energy management system, Internal Audits, External Audit & ISO 50001: 2018 Certified

- Use natural Lights and ventilation, Integrated Green building concept, Pre-heat biomass by Heat recovery process, VFD Installation, Process optimization, Shift energy use to off peak times.

As a tea manufacturing company, our core operations are centered on agricultural processing rather than the design or modification of energy-consuming products, limiting our direct influence on the energy requirements of end-use products. However, we acknowledge that our midstream operations withering, rolling, and drying are highly energy-intensive, relying on a mix of direct on-site generation and grid-supplied electricity. As operations grow, improving energy intensity remains a strategic priority. Guided by our Energy Management Policy and aligned with ISO 50001:2018, we continue to invest in energy-efficient technologies and renewable energy solutions to enhance process efficiency. A significant milestone was the successful ISO 50001 implementation at Mattakelle Tea Factory, supported by the National Cleaner Production Centre. With this achievement, 2 TTE factories now operate under the ISO 50001 framework, reinforcing our commitment to energy efficiency, sustainable growth, and long-term emissions reduction.

Reducing Energy Consumption

During the year, TTE recorded a 2.4% change in total energy consumption, driven by continuous improvements in energy efficiency and process optimisation. We have also taken steps to reduce the energy intensity of our operations for example, by upgrading to energy-efficient machinery and enhancing heat recovery systems in tea drying processes. These improvements not only lower our operational footprint but also reduce the energy required per unit of product, supporting our goals in sustainability and climate adaptation, while ensuring consistency and traceability in tracking energy performance across sold products and services.

Invest in Renewable Energy

Our investment in renewable energy is critical in lowering our overall carbon footprint. Over the years, we have expanded our renewable energy portfolio through investments in mini-hydros, biomass, and more recently, through rooftop solar installations with the aim of achieving energy self sufficiency. As of March 31, 2025, these combined initiatives have enabled TTE to meet a significant portion of its energy requirements through renewable sources, with clean energy accounting for 88% of our annual consumption.

Biomass

Biomass remains the largest contributor to TTE's renewable energy mix, accounting for 85% of total usage. As early adopters of biomass technology, all TTE factories are equipped with biomass-powered steam systems for the tea drying process.

Our biomass production draws on fuelwood and briquettes. This year, fuelwood from licensed third-party suppliers met 78% of our demand. To reduce supply chain risks, TTE has allocated over 80 hectares within high-grown estates for fuelwood cultivation, including 29.5 hectares added this year. Eucalyptus spp. makes up 76% of this area, with the rest under mixed forestry.

Solar Energy

Solar energy accounts for 0.96% of the Company's total energy mix. To-date TTE has invested over LKR 59.3 Mn in rooftop solar systems at 6 of our estates. In the current year alone, we allocated significant resources toward solar expansion, including the latest addition to our network, Kiruwanaganga Tea Factory. This factory stands as a benchmark in sustainable design, incorporating energy-efficient systems, natural lighting, and recycled materials, all of which align with global green building principles. With this latest solar rooftop installation, our collective generation capacity increased to 300 KWp. Generation recorded for the current financial year was 2,064.5 GJ.

HydroPower

Hydropower has served as a reliable renewable energy source for TTE for many years, supported by investments in mini-hydro plants that harness natural water flow to generate renewable energy. Mini-hydros located at our Somerset, Radella and Palmerston estates which are within designated hydro-catchment areas in Sri Lanka, contribute approximately 13.3% to TTE's renewable energy mix.

Renewable Energy

FY	2024/25	2023/24	tCO_2e Saving
Biomass (GJ)	185,137	177,085	-
Hydropower (GJ)	28,783	24,697	5452.72
Solar Power (GJ)	2,064.50	2,240	406

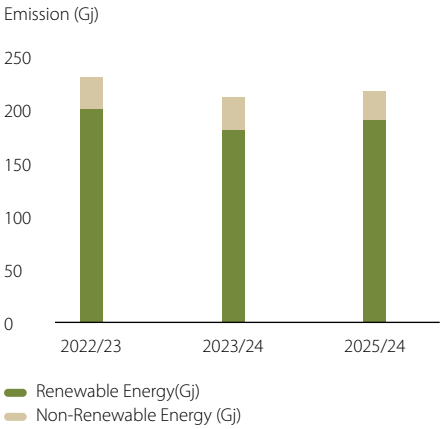
NATURAL CAPITAL

Motor System Optimization to Reduce Energy Consumption

To address high electricity consumption at Holyrood Estate, we implemented a Motor System Optimization Project. Using the PEL 103 Power Logger, we assessed key motors and identified inefficiencies caused by outdated models and repeated rewinding. Many motors operated below optimal efficiency. The assessment recommended replacing old motors with IE3-class energy-efficient models and installing Variable Frequency Drives (VFDs) for the dryer fan to align energy use with operational needs. This initiative aims to enhance system performance, optimize power usage, and reduce electricity consumption—contributing to our Natural Capital conservation efforts.

Energy consumption by scope	2024/25	% Share	2023/24	% Share	% Change
Within the organization (Gj)					
Renewable Energy					
Biomass	185,137	85%	177,085	83%	4.5%
Non Renewable					
Diesel	6686.53	3%	6,540	3%	2.2%
Petrol	2884.23	1%	5,126	2%	-43.7%
Grid Electricity usage	14684	7%	16,910	8%	-13.2%
Self generated consumption (Hydro)	6274	3%	4,975	2%	26.1%
Total Energy consumed within the organization (1)	215,666	99%	210,637	99%	2.4%
Outside the organization (Gj)					
Diesel	1128.32	0.5%	1098.00	0.5%	2.76%
Petrol	1,039	0.5%	925	0.4%	12.37%
Energy consumed outside the organization (2)	2,168	1%	2,023	0.95%	7.16%
Total energy consumed (1+2)	217,833	-	212,660	-	2.43%
Made tea output (Kilograms)	5,518,985	-	5,719,536	-	-3.5%
Average energy consumed per unit of made tea inside the organisation (GJ/KG)	0.04	-	0.037	-	6.2%
Average energy consumed per unit of made tea outside the organisation (GJ/KG)	0.0004	-	0.00035	-	11.1%

Energy Usage (3 YEAR TREND) (000')



TTE PLC Metric GHG emission within our organization boundary

Our 2030 Target Net-zero greenhouse gas emissions by 2050.

Contribution We are committed to achieving net-zero emissions and verifying our targets through the Science Based Targets initiative (SBTi)

Target 13.1 | 13.2

Emission Management Strategy

GRI 305-1, 2, 3, 4, 5, 6, 7 | 13.1.2, 13.1.3, 13.1.4, 13.1.5, 13.1.6, 13.1.7, 13.1.8

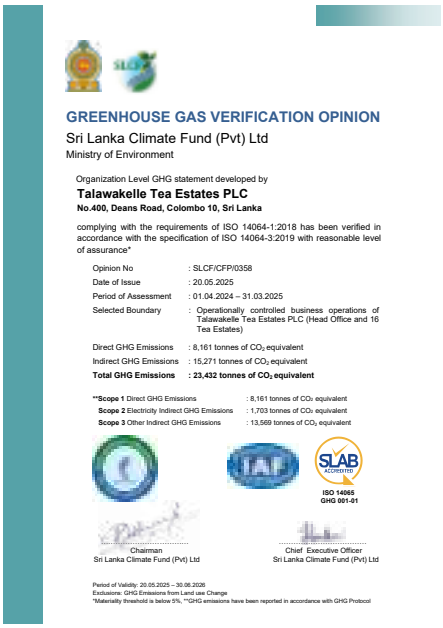
13.2% Scope 2 Emission Reduction

5,858 kg CO_2 Emission Saving

4.8% Increase in Emission Intensity

TTE continues to measure annual carbon footprint in line with ISO 14064-1:2018 standards for GHG inventory preparation and management, certified by the Sri Lanka Climate Fund. This includes tracking Scope 1 (direct emissions) from company-owned sources, Scope 2 (indirect emissions) from purchased electricity, and Scope 3 (other indirect emissions) from supply chain activities. Additionally, since formally committing to the UN Climate Neutral Now programme in 2019, TTE continues to work towards the Net Zero emission by 2050 target in accordance with the 2015 Paris Climate Agreement.

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



GREENHOUSE GAS VERIFICATION OPINION

Sri Lanka Climate Fund (Pvt) Ltd

Ministry of Environment

Organization Level GHG statement developed by

Talawakelle Tea Estates PLC

No.400, Deans Road, Colombo 10, Sri Lanka

complying with the requirements of ISO 14064-1:2018 has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No : SLCF/CFP/0358

Date of Issue : 20.05.2025

Period of Assessment : 01.04.2024 – 31.03.2025

Selected Boundary : Operationally controlled business operations of Talawakelle Tea Estates PLC (Head Office and 16 Tea Estates)

Direct GHG Emissions : 8,161 tonnes of CO_2 equivalent

Indirect GHG Emissions : 15,271 tonnes of CO_2 equivalent

Total GHG Emissions : 23,432 tonnes of CO_2 equivalent

Scope 1 Direct GHG Emissions : 8,161 tonnes of CO_2 equivalent

Scope 2 Electricity Indirect GHG Emissions : 1,703 tonnes of CO_2 equivalent

Scope 3 Other Indirect GHG Emissions : 13,569 tonnes of CO_2 equivalent

ISO 14065 GHG 001-01

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 20.05.2025 – 30.06.2026

Exclusions: GHG Emissions from Land use Change

*Materiality threshold is below 5%, **GHG emissions have been reported in accordance with GHG Protocol

Emission Summary

Item	2024/25 Total tCO2e	2023/24 Total tCO2e	Variation
Scope 01			
Stationary Combustion			
Diesel for Generator	66.70	68.35	-2.4%
LPG use	14.74	12.56	17.4%
Biomass	1701.78	1673.37	1.7%
Mobile Combustion			
Diesel (Off-road)	168.87	173.03	-2.4%
Petrol (Off-road)	70.05	146.04	-52.0%
Diesel (On Road)	284.74	268.35	6.1%
Petrol (On Road)	137.48	223.55	-38.5%
Fugitive Emissions			
Refrigeration and air conditioning	0.14	0.14	0.0%
Use CO2 fire extinguisher	0.17	0.17	-2.4%
Direct Emission from fertilizer	5713.36	6696.31	-14.7%
Process Emissions			
Mixed food & garden waste Composting/Anaerobic digestion	1.97	1.17	68.7%
Total Scope 01	8160.01	9263.04	-11.9%
Scope 02			
Indirect emissions from imported electricity	1,703	1961.62	-13.2%
Total Scope 02	1,703	1961.62	-13.2%
Scope 03			
(Category 1) Purchased goods and services	5798.72	6145	-5.64%
(Category 2) Capital goods	125.81	60.57	107.71%
(Category 3) Fuel- and energy-related activities	552.81	694.44	-20.39%
(Category 4) Upstream transportation & distribution	590.34	516.72	14.25%
(Category 5) Waste generated in operations	1.98	1.19	66.39%
(Category 6) Business travel	78.93	38.32	105.98%
(Category 7) Employee commuting	45.59	47.87	-4.76%
(Category 8) Upstream Leased Assets	Non	Non	-
(Category 9) Downstream transportation & distribution	1207.14	1253.88	-3.73%
(Category 10) Processing of sold products	827.59	769.13	7.60%
(Category 11) Use of Sold Products	N/A	N/A	-
(Category 12) End of life treatment of sold products	4159.74	4291.32	-3.07%
(Category 13) Downstream leased assets	179.55	151.62	18.42%
(Category 14) Franchises	Non	Non	-
(Category 15) Investments	Non	Non	-
Total Scope 03	13,568.20	13970.06	-2.88%
Total Emission	23,431.21	25,194.72	-7.0%
Biogenic Emission from Firewood and Briquettes	20735.32	20389.33	1.70%
GHG saving from electricity (Hydro)	5452.72	4604.36	18.43%
GHG saving from electricity (Solar)	405.97	436.19	-6.93%
Total GHG Saving	5858.69	5040.54	16.23%
Emission intensity of per Kg of tea (Kg CO2e/ Tea Kg)	4.24	4.41	-3.62%

Our operation do not release ozone depleting substances. NOx or SOx gasses produced through our daily. operations and community housholds are negligible

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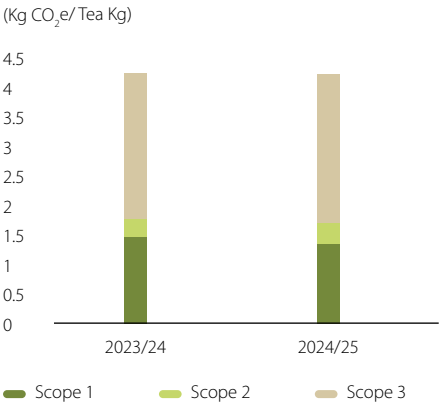
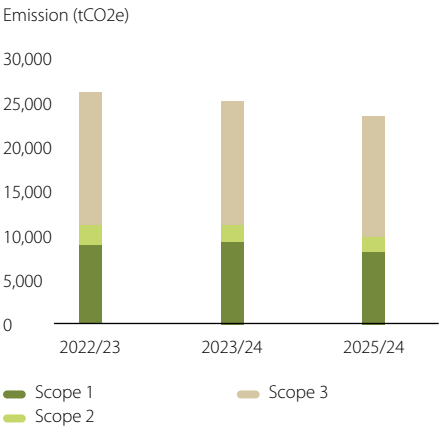
Emission Intensity by Scope



In FY 2024/25, Talawakelle Tea Estates PLC recorded a total GHG emission intensity of 4.24 kg CO_2e per kg of made tea. The graph above provides a detailed breakdown across Scope 1, Scope 2, and Scope 3 emissions, offering transparency into our carbon performance. Compared to the 2022/23 baseline, we achieved a 7.18% overall reduction in emissions, primarily driven by a 13.2% reduction in Scope 2 emissions. Emission calculations included CO_2, CH_4, N_2O, and HFCs, and were conducted in accordance with ISO 14064-1:2018 standards, certified by the Sri Lanka Climate Fund. Scope 1 and 3 reductions continue to be tracked under our broader emissions reduction roadmap.

GHG Emission (3 Year Trend)



SBTi Commitment

TTE has further advanced its commitment to the Net Zero emission target by aligning with the Science-Based Targets (SBT) to set ambitious carbon reduction goals to support the achievement of global climate action objectives. In the four years since embarking on the SBTi journey, the most recent verification of TTE's Near-Term Targets have confirmed a 27% reduction in Scope 1 and Scope 2 emissions, which is consistent with the baseline targets established in 2022/23.

Driving Decarbonisation Across the Value Chain

Recognising that decarbonisation is a collective responsibility, we have extended our climate action efforts beyond our own operations by collaborating with buyers, brokers, and other key stakeholders across the value chain to co-develop sustainable codes and establish carbon inventory benchmarks for midstream and downstream activities. TTE is also an active member of the Climate Emergency Task Force, an industry-driven initiative focused on driving large-scale climate action within and beyond the plantation sector.

TTE's GHG Emission Reduction Strategic Plan

Baseline Emissions	Near Term Targets	Net Zero
2022/23	2030	2050
Fuel Switch	Low Carbon Agriculture Practices	Supplier Engagement
Energy Efficiency Improvement	Renewable Energy (Hydro, Solar)	Offsetting Residual Emission
Sustainable Agriculture		

Chemical Leasing for Low-Emission Agriculture

Talawakelle Tea Estates PLC, in collaboration with Lanka Responsible Care, adopted a Chemical Leasing model shifting from volume-based agrochemical sales to a performance-focused approach. In the plantation sector, nitrogen-based fertilizers are a major source of GHG emissions. By optimizing fertilizer and pesticide application, this initiative aims to reduce chemical use and lower emissions from soil. It enhances productivity, operational efficiency, and supports climate-smart agriculture reinforcing our commitment to sustainable, low-emission tea cultivation in Sri Lanka.

Water Management

GRI 303-1, 2, 3, 4, 5 | 13.7.2, 13.7.3, 13.7.4, 13.7.5, 13.7.6

147
Natural water sources protected

97%
Water discharge quality compliance

7,998 m³
Total water consumption

As a plantation Company, TTE's water footprint is minimal. Water is used mainly for employee consumption, factory cleaning and gardening. Water requirements are met through surface water extraction from natural water bodies as well as rainwater harvested from tanks located within our estates. Over the years, TTE has made substantial investments towards rainwater harvesting infrastructure and other technology to reduce water wastage. At our new Kiruwanaganga factory, we have invested in rainwater harvesting systems that work to replenish and restore groundwater water.

To minimise water extraction, we focus on eco-friendly irrigation systems and prioritise water recycling initiatives across our operations, where possible and practical. TTE has also established chemical-free buffer zones around water bodies. As a member of the CEO Water Mandate, , TTE reports on its water stewardship initiatives annually.

We follow the
UN CEO Water Mandate Principle

Effluent Management

As an initiative to manage effluent discharge, our estates have established wastewater purification systems equipped with sedimentation and filtration tanks to treat both factory and domestic wastewater. Additionally, we promote bioremediation by conserving natural vegetation and planting recommended species such as Canna generalis, Tithonia diversifolia, Vetiveria zizanoides, and Wedelia trilobata along wastewater flow.

Water Source Protecting

As part of our ongoing commitment to environmental stewardship, Talawakelle Tea Estates PLC continues to lead the St. Clair Restoration Project an initiative focused not only on restoring biodiversity but also on protecting critical watershed areas that feed into one of Sri Lanka's major water sources. Through strategic reforestation, riparian buffer zone management, and long-term monitoring, we aim to safeguard water quality and availability for both ecosystems and surrounding communities. This project is a cornerstone of our sustainable water management efforts, and we remain actively engaged with local and national stakeholders to ensure its continued impact.

Surface water Megalitre	2024/25	2023/24	Variance
Total water withdrawn	7.998	7.723	3.6%
Total water consumption	0.555	0.521	6.5%
Total water discharge	7.443	7.201	3.4%

Water Risk Assessment

Type	Water Source		Availability	Quality	Access
Water Stress Basin	Talawakelle Region		Medium Risk	High Risk	Low Risk
	Nanu Oya Region		Medium Risk	High Risk	Low Risk
	Deniyaya Region		High Risk	Medium Risk	Low Risk
Non-stressed Basins	Galle Region		N/A	N/A	N/A

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As part of our Nature-Positive Business Policy, we began our Net-Positive Water Impact (NPWI) journey, guided by the Water Resilience Coalition under the CEO Water Mandate. A pilot assessment, supported by TTE PLC and IWMI under the Ministry of Irrigation's IWWRMP, was completed using a tailored NPWI scorecard.

We also assessed water availability, quality, and access across our operational regions. Based on this, we remain committed to responsible water management. In water-stressed areas, especially where local communities face high risk, we take proactive steps to reduce water usage and conserve shared water resources.

TTE PLC Metric
Contribution to Watershed management & Reducing pollutant discharge

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

Contribution
By investing in treatment facilities and rainwater harvesting, we contribute to ecosystem health and responsible water use

Target 6.3 | 6.6

Material Consumption

GRI 301-1, 2, 3

24.3%
Reduction in Dolomite Usage

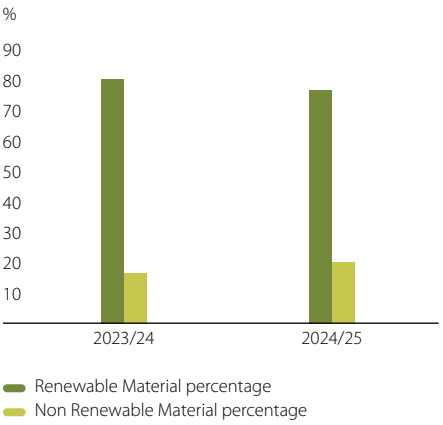
15.7
Reduction in Agro-chemical Usage

505 Kg
Plastic Waste Recycled

With operations extending across 16 estates covering cultivation, processing, and packaging, our material usage is significant. Aligned with our Regenerative Agenda, we are transitioning from a traditional linear economy model to a circular approach focused on resource efficiency and the 4Rs reuse, recycling, recovery, and reduction. We actively prioritize the use of renewable inputs wherever feasible and ensure prudent management of non-renewable resources. Green leaf, our core raw material, represents over 86% of total input, while non-renewables such as fertilizers, agrochemicals, and dolomite account for the remaining 14%. Currently, recycled materials are not integrated into our production process. As an export-focused operation, reclaiming and reusing packaging materials is not practical. However, we utilize recyclable paper sacks and prefer suppliers who provide sustainable, low-footprint packaging solutions.

Material Consumption	2024/25	% Share	2023/24	% Share
Factory Operations				
Green Leaf	20,213	79.1%	22,071	80.87%
Packing material	83	0.3%	75	0.27%
Total renewable materials (Tons)	20,296	79.4%	22,146	81.14%
Field operation				
Fertilizer	3,624	14.2%	2971	10.89%
Agrochemicals	11.8	0.0%	14	0.05%
Dolamite	1,634	6.4%	2,161	7.92%
Total Non renewable materials (Tons)	5,270	20.6%	5,146	18.86

Renewable Vs Non-Renewable Material Usage



Waste Management

GRI 306-1, 2, 3, 4, 5 | 13.8.2, 13.8.3, 13.8.4, 13.8.5, 13.8.6

Waste Generation and Significant Waste-Related Impacts

TTE's waste management policy is driven by circular economy principles that underscore the Company's commitment to reducing waste sent to landfills. Policy dictate 7R practices - refuse, reduce, reuse, recycle, reclaim, repair, and replace. As part of this approach, organic waste is repurposed into compost and biogas, while refuse tea is converted into value-added products. Agricultural waste is reused to make briquettes, used as biomass fuel.

Non-biodegradable waste such as metal, glass, plastic, polythene and paper are collected, segregated and responsibly disposed of, 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

Management of Significant Wasterelated Impacts

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Waste to Energy

As part of our sustainable waste management strategy, we initiated a biogas project at Dessford Estate, Nanu Oya, using food, kitchen, and garden waste to generate renewable energy. This project not only reduces methane emissions and environmental pollution but also lessens reliance on LP gas and chemical fertilizers turning waste into a valuable resource while promoting circular economy principles.

Waste Management Within Estate

Talawakelle Tea Estates PLC, in partnership with the Nanu Oya Pradeshiya Sabha, has implemented a structured waste segregation initiative across its estates. Moving beyond awareness, the program introduces a practical system where estate residents are required to separate and hand over waste biodegradable and non-biodegradable every Friday. Public Health Inspectors and Environmental Officers provided clear guidance on proper segregation methods.

Waste type and disposal	2024/25	2023/24
Waste diverted from disposal (Kg)		
Composting		
Biodegradable mix waste	222,200	132,414
Recycling		
Glass	206	396
Plastic	505	871
Polythene	277	1,014
Metal/Iron	128	457
Paper	707	2,422
Total Recycling	1823	5,159
E waste	209	287
Bulbs used	789	643
Total on site storage	998	930
Waste directed to disposal (Kg)		
Authorized Landfill		
Non hazardous mix waste	-	6,786
Total Waste Generation	225,021	145,289

During the reporting period, no significant spills were recorded across any of our estates or facilities. As a result, there were no spill-related incidents disclosed in the financial statements. Our operations maintained strict environmental safeguards and spill prevention protocols, ensuring zero occurrences of oil, fuel, waste, or chemical spills that could impact soil or water surfaces.

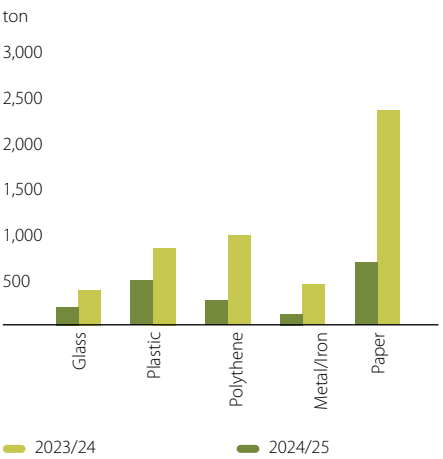
TTE PLC Metric Waste generation within in our estate

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

Contribution Estate-level waste segregation, composting, and biogas use help reduce environmental pollution and promote circular economy principles

Target 12.5 | 12.4

Waste Recycling by Waste Type



Segregation of waste

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Sustainable Land Management

GRI 13.5.1,13.6.1,13.6.2

As a tea plantation Company, TTE PLC has a deep-rooted connection to the land. We recognize that the health of our plantations is vital for our operations and as such have put in place key measures to protect, conserve and nurture soil vitality in line with the Rainforest Alliance Sustainable Agriculture Standard.

Improving Soil Health

We take a multi-faceted approach to improving soil health. Fertilizers supply key nutrients like nitrogen, phosphorus, and potassium to boost plant growth, yield, and soil fertility. Weedicides and herbicides control weeds competing for nutrients, water, and sunlight, while fungicides prevent diseases like mildew and rust. Adaptive Management Systems use real-time weather, environmental, and climate data, along with IoT devices, to monitor soil health indicators such as pH, carbon levels, and temperature. This enables timely adjustments for optimal use of fertilizers, agrochemicals, water, and nutrients, strengthening climate resilience. To promote long-term fertility, we've developed the 4K Soil Nutrient Framework, focusing on soil testing, organic matter, erosion control, and water management to sustain moisture and microbial activity. We also engage in public-private partnerships for research. A key initiative is our collaboration with the Universities of Sabaragamuwa and Wayamba, leading to the development of biochar and vermicompost units. Biochar, with its porous structure, enhances soil fertility, water retention, and nutrient levels supporting regenerative agriculture across our estates.

Soil management

4R of Nutrients Framework

The 4Rs promote best management practices (BPMs) to achieve cropping system goals while minimizing field nutrient loss & maximizing crop uptake

Right Source
- Use of appropriate fertilizer types (e.g., nitrogen-based, organic alternatives).
- Preference for slow-release or stabilized fertilizers to minimize leaching.
- Soil testing conducted to match fertilizer type with nutrient needs.

Right Rate
- Periodic calibration of equipment to ensure precise application.
- Avoidance of over-fertilization to reduce nutrient runoff and GHG emissions.

Right Time
- Avoidance of application during heavy rainfall to reduce runoff.
- Split applications during the season to improve efficiency.

Right Place
- Use of drones or mechanized tools for site-specific application.
- Buffer zones maintained near water sources to prevent contamination.

Minimizing Agrochemical Use

Although TTE PLC does not maintain a standalone policy on agrochemical usage, the Company's comprehensive environmental policy governs all related practices, ensuring alignment with broader environmental objectives. In accordance with recommendations from the Tea Research Institute (TRI), only registered agrochemicals procured from authorized local suppliers are utilized, with strict adherence to national quality, safety, and regulatory standards. All applications and transport procedures follow established precautionary protocols, and personnel involved in chemical handling are thoroughly trained, equipped with appropriate personal protective equipment, and comply with all safety guidelines. Through participation in the Chemical Leasing initiative in collaboration with Lanka Responsible Care, TTE PLC gains valuable insights into minimizing agrochemical runoff and mitigating environmental absorption. Central to this approach is the continuous monitoring and evaluation of chemical application processes. Beyond conventional practices, the Company emphasizes integrated pest management through biological remediation. Guided by Food and Agriculture Organization (FAO) principles and good agricultural practices, priority is given to natural pest control methods that support ecosystem health and biodiversity. In partnership with the TRI, TTE PLC is also engaged in ongoing research to identify and implement sustainable, nature-based solutions that reduce pesticide dependency and exposure.

Minimizing Agrochemical Use

As part of its commitment to responsible chemical usage, TTE monitors pesticide application based on toxicity hazard levels. In the reporting year,

Type of pesticide	Intensity Per hectare	Use amount (2024-2025)	Hazardous level
Herbicides (Weeds and unwanted plants) Glyphosate	1.4- 2.8 L per hectare	13969L	Slightly hazardous (Class III)
Fungicides (Fungi (molds, mildew, etc. copper hydroxide)	280-420g per hectare	670Kg	Moderately hazardous (Class II)

Hazardous level according to WHO recommended classification for pesticide with no use of extremely or highly hazardous substances. This reinforces the Company's emphasis on low-toxicity solutions that protect both human health and the environment.

Use Drone for Minimize Agrochemical Usage

Harnessing drone technology, we've reimagined agrochemical application—ensuring precise, efficient spraying across our tea fields while significantly reducing chemical use and safeguarding both workers and the environment.

Land Management Inside the Estates

To promote sustainable land management, our estates implement contour plowing, terracing, and vegetative buffer zones to reduce erosion. We also adopt soil conservation techniques, rainwater harvesting, and moisture retention practices to preserve soil health and ensure long-term agricultural productivity.

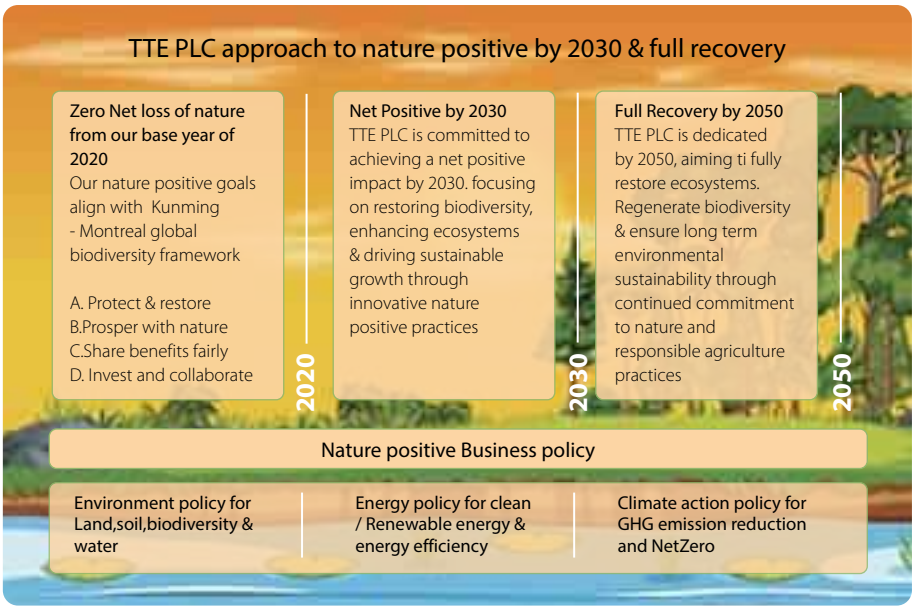
Ecosystem Conservation and Biodiversity Restoration

GRI 101-1, 2, 3, 4, 5, 6, 7, 8 | 13.3.1,13.3.2,13.3.3,13.3.4,13.3.5 | 13.4.1,13.4.2,13.4.3,13.4.4,13.4.5

62 ha
Area Restored

441,571
Trees Planted

Rs. 58 Mn
Invested in Environment Initiatives



Policies to halt and reverse biodiversity loss & Nature Conservation

In 2024, TTE went beyond mainstream efforts to unveil its Nature-Positive Business Policy in 2024 to formally declare its commitment to halting and reversing nature loss. Mapped against the Kunming-Montreal Global Biodiversity Framework, our Nature-Positive Policy aims for Zero Net Loss of Nature from our 2020 baseline and strives for a Net Positive impact by 2030 through transformative regenerative agriculture and regenerative business practices. By prioritizing biodiversity restoration, ecosystem regeneration, and sustainable growth, we are dedicated to achieving Full Recovery by 2050.

Nature Ecosystem Conservation & Biodiversity Management

TTE is committed to a zero-conversion policy for all lands under its management since the 2020 cut-off date, ensuring that no natural ecosystems have been cleared or significantly altered for tea cultivation or estate development. All 16 estates are confirmed conversion-free through internal biodiversity mapping and land-use records.

In compliance with Rainforest Alliance certification, we monitor land-use changes and biodiversity to prevent deforestation and the conversion of forests, wetlands, or ecologically sensitive areas. Estate boundaries are regularly reviewed, and any development is carefully assessed to minimize environmental impact.

We increasingly rely on biomass from our own fuelwood plantations, improving traceability and reducing risks tied to third-party supply chains. We also engage in multi-stakeholder, landscape-level initiatives such as preserving a wildlife corridor near Horton Plains and conserving High Conservation Value (HCV) areas close to St. Clair Waterfall—supporting ecosystem connectivity and community-based biodiversity efforts.

At Talawakelle Tea Estates (TTE), we apply the mitigation hierarchy to manage and minimize our biodiversity impacts, recognizing our estates are located in high-value biodiversity regions, including the central highlands (vital water catchments) and estates bordering the Sinharaja Rainforest.

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1) Avoidance:

We strictly avoid forestland conversion, and activities such as hunting, capturing, or trafficking of wildlife are prohibited across all estates. Buffer zones are maintained near protected areas to prevent disturbances to natural ecosystems.

2) Minimization:

We regularly conduct environmental audits and ecological surveys to monitor our impact. We maintain an inventory of 113 faunal species (44 of which are classified as endangered, vulnerable, or threatened by the IUCN), along with 31 floral species, and adjust estate operations based on scientific data.

3) Restoration & Rehabilitation:

We engage in proactive conservation and restoration measures in degraded areas, with goals focused on ecosystem recovery and protection of native flora and fauna. Local community involvement, awareness campaigns, and education initiatives support ongoing ecosystem restoration, enhancing ownership and stewardship.

Access to Biodiversity Resources and Fair Distribution of Benefits

Currently, Sri Lanka does not have specific national regulations on access and benefit-sharing (ABS), and Talawakelle Tea Estates PLC (TTE) does not engage in research or commercial activities involving the genetic or biochemical composition of resources.

However, in the spirit of fair and equitable benefit-sharing, TTE has implemented voluntary measures to support community wellbeing and biodiversity protection. Estate communities are permitted to collect firewood and non-timber forest products from our estate areas in a regulated and environmentally responsible manner.

Additionally, our biodiversity restoration projects including reforestation, habitat conservation, and ecological buffer zone management have created employment opportunities for local residents, especially in tree planting and land rehabilitation. These actions not only contribute to conservation but also enhance local livelihoods.

Identification of Biodiversity Impacts

Our organization began biodiversity assessments by identifying risk areas in alignment with the Rainforest Alliance standard, helping us recognize key ecological zones and potential operational impacts.

Building on this, and as a TNFD Early Adopter, we are now applying the LEAP approach (Locate, Evaluate, Assess, Prepare) to assess actual and potential impacts on biodiversity from our direct operations,including estates, factories, and other sites we own or manage.

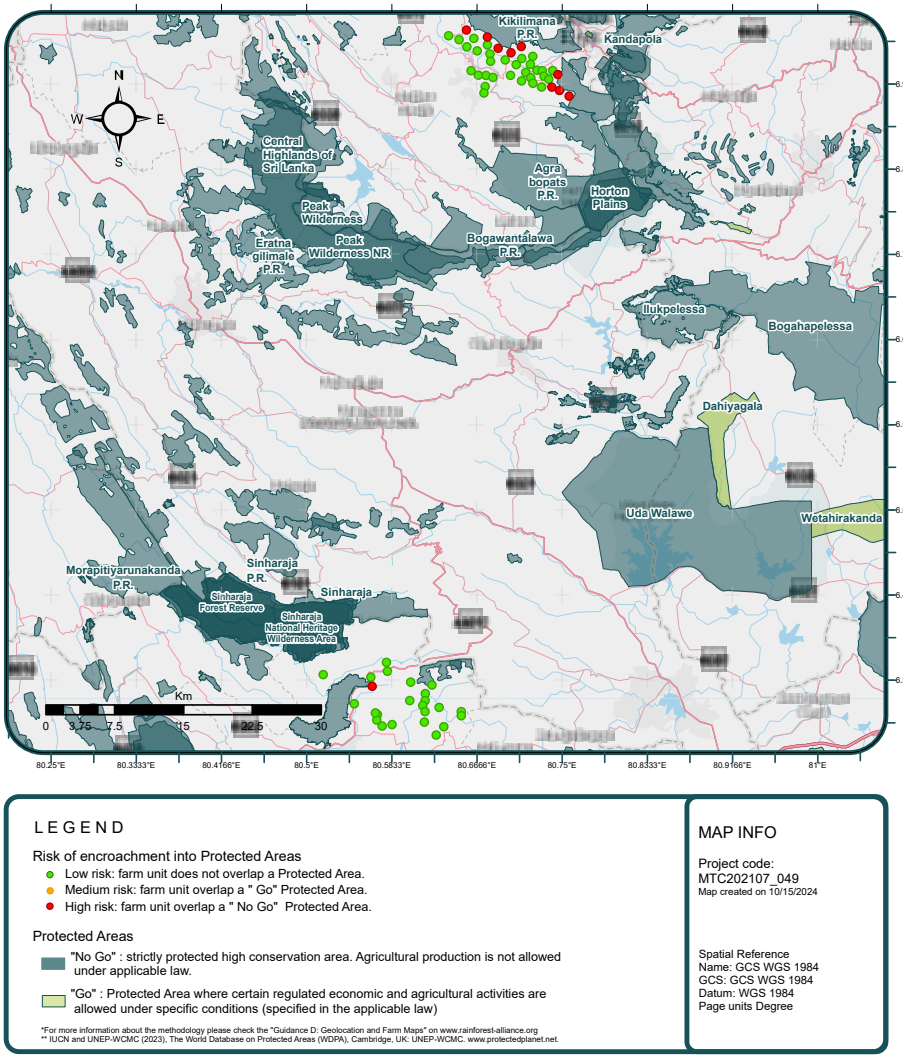
We use tools like the WWF Biodiversity Risk Filter and ENCORE to evaluate:

- Proximity of sites to ecologically sensitive areas,
- Health and importance of local ecosystems,
- Biodiversity impact drivers such as land use, pollution, and water use.

These tools help overlay site-specific data with global biodiversity datasets, enhancing our understanding of where significant impacts may occur. This ongoing process informs our conservation actions, risk management, and future reporting aligned with the TNFD framework.

Locations with biodiversity impacts

According to the Rainforest Alliance standard, we have identified that approximately 15% of our operational sites are in or near ecologically sensitive areas. These areas include zones of biodiversity importance, high ecosystem integrity, and key ecosystem services. This identification helps guide our biodiversity risk assessments and informs conservation efforts across our operations.



(Risk of encroachment into Protected Areas)

Direct drivers of biodiversity& ecosystem loss & changes to the state of biodiversity

Since 1992, our company has maintained a strict policy of zero conversion of natural ecosystems into commercial land. As a result, 0 hectares of natural ecosystems have been converted across our operational sites after this reference year.

Although no ecosystem degradation occurred, several important native and endemic tree species have been identified and preserved within estate areas. These include:

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

Ecosystem Services

We have identified ecosystem services and beneficiaries that are or could be affected in various ways through on-ground biodiversity observations, estate-level natural resource monitoring with biodiversity experts, and stakeholder input, including estate managers and community feedback.

Ecosystem Service Type	Ecosystem Service	Beneficiaries
Provisioning Services	Freshwater for domestic and agricultural use from estate-managed watersheds	Estate workers, surrounding local communities
Regulating & Maintenance Services	Erosion control from vegetation on steep slopes	Local communities (protection from landslides), plantation operations (soil stability)
	Microclimate regulation and shade from preserved native tree cover	Tea crop (yield and quality), plantation workers
	Water purification and retention in riparian zones	Downstream users, communities, company's own agricultural operations
Cultural Services	Aesthetic and recreational value of scenic landscapes (e.g., forested valleys, water streams)	Local residents, eco-tourists, estate employees
	Spiritual and cultural significance of endemic species and old trees	Spiritual and cultural significance of endemic species and old trees

Large-scale Reforestation Project to Establish a 13 km Forest Corridor Along the Naanu Oya and Agra Oya in Sri Lanka's Central Highlands

TTE, in collaboration with the Wildlife and Nature Protection Society (WNPS) PLANT, launched a large-scale reforestation project in Sri Lanka's central highlands to establish a 13 km forest corridor along the Naanu Oya and Agra Oya. A formal Memorandum of Understanding (MoU) was signed between TTE and WNPS to restore 11 hectares of riparian buffer zone within the Company's estates. The initiative brought together 15 companies to collectively raise Rs. 5.2 million for ecosystem conservation. Two universities joined as technical partners, and several NGOs signed MOUs to support conservation efforts.

Project Scope: Covers Somerset, Bearwell, Dessford, Radella, Palmerston, Great Western, and Logie estates.

Objective: Plant over 50,000 native trees across 150–200 acres, with local community engagement in planting, nursery development, and biodiversity monitoring.

Fauna and flora observation

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Actions Taken to Avoid, Minimize Negative Impacts on Biodiversity

To uphold our commitment to biodiversity, we follow a dedicated biodiversity management plan focused on minimizing ecological impact. We avoid forest-to-tea land conversion, strictly prohibit wildlife hunting, capturing, and captivity, and enforce zero tolerance for invasive species. Field inputs are screened for pests and diseases, while buffer zones are maintained near protected areas. We refrain from using banned agrochemicals, reduce synthetic fertilizer use, and prioritize soil health. Factories are located in less ecologically sensitive zones, and habitat corridors have been established to enhance landscape connectivity and reduce fragmentation.

TTE PLC Metric — Area (ha) of restored or rehabilitated habitat

Our 2030 Target — Net-positive impact by restoring and protecting 100 hectares of land

Contribution — Completed 62 hectare of forest restoration

Target 15.1 | 15.5 | 15.9

Short Term

- Expand estate-level environmental data collection systems to better track resource use such as water and energy consumption and improve responsiveness to environmental risks.

Medium Term

- Increase investment in nature- based solutions such as biodiversity corridors, reforestation and regenerative agriculture to enhance soil health, water retention and climate resilience across estates.

Long Term

- Establish TTE as a leader in climate-smart agriculture by integrating renewable energy, circular waste practices and ecosystem restoration into all plantation operations, achieving a net-positive environmental impact.

Future Roadmap

Trade-offs

With Financial Capital

At TTE, we continue to invest more in sustainable practices that protect the environment and secure the future of our business. In FY 2024/25, we spent Rs. 58 Mn on initiatives such as reforestation, soil conservation, and renewable energy infrastructure. While these efforts come with high short-term costs, they're designed to deliver long-term value by building climate resilience, reducing environmental risks, and cutting operational costs through better efficiency and reduced reliance on fossil fuels. For example, our renewable energy systems generated 215 GJ this year, helping us lower our greenhouse gas emissions and move closer to energy independence.

With Human Capital

These environmental efforts don't just benefit nature they also create meaningful jobs and learning opportunities for our estate communities. In FY 2024/25, over 3,679 estate workers took part in activities like tree planting, compost making, biodiversity corridor restoration, and integrated pest management. These projects help protect our ecosystems while also giving workers new skills, boosting incomes, and creating a stronger sense of ownership. By involving people directly in conservation work, we are not only nurturing the land but also empowering our people to become long-term stewards of it.

Future Snapshot

The future of Talawakelle Tea Estates PLC unfolds as a landscape where innovation and sustainability converge, shaping a resilient and regenerative plantation sector. As a leader committed to transformative change, TTE is positioning itself at the forefront of industry evolution—integrating cutting-edge technology with ecological stewardship to foster abundant, healthy estates. Our vision extends beyond cultivation—creating a legacy of environmentally conscious practices, inclusive communities and diversified business streams that elevate the standards for Sri Lanka's plantation industry. Guided by purpose and advanced strategies, TTE's journey aims to craft a sustainable, prosperous future for generations to come.

Winning With the Customer

Crafting authentic relationships based on transparency and responsibility, TTE will place consumer trust at the core of its growth strategy. Focused on delivering ethically sourced, traceable and premium teas, the company will leverage comprehensive branding to tell compelling stories rooted in social and environmental impact. Expanding into rapidly growing markets, particularly those focused on wellness and sustainability, every product and touchpoint will exemplify excellence, integrity and purpose-driven innovation, reaffirming TTE's commitment to exceeding expectations in a competitive landscape.

- Building long-term, reciprocal customer relationships founded on sustainability.
- Expanding specialty, organic, and wellness-oriented tea offerings aligned with trends.
- Entering high-growth markets with innovative, transparent branding stories.

Operational Excellence

Streamlining operations through advanced digital solutions, TTE aims to embed regenerative principles deeply into its core processes. Deploying intelligent farm management systems, climate-resilient cultivars and diversified cropping strategies, the company will enhance productivity while safeguarding natural resources. The adoption of renewable energy and mechanisation will further elevate operational efficiencies, setting new industry benchmarks. This approach ensures that sustainability and high performance can coexist, transforming the estate's landscape into a model of ecological balance, technological innovation and agricultural excellence.

- Scaling up mechanisation, automation, and intelligent data-driven management.
- Developing climate-smart cultivars and diversifying crops for resilience.
- Embracing green energy solutions to power our estates sustainably.

Nurturing Our People

Building a future where talent and community thrive in harmony, TTE will foster an inclusive, dynamic workplace centered on empowerment and growth. By promoting gender equality, creating opportunities for leadership, and extending profit-sharing models, the company will unlock new pathways for estate communities to flourish. Investments in skill development and wellbeing initiatives will cultivate a motivated, innovative workforce that drives the company's regenerative ambitions while strengthening their social and economic resilience through diversification into ventures like cinnamon and strawberries.

- Expanding income-sharing and skill development programs for estate workers.
- Promoting women's leadership and participation across the business.
- Creating vibrant, empowered communities with diversified income sources.

Environmental Stewardship and Climate Action

TTE will advance its role as an environmental steward by implementing scalable regenerative agricultural practices. The deployment of smart technologies, water conservation initiatives including rainwater harvesting and biodiversity preservation will promote a resilient ecosystem. Collaborations with research institutions will refine climate adaptation strategies, ensuring estates remain resilient amid climate shifts. These efforts aim to minimize the ecological footprint, conserve vital resources and position TTE as a global leader in sustainable plantation management, safeguarding the environment for future generations.

- Investing heavily in regenerative agriculture and climate-smart practices.
- Scaling renewable energy projects across hydropower and solar domains.
- Implementing advanced water management systems like rainwater harvesting.

Business Diversification

Diversification will unlock new avenues for growth, transforming TTE into a multi-dimensional enterprise. The company will develop branded organic and specialty teas alongside expanding into high-potential crops such as cinnamon, coconut and strawberries. Strategic alliances will accelerate product development and market reach, while the advent of agro-tourism and experiential retail will foster consumer engagement and new revenue streams. Coupled with an ambitious renewable energy pipeline, TTE aims to become a pioneering force not just in tea but across sustainable agriculture, wellness and energy sectors building a resilient, future-ready enterprise.

- Developing branded organic and specialty tea lines for global markets.
- Expanding into agro-tourism and experiential tea visits.
- Building a renewable energy pipeline to position TTE as a sector leader in green power.

In essence, Talawakelle Tea Estates PLC's future is a harmonious blend of tradition and innovation; grounded in sustainability, powered by technology and driven by passionate people; set to redefine the landscape of Sri Lanka's plantation industry for generations to come.

Independent Assurance Report on the Integrated Reporting

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: ey@lk.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of Talawakelle Tea Estates PLC on the Integrated Annual Report 2024/25

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 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Talawakelle Tea Estates PLC

In preparing the Subject Matter, Talawakelle Tea Estates PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Talawakelle Tea Estates PLC's responsibilities

Talawakelle Tea Estates PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Talawakelle Tea Estates PLC on 23 April 2025. 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 quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

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

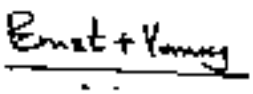
Emphasis of Matter

Economic, Environment, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Talawakelle Tea Estates PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.



27 May 2025
Colombo

Ra

Illuminating the Path to Growth

With the energy of the sun god, we cultivate with clarity and purpose, harnessing light to power tomorrow.

Risk and Opportunity Management Report

TTE's Enterprise Risk and Opportunity Management (EROM) Framework

The EROM framework is a robust, comprehensive system designed to identify, assess, manage, and monitor risks and opportunities across all levels of the organization. Its primary objective is to ensure business continuity, protect the TTE's integrity, uphold its reputation, and enhance its position in the industry. The framework is wide-reaching and designed to address all potential risks and opportunities that could potentially influence The Company's efforts to remain competitive and resilient against the backdrop of the dynamic and fast-paced business environment.
The EROM framework is an essential component of TTE's operational architecture that underpins the Company's ability to generate consistent value regardless of externalities.

Enterprise Risk Management	Crisis Management	Business Continuity Management
Internal Environment • Establishing an ethical tone, risk culture, and organizational structure for risk management. • -This includes board oversight, management philosophy, and employee awareness of risk.	**Natural Disasters** • Floods, droughts, landslides, cyclones, and other extreme weather events can damage crops, and infrastructure, and disrupt operations.	**Business Impact Analysis** • Identifying critical business functions • Determining the interdependencies between these functions
Objective Setting • Defining clear strategic, operational, reporting, and compliance objectives, ensuring that risks are considered in the context of achieving these goals.	**Disease and Pest Outbreaks** • Widespread infestations can decimate crops and require extensive and costly control measures.	**Risk Assessment** • Identifying and evaluating potential threats that could disrupt critical business functions. For a plantation company
Event Identification • Identifying potential events, both internal and external, that could affect the company's objectives. • For a plantation company, this would include a broad range of risks	**Labor Disputes and Strikes** • Disruptions to operations due to disagreements over wages, working conditions, or other labor-related issues.	**Business Continuity Plan (BCP) Development** • Immediate actions to protect people, assets, and the environment.
Risk Assessment • Analyzing the likelihood and impact of identified risks to determine their significance. --This can involve qualitative and quantitative methods.	**Social and Community Conflicts** • Disputes with local communities over land rights, environmental impact, or social issues.	**Implementation and Testing** • Putting the BCP into practice and regularly testing its effectiveness through simulations, tabletop exercises, and full-scale drills. Testing helps identify weaknesses and areas for improvement.
Risk Response • Selecting and implementing actions to manage risks based on the company's risk appetite.	**Reputational Damage** • Negative publicity stemming from labor practices, environmental incidents, or other ethical concerns.	

Risk Register

The Risk Register is a critical instrument for capturing, organising, and monitoring significant risks that could affect the achievement of strategic and operational goals. The Risk Register is essentially a living document that documents risk as they evolve, their potential consequences, probability of occurrence, and the mitigation strategies. By offering a structured and transparent view of TTE's evolving risk landscape, the Risk Register supports informed and timely decision-making. It ensures that appropriate controls and response mechanisms are effectively implemented and regularly reviewed across all level of the organisation.

Risk and Opportunity Management Process

At the heart of the EROM Framework is a structured Risk Management Process pivoted on four interconnected steps to identify, assess, control, and monitor key risks and opportunities across all levels of the organization. This proactive and integrated process enables the company to protect its competitive advantage, ensure financial stability, and meet stakeholder expectations consistently.

Risk Management Process

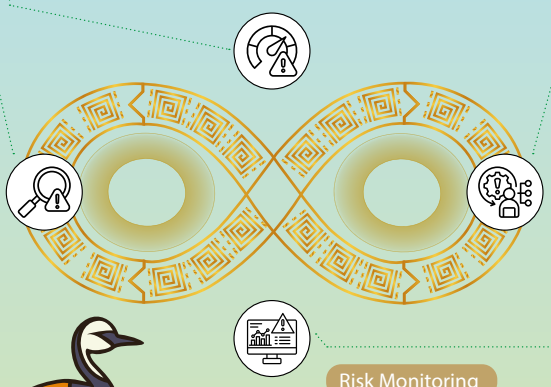
Risk Identification

Regular environmental scans are conducted to detect both internal and external risks that may impact operations or strategic objectives.

In alignment with global best practices set out under the ISO 31010 Risk Assessment Standards, appropriate tools such as Failure Mode Effect Analysis (FMEA) and Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis are applied to support the effective evaluation and prioritization of risks. This process is supported by both top-down oversight and bottom-up input from operational teams, ensuring comprehensive engagement across all levels of the organization.

Risk Measurement

To accurately assess the potential impact and likelihood of identified risks, both qualitative and quantitative assessment techniques are employed, and a comprehensive risk register is in place to systematically document and track all risks.



Risk Control

TTE has established a robust internal control environment comprising internal control policies and procedures along with delineated roles and responsibilities for effective organization-wide risk management. All policies and procedures are communicated to employees and supported by regular training and awareness to ensure everyone is aligned with risk mitigation expectations.

Risk Monitoring

Risk monitoring is an integral part of TTE's risk management process. It serves as a mechanism to track the effectiveness of risk mitigation measures, detect deviations, and ensure that emerging risks are promptly identified and escalated to relevant authorities for appropriate action.

Risk Governance and Oversight

The TTE Board remains the key custodian entrusted with the responsibility of steering the organization's risk management agenda. The Board establishes clear policies and controls to embed risk considerations into strategic planning and decision-making, thereby ensuring risk is not only managed, but leveraged as a tool for resilience and long-term value creation.

Hayleys PLC Board & Risk Management Committee

TTE Board & Risk Management Committee

1st Line of defence

Business Units/ Estate Level Management

Ensuring day-to-day risk management aligns with the Board-approved risk framework.

Identifying emerging risks early and escalating them to the Managing Director and Corporate Management Committee (CMC) for appropriate action Reinforcing the risk awareness culture among employees

2nd Line of defence

MD + ESEG Steering Committee Chaired by CEO Oversight

Ensuring day-to-day risk management aligns with the Board-approved risk framework.

Identifying emerging risks early and escalating them to the Managing Director and Corporate Management Committee (CMC) for appropriate action Reinforcing the risk awareness culture among employees

3rd Line of defence

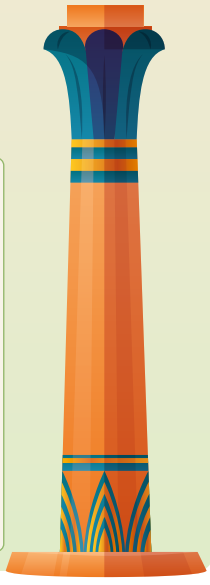
Hayleys PLC Internal Audit Division

Board Audit Committee (BAC)

External Audit

Internal audit reports to the BAC to provide independent and objective assurance to the Board on the effectiveness of TTE's risk management framework.

External audits provide further assurance on the accuracy and reliability of the Company's financial and ESG statements.

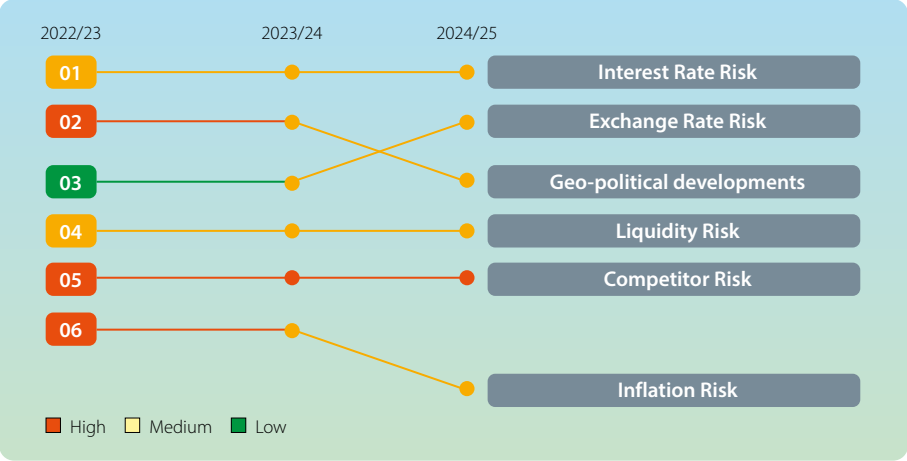


Risk and Opportunity Management Report

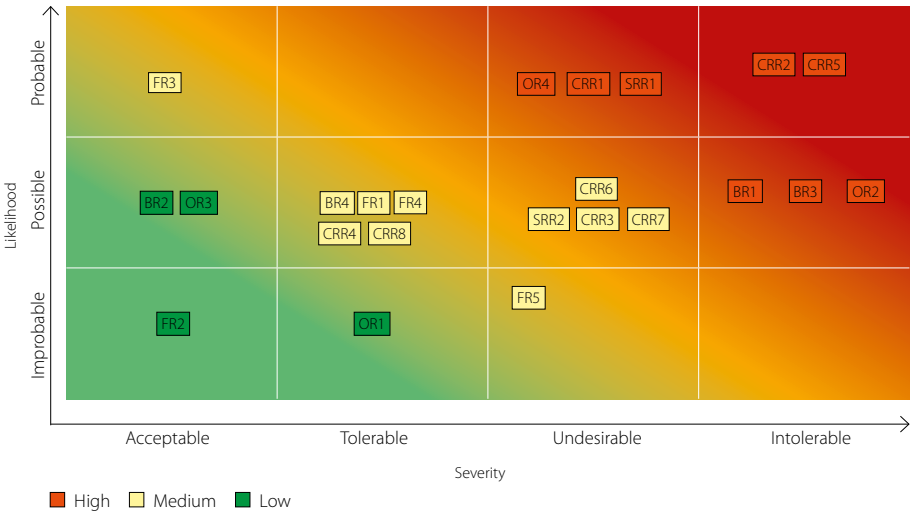
Risk Awareness Culture

The effectiveness of the EROM Framework is fundamentally anchored in a strong culture of risk awareness. The Board sets the tone at the top to promote the importance of risk consciousness across the organization.

TTE's Risk and Opportunity Universe



Risk Matrix



Insurance As a Risk Management Tool

We use Insurance as a risk management tool, where we periodically assess the insurance risks against the unforeseen, thereby minimizing potential business interruptions. Insurance coverage includes the plantations, factories and their storage along with risk factors affecting machinery, building, stocks, and work in progress.

Business Continuity and Crisis Management Plans

Our comprehensive plan for business continuity and crisis management ensures likely business disruptions are handled with the minimum loss to property, plant, equipment and any danger to human life. Though annually reviewed, the plan is e-visited where necessary making any required adjustment depending on the disruptive factor in hand.

Strategic Risk

Strategic risks for plantation companies are fundamental threats that could undermine their long-term viability and competitive standing, moving beyond daily operational issues to systemic challenges. Key among these are the severe impacts of climate change, including acute weather events and chronic shifts that directly jeopardize crop yields and infrastructure. Market disruptions, driven by evolving consumer demands for sustainable products or the emergence of disruptive technologies, threaten traditional business models and market access. Persistent labor shortages coupled with rising wage costs pose a significant threat to operational capacity and profitability. At the same time, unfavorable regulatory and geopolitical shifts can fundamentally alter operating costs and market entry. Furthermore, failure to innovate and adopt new technologies can lead to declining productivity and competitiveness, and significant supply chain disruptions can halt operations. Lastly, severe brand and reputation damage, often stemming from social or environmental missteps, risks the crucial social license to operate. Effectively navigating these complex and interconnected strategic risks demands proactive planning, substantial investment, and collaborative efforts across the industry.

Legal Risk

For plantation companies, particularly in a context like Sri Lanka, legal risks represent a significant threat, stemming from non-compliance with a complex web of laws, regulations, and contractual obligations, as well as changes in the legal landscape. These risks span critical areas such as land tenure and ownership disputes, often rooted in historical complexities or evolving government policies. Labor and employment law non-compliance presents substantial exposure, covering everything from minimum wage adherence and working conditions to critical issues like a child or forced labour, which can trigger severe penalties and reputational damage. Furthermore, stringent environmental laws governing pollution, agrochemical use, and biodiversity protection demand rigorous adherence to avoid fines and operational restrictions. Taxation and financial regulations, including compliance with SLFRS and foreign exchange rules, also pose considerable legal hurdles. Finally, contractual breaches with buyers or suppliers, alongside the loss of vital sustainability certifications due to non-compliance, can severely impact market access and profitability. Effectively navigating these multifaceted legal risks necessitates a robust internal compliance framework, continuous legal oversight, and proactive engagement with relevant authorities.

Managing TTE's Top Risks

Business Risks (BR)			Mitigation Strategies	Risk Grading	
				2024/25	2023/24
BR1	Geo-political developments	Ongoing Russia-Ukraine conflict and tensions in the Middle East disrupted major trade routes, such as the Suez Canal, leading to increased shipping costs and delays which affected tea exports from key producers like India and Sri Lanka to markets in Europe and the Gulf region.	• Continuous and proactive evaluation of factors that affect the business given the geopolitical conflicts and uncertainties • Diversifying in new markets around the world • Strengthened relationships with business partners domestically and internationally for early detection of disruptive occurrences • Review and update contingency plans	High	High
BR2	Macroeconomic and political developments	Economic and political stability had a mixed impact on the tea industry. While the economic stabilization efforts and policy reforms provided a more conducive environment for growth, the government's decision to increase tea plantation workers' daily wages by 70% raised concerns among producers about increased production costs and competitiveness in the global market.	• Scenario testing and proactively identifying action plans to mitigate risks • Maintaining close contact with trade organizations and various associations that are relevant to the tea industry to be in touch with latent and emergent demands of the domestic consumer	Low	Low
BR 3	Threat from civil unrest	The threat of civil unrest abated significantly in 2024 against the backdrop of improving economic conditions and greater political stability	• Ongoing review of business continuity plans.	High	High
BR 4	Inflation Risk	Inflation moderated in 2024	• Continuing with cost-efficiency initiatives	Medium	High

Financial Risks			Mitigation Strategies	Risk Grading	
				2024/25	2023/24
FR1	Liquidity Risk	Geopolitical and domestic macroeconomic uncertainties can adversely impact the cash flow	• Preserve cash flow and unutilized credit facilities to build adequate liquidity buffers	Medium	Medium
FR2	Credit Risk	Risk of customer defaulting on payments	• Evaluate customer creditworthiness • Stringent credit policies in place • Peperiodic confirmations on outstanding balances • Regular follow up	Low	Low
FR3	Interest Rate Risk	Fluctuations impact investments and borrowing costs	• Prudent management of financial assets • Closely monitor the financial markets • and regulatory stand-point • lose relationships and negotiations • with financial institutions • Diversifying the investment and liability portfolios	Medium	Medium
FR4	Exchange Rate Risk	Currency volatility can impact foreign currency-denominated borrowings	• Regular monitoring of the currency fluctuations • Hedging the exposure through financial instruments	Medium	Low
FR5	Financial Covenant Breach	The possibility of breaching repayments due to finance institutions due to liquidity constraints	• Closely monitor debt repayment • Where necessary, re-negotiate with banks to adjust repayment terms	Medium	Medium

Risk and Opportunity Management Report

Operational Risks			Mitigation Strategies	Risk Grading 2024/25	Risk Grading 2023/24
OR1	Occupational health and safety	Noncompliance with health and safety standards can disrupt operations and pose a threat to human capital wellbeing	• Well-documented health and safety procedures in line with ISO 45000 Occupational Health and Safety Standard • Periodic audits to test the strength of internal controls • Periodic training to inculcate a safe working environment	Low	Low
OR2	Fraud and anti-corruption	Theft, misappropriation of assets, misstatement of financial disclosures, quality reduction in production, unethical business practices to gain favors, loss of Brand reputation, penalties and fines	• Sound internal controls supported by audit and assurance • Pre-employment screening • Hayley Way - Code of Conduct, including anti-bribery and corruption policy • Whistleblower channel for anonymous reporting of allegations • Continuous training and awareness	High	High
OR3	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 • Procurement of licensed software • Periodic IT audits • Implementation of Disaster Recovery with the latest technologies to support business continuity • Conduct user awareness sessions to upgrade knowledge and application • Continuous device monitoring to prevent cyber-attacks	Low	Low
OR4	Competitor Risk	The emergence of new competitors, locally and globally, declining the revenue in captive markets	• Build strong ties with the existing customer base • Product diversification through innovation to gain first mover advantage in new, emerging and premium markets • Developing new global markets • Capacity expansion through investment in the state-of-the-art Kiruwanaganga Factory	High	High

Climate Related Risks (CRR)			Mitigation Strategies	Risk Grading 2024/25	Risk Grading 2023/24
CRR1	Transition Risk	Tightening climate regulations and rising ESG requirements increase costs for system implementation, GHG disclosures, digital compliance, and investments in sustainable infrastructures.	• Collaborate actively with industry stakeholders and partners to drive sustainable actions • Conduct science-based environmental audits in partnership with universities and conservation organizations. • Set ambitious environmental goals, including zero net loss of nature and full ecosystem recovery by 2050. • Implement a strategic ecosystem preservation program focused on biodiversity-rich areas.	High	High
CRR2	Physical Risk: Acute	Sudden extreme weather events pose substantial risks to physical assets, infrastructure, and plantation resources. Such events can severely disrupt operations by damaging tea bushes, factory facilities, and critical transportation networks, leading to increased emergency repair expenditures and operational interruptions.	• Business Continuity planning • Budget allocations for infrastructure restoration and structural reinforcements.	High	High

Climate Related Risks (CRR)			Mitigation Strategies	Risk Grading 2024/25	Risk Grading 2023/24
CRR5	Physical Risk: Chronic	Gradual climatic changes are leading to increased pest and disease prevalence, bush fatigue, and soil degradation. These chronic stressors negatively affect crop yields, increase the frequency of replanting cycles, and undermine long-term sustainability of plantation operations.	• Align with emerging national policies promoting climate-resilient agriculture by integrating best practices. • Reducing overall energy consumption helps mitigate long-term environmental impact. • Invest in renewable energy sources to enhance operational resilience. • Integrate circular economy principles into operational planning to support sustainable growth	Medium	Medium
CRR4	Reputational damage	Negative perceptions from stakeholders regarding the environmental impact of tea cultivation practices could affect brand value and customer loyalty.	• Adoption and Certification under Global Standards (ISO 50001, ISO 14064-1, SBTi) • Investment in Renewable Energy and Energy Efficiency • Robust Emission Management and Climate Action Leadership • Responsible Waste Management Based on Circular Economy Principles • Sustainable Land and Water Stewardship Initiatives • Engagement in large-scale reforestation and biodiversity projects • Transparent reporting on environmental performance	High	High
CRR3	Rise in Temperature	Gradual rise in average temperatures can affect tea plant health and productivity, altering growth cycles and reducing yields.	• Use of adaptive management systems, organic matter management, erosion control, and water management to promote a self-sustaining agricultural ecosystem, safeguarding soil health and enhancing the resilience of tea plants to temperature variations • Develop and deploy drought-resistant cultivars	High	High
CRR6	Water Scarcity	Long-term changes in precipitation patterns and increased evaporation rates lead to imbalance of ground water table, impacting tea quality and production	• Rainwater Harvesting and Efficient Irrigation Systems • Water Stewardship and Conservation Initiatives	Medium	Medium
CRR7	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	• Investing in mini-hydro's, biomass, and rooftop solar installations. These initiatives aim to achieve energy self-sufficiency • Implementation of ISO 50001 Energy Management System • Net Zero commitment through SBTi and other Carbon Offsetting and Reduction Strategies	Medium	Medium
CRR8	Pest and Disease Outbreaks	Climate change exacerbates the prevalence of pests and diseases, leading to increased use of pesticides and higher operational costs	• Integrated Pest Management strategy that combines biological, cultural, mechanical, and chemical control methods • Use of Biopesticides and Organic Farming Practices • Employing early warning systems and weather-based forecasting to anticipate pest outbreaks and take preemptive actions, reducing the need for reactive pesticide application	Medium	Medium

Risk and Opportunity Management Report

Sustainability Related Risks (SRR)			Mitigation Strategies	Risk Grading 2024/25	Risk Grading 2023/24
SRR1	Labour Risk	The growing challenge of losing high-performing employees and the increasing difficulty in attracting and retaining talented individuals with the necessary expertise pose significant risks to operational continuity, productivity, and long-term competitiveness.	• Building a skilled and competent workforce by investing in training and Development. • Systematically measuring employee performance. • Creating a safe and conducive workplace. • Upholding the highest standards of employee well-being and workplace safety. • Prioritizing employee motivation and satisfaction by promoting a culture of recognition and shared success.	High	High
SRR2	Change in consumer demand behaviour	Global consumer behaviour shifted towards healthier, sustainably produced beverages, with rising demand for organic and ethically sourced teas	• Developing agrochemical-free tea gardens. • Leveraging the reputation for Ceylon Tea to promote its black tea. • Cultivated a range of tea varieties with healing and immune-boosting properties. • Operating the Radella Green Tea Centre with both steamed and pan-fried processing capabilities. • Backed by a strong R&D team exploring new tea varieties.	Medium	Medium

Sustainability-Related Opportunities (SRO)			Management Approaches	Risk Grading 2024/25	Risk Grading 2023/24
SRO1	Eco Systems and Biodiversity	Growing global and national focus on biodiversity conservation presents a strategic opportunity to enhance our environmental value	• Promote sustainable land management practices to preserve soil health and ecological integrity. • Expand ecosystem restoration projects targeting degraded or high-risk areas within and around estates.	High	High
SRO2	Growing Demand for Sustainable Products and services	With rising global awareness around climate change and ethical sourcing, consumers are increasingly demanding sustainably grown tea and seeking more hand-on interactions with the tea growing and production process	• Promote TTE's range of specialty teas across a wider global audience • Promote eco-tourism by leveraging the scenic beauty and biodiversity of TTE's estates, • Expansion of the Somerset Estate-Tea Boutique Center • Establishing a Glamping site at the Greatwestern Estate	Medium	Medium

Climate-Related Opportunities (CRO)			Management Approaches	Risk Grading 2024/25	Risk Grading 2023/24
CRO 1	Organic Tea Production	Transitioning to organic farming practices can open new markets, meet growing consumer demand for organic products, and improve soil health.	• Operating the Radella Green Tea Centre with both steamed and pan-fried processing capabilities.	Medium	Medium
CRO2	Renewable energy Adoption	Investing in renewable energy sources, such as Hydro, solar and wind power, can reduce greenhouse gas emissions and lower operational costs.	• Rs. 93.0 Mn invested to-date in solar energy generation • Rs. 225.79 Mn invested to-date in hydro energy generation • Rs. 678.71 Mn invested to-date in biomass conversion • 88% of TTE's energy requirements are met through renewable energy	Medium	Medium
CRO3	Sustainable Agriculture Practices	Implementing sustainable agriculture techniques, such as Agro-forestry, permaculture and organic farming, can improve soil health, sequester carbon, and enhance biodiversity.	• Anticipated adoption of precision Agriculture and Climate-Smart Practices	Medium	Medium

Company and Industry Analysis

The analysis of competitor entry in the Sri Lankan plantation sector will identify potential new players (domestic, expanding, foreign investors, diversified companies, and organized smallholders) and evaluate the ease of their entry based on barriers like land, regulations, capital, expertise, supply chains, brand loyalty, labor, and infrastructure, considering the specific Sri Lankan context. Timely communication of potential threats and strategic responses to internal stakeholders is vital for preparedness.

This analysis will compare the company's specific risks and assessment of these risks with prevailing industry risk factors. It will evaluate the suitability and robustness of the company's mitigation strategies in addressing these industry-wide challenges. Furthermore, the strength of the company's risk governance framework and the transparency of its risk reporting will be compared to the industry's best practices and the needs of key stakeholders. This comparison aims to determine how well the company is positioned to navigate the inherent risks of the Sri Lankan plantation sector compared to its peers.

Timely and effective communication with key stakeholders is crucial for a plantation company's risk response, ensuring trust, managing expectations, preventing misinformation, demonstrating responsibility, protecting reputation, and supporting business continuity. This involves establishing clear channels, developing key messages, being transparent, and proactive, and tailoring communication to different stakeholder groups.

Governance Framework

A robust Governance Framework for Board-level knowledge and training in a plantation company in Sri Lanka is crucial for effective oversight, strategic decision-making, and long-term sustainability. It ensures that the Board of Directors possesses the necessary expertise and understanding of the complex issues facing the sector.

- **Skills and Experience Mapping**
  The Board should periodically assess the skills, experience, and knowledge present among its members against the key requirements of the plantation industry.
  - **Agronomy and Plantation Management**
    Understanding crop cultivation, land management, pest and disease control, and sustainable farming practices relevant to tea, rubber, coconut, etc
  - **Financial Management and Accounting**
    Expertise in financial reporting, cost management, investment analysis, and understanding commodity price volatility.
  - **Risk Management and Compliance**
    Knowledge of enterprise risk management, regulatory frameworks (land, labor, environment), and sustainability reporting standards (including SLFRS S1 and S2).
  - **Sustainability and Environmental Issues**
    Understanding climate change impacts, biodiversity, conservation, and sustainable agricultural practices specific to Sri Lanka.

- **Induction and Onboarding for New Directors**
  - **Company Overview**
    History, business model, operations, key assets (land), financial performance, and strategic objectives specific to the plantation sector in Sri Lanka.
  - **Industry Dynamics**
    Overview of the Sri Lankan plantation industry, key crops, market trends, regulatory landscape, and major players.
  - **Sustainability Context**
    In-depth briefing on the environmental and social challenges and opportunities facing the Sri Lankan plantation sector, including climate change vulnerabilities and sustainable development goals.
  - **Risk Management Framework**
    Understanding the company's ERM framework, key risks (including those related to climate, labor, and commodity prices), and mitigation strategies.
  - **Governance Policies and Procedures**
    Familiarization with the Board's charter, committee mandates, code of conduct, and relevant corporate governance regulations in Sri Lanka.
  - **Site Visits**
    Opportunities to visit the company's plantations and processing facilities to gain a firsthand understanding of operations.
  - **Meetings with Key Management**
    Interactions with senior management to discuss strategy, operations, and key challenges.
  - **Relevant Documentation**
    Provision of key reports, strategic plans, and governance documents.

The company implementing a comprehensive Governance Framework focused on Board-level knowledge and training, plantation companies in Sri Lanka can equip their directors with the necessary expertise to navigate the complexities of the industry, make informed strategic decisions, effectively oversee risk management (including climate-related and sustainability risks), and drive long-term sustainable value creation. This is particularly critical in a sector facing significant environmental, social, and economic challenges.

In the plantation company in Sri Lanka, management oversight on risks would specifically address the unique challenges of the sector, such as climate change impacts on crop yields, labor relations in plantation settings, commodity price volatility in global markets, and compliance with Sri Lankan environmental and land regulations. Effective management oversight ensures that the company is not only aware of these risks but also actively taking steps to mitigate them and protect the long-term value of the organization.

Risk and Opportunity Management Report

Strategy

The identification of material risks and opportunities for a plantation company in Sri Lanka is a crucial process that informs its strategic planning, risk management, and sustainability reporting (including alignment with standards like SLFRS S1 and S2). "Material" in this context refers to risks and opportunities that could reasonably be expected to influence the decisions of the company's primary stakeholders, including investors.

Business resilience for Sri Lankan plantation companies in the face of climate change demands a proactive and adaptive approach. It involves not only preparing for and mitigating physical threats like extreme weather and altered growing conditions but also strategically leveraging the emerging opportunities within a low-carbon global economy. This includes embracing sustainable practices, accessing green financing, and catering to evolving consumer preferences for climate-friendly products, ultimately ensuring long-term viability and competitive advantage in a changing world.

Disclosure of impacts on and by the Plantation business involves transparently communicating how the plantation company affects the environment, society, and economy and how external factors, including climate change, market shifts, and regulatory changes, affect the company. This disclosure is crucial for accountability, stakeholder engagement, and long-term sustainability, and is increasingly expected by investors and regulators, particularly with the advent of standards like SLFRS S1 and S2. By comprehensively disclosing their impacts on and by the business, plantation companies in Sri Lanka can demonstrate their commitment to sustainability, build stronger relationships with stakeholders, and contribute to a more resilient and responsible industry.

Matrices and Targets

Measuring the impacts of metrics and targets within a plantation company's sustainability efforts, particularly in the context of S1 and S2 disclosures and broader ESG performance in Sri Lanka, involves a systematic process of tracking progress, quantifying outcomes, and evaluating the effectiveness of the company's goals. By employing robust measurement frameworks to track the outcomes of their sustainability metrics and targets, Sri Lankan plantation companies can effectively quantify the tangible value generated by their initiatives, strengthen accountability to stakeholders, and foster a culture of continuous improvement that propels them towards a more environmentally sound, socially responsible, and economically resilient future.

Disclosing risk-related metrics of the matrices and targets within a plantation company's reporting, particularly in the context of SLFRS S1 and S2 and broader Enterprise Risk Management (ERM), involves transparently communicating how the company monitors and manages its exposure to significant risks through quantifiable measures and established goals. This provides stakeholders with insights into the company's risk profile, its efforts to mitigate potential negative impacts, and its progress in achieving risk management objectives.

By providing this level of detail, the plantation company can effectively communicate its commitment to managing risks and leveraging opportunities through clear and measurable targets, enhancing transparency and accountability for its stakeholders. However, the context of the previously highlighted regression results suggests that the drivers behind these targets might be heavily influenced by external institutional pressures.

The Future of Sri Lanka's Plantations by 2030

The global plantation industry faces significant challenges that threaten its productivity, profitability, and sustainability, with climate change, soil degradation, and labour shortages among the foremost risks. For Sri Lanka's plantation sector, addressing these risks by 2030 is crucial.

To ensure the long-term prosperity and significant contribution of Sri Lanka's plantation sector to the national economy, a decisive and forward-thinking approach is essential. By 2030, the sector must proactively embrace climate-resilient crop varieties and implement sustainable soil management techniques to safeguard productivity in an increasingly volatile environment. Simultaneously, addressing the pressing issue of labor shortages necessitates a strategic integration of advanced technologies, including mechanization, coupled with tangible improvements in working conditions to attract and retain a skilled workforce. Navigating the inherent instability of market fluctuations and adapting to evolving policy changes will also be paramount. Furthermore, a concerted national effort to tackle water scarcity and a steadfast commitment to aligning with global sustainability standards are crucial to meeting discerning consumer demands. Strategic planning, dedicated investment in cutting-edge research, and a resolute embrace of technological advancements will serve as the cornerstones for effectively navigating these multifaceted challenges and securing a vibrant and sustainable future for Sri Lanka's plantations.

As we look towards 2030, the global plantation industry faces numerous risks that threaten productivity, profitability, and sustainability. For Sri Lanka's plantation sector, understanding and addressing these risks is essential for crafting effective strategies that ensure long-term success. This editorial explores the key challenges and opportunities that will shape the sector's future.

We will be intensely focused on:

- Climate Change
- Soil Degradation
- Pests and Diseases
- Labour Shortages
- Market Fluctuations
- Policy and Regulatory Changes
- Technological Advancements
- Water Scarcity
- Sustainability and Consumer Preferences
- Biodiversity Loss

Corporate Governance Report

Chairman's Introduction to Corporate Governance

At Talawakelle Tea Estates PLC (TTE), we believe good governance is a key differentiator that positions us for sustained growth in an ever-changing landscape. Hence our commitment to robust governance goes beyond mere compliance; it is a fundamental pillar woven into the very fabric of our organizational culture. Governance shapes our strategic decision-making, risk management frameworks, and all our stakeholder interactions. We are dedicated to continuously evolving our governance architecture to protect the interests of our shareholders and also to foster trust, confidence, and long-term sustainability in our relationships with employees, customers, suppliers, and the wider community.

The Board

Throughout the year, the Board of Directors remained actively engaged in guiding the Company's strategic direction and ensuring the continued success and sustainability of our operations. The Board convened four times during the year and held an additional session to approve the budget for the upcoming financial year and to review the Company's long-term strategy and business plan.

Board Refreshment

Our ongoing Board refreshment process resulted in several Board changes in the current year. We welcomed Mr. Darshana Gunasekara and Ms. Harshani Randiligama to the TTE Board in December 2024 as a Non Executive and Independent Non Executive respectively. Mr. Gunasekara brings extensive financial and executive expertise from his successive roles as Chief Financial Officer, while Ms. Randiligama brings a wealth of executive experience accumulated through various positions in local and international companies. Additionally, Mr. Milinda Hewagama, who serves as the Group Chief Financial Officer of the Hayleys Group with extensive experience in financial reporting, ESG, tax, risk, safety, and corporate secretarial functions, also joined the TTE Board in May 2025, as a Non -Executive Director.

Board Committees

I am pleased to report that all Board Committees were actively involved in executing their mandates, as outlined by their respective TOR's. The Audit Committee assisted the Board in monitoring the integrity of financial reporting, reviewing the effectiveness of internal controls, risk management, and compliance.

The Related Party Transaction Review Committee continued its valuable work to ensure that all related party transactions during the year were conducted in an orderly manner and complied with the necessary regulatory requirements.

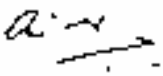
Likewise, the Remuneration Committee remained proactive in reviewing and strengthening the Company's compensation structures to ensure they remain competitive and effective in retain high-performing executives.

The Nomination and Governance Committee continued to support the Board refreshment process that led to the appointment of three new Directors during the year. The Committee also undertook to monitor the publication of twelve policies mandated under section 9 of the CSE's revised Listing Rules on Corporate Governance issued in 2024.

Conclusion

I would like to confirm that Talawakelle Tea Estates PLC has fully adhered to the corporate governance directives established under the latest regulations issued by the Colombo Stock Exchange for listed entities, as well as the principles set forth in the Code of Best Practices on Corporate Governance (2023), issued by Institute of Chartered Accountants of Sri Lanka. On behalf of the Board, I further declare that the Board of Directors, Corporate Management, and employees of TTE have conducted the affairs of the Company in good faith, in strict compliance with the provision of the Hayleys Way - Code of Conduct including the Anti-Bribery and Corruption Policy, and all other relevant conduct practices.

The Board is satisfied that it has effectively discharged its duties and obligations during the year, ensuring the highest standards of governance, accountability, and oversight. We also confirm that the fit and proper assessment criteria stipulated in the Listing Rules have been duly met and that the Company has complied with the requirements of the Policy on Matters Relating to the Board.



Mohan Pandithage
Chairman

Corporate Governance Report

Talawakelle Tea Estates PLC (TTE) Corporate Governance Approach

GRI 2-9

TTE's approach to corporate governance is anchored in a strong commitment to transparency, accountability, and ethical conduct across every face of its operations. While fully aligned with the regulatory requirements applicable to entities listed on the Colombo Stock Exchange, TTE goes beyond compliance to integrate global best practices into its governance framework.

The Company's internal constitution, including its Articles of Association, governance policies, charters, and code of conduct, are all carefully designed to uphold both regulatory standards and internationally recognised principles of good governance. This commitment is further accentuated by a strong commitment to ethical behaviour at all levels of the organisation, underpinning decision-making processes and fostering responsible relationships with all stakeholders.

The Board

TTE's Board of Directors functions as the Company's highest governing authority, providing strategic direction and oversight in line with its Terms of Reference as outlined in the Board Charter. As the chief custodian of the organisation, the Board is responsible for establishing TTE's mission, vision, and long-term goals, while offering entrepreneurial leadership to drive the effective execution of strategic initiatives in the best interest of all stakeholders.

The Board is also the main authority responsible for establishing a governance framework that represents the Company's commitment to transparency, accountability, and ethical integrity. Moreover, as the apex governing body entrusted with oversight and control of the Company, certain key matters, particularly those of strategic, financial, operational, and legal significance, are expressly reserved for the Board's direct consideration and approval.

In compliance with the revised Corporate Governance Listing Rules issued by the Colombo Stock Exchange in 2024, a comprehensive Policy on Matters Relating to the Board of Directors was introduced. This policy consolidates the Board's role and responsibilities.

Matters Reserved Expressly for Board Consideration

Risk Capital and Liquidity Planning

- Changes relating to the Company's capital structure
- Approval of the annual capital plan
- Approval of risk appetite

Financial Results and Dividends

- Approval of interim and final financial statements, dividends and any significant change in accounting policies or practices

Strategy

- Approval of the Company's strategic plan
- Reviewing actual performance against strategy
- Approving capital projects, investments, acquisitions, mergers and disposal

Remuneration

- Approval of the framework for determining the policy and specific remuneration of the MD and Executive Directors and KMP's
- Approval of Non-Executive Director payments

Board and Sub Committee Membership

- Board Appointments and removals
- Establishment of Board Committees and their membership

Governance and Control

- Approval of principal regulatory filings
- Review and update the Terms of Reference (TOR) of Board Sub Committees
- Approval of Board and Board Sub Committees performance evaluation process
- Review and update the Corporate Governance Framework
- Approval of division of responsibilities between the MD and the Chief Executive Officer
- Appointment (or removal) of the Company Secretary or Key Management Personnel (KMPs)

Shareholders

Individual Shareholders | Institutional Shareholders

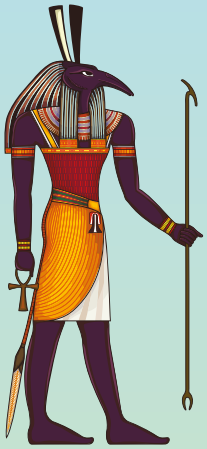
The World Of Hayleys Since 1878

Group Management Committee

Board of Directors

Strategic Planning and Oversight | Accountability

TTE ReGen Agenda 2030 | Vision Purpose Mission | Policies



Internal Audit

External Audit

Board Committees

Nomination and Governance Committee | Remuneration Committee

Audit Committee | Related Party Transactions Review Committe

ESEG Stearing Committee

Corporate Management Team

Estate Management Team

Growth | Value Creation | Stability | Resilience | Sustainability | Compliance | Trust

Corporate Governance Report

Board Composition

GRI 2-9, 2-17

TTE is governed by a well-structured and balanced Board. The Board composition is guided by the Company's Articles of Association along with applicable statutory requirements, including the Listing Rules of the Colombo Stock Exchange and, where relevant, sector-specific regulations.

In the year under review, the composition of the TTE Board was realigned to reflect the enhanced focus on balance and diversity outlined in the revised Corporate Governance Listing Rules introduced by the Colombo Stock Exchange

The new Board balance and diversity guidelines were incorporated into the new Policy on Matters Pertaining to the Board of Directors, implemented in line with section 9 of the new CSE listing rules issued in 2024. .

As at 31st March 2025, the TTE Board consisted of 10 Directors, consisting of 03 Executive Directors and 07 Non-Executive Directors, of whom 04 were Independent Non-Executive Directors. On May 5, 2025, Mr Milinda Hewagama was appointed as a non-executive non-independent director. This composition is considered appropriate and compliant with all relevant regulatory frameworks applicable to the Company's scope of operations.

Corporate Governance Framework

Board Composition

Non-Executive - 8	Executive - 3

Expertise

Agribusiness Management	ESG Expertise	Marketing & Branding
3	4	2
Strategic Leadership	**Accounting & Finance**	**Manufacturing and Engineering**
3	5	2

Age	Independent	Non-Independent
40-50 years	2	2
50-70 years	2	3
Over 70 years		2

Male 91%	Female 9%

Board Changes for FY 2024/25

New Appointments	Resignations	Retirement	Re-election
Mr. A. M. J. Fernando was appointed as Non-Executive Director with effect from 1st August 2024	Mr. D. C. Fernando, Non-Executive Director, resigned with effect from 1st August 2024	Mr. M. J. Fernando, Non-executive Director, retired by rotation	Mr. M.J. Fernando, Non-executive Director, being eligible offer for re-election.
Mr. J. D. N. Gunasekera was appointed as an Non-executive Director with effect from 27th December 2024	Mr. M. H. Jamaldeen, Non-executive Director resigned with effect from 14th November 2024	Lt.Col Janak Manuja Kariapperuma, independent Non-executive Director, retired by rotation	Lt.Col Janak Manuja Kariapperuma, independent Non-executive Director, being eligible offer for re-election.
Ms. H. Randiligama was appointed as an Independent Non-executive Director with effect from 27th December 2024	Ms. M. D. A. Perera, Non-executive Director resigned with effect from 24th December 2024		
Mr. T Milinda Hewagama was appointed as an Non-executive Director with effect from 5th May 2025	Mr. A. M. J. Fernando, resigned as an Alternative Director to Mr. D.C Fernando w.e.f 1st August 2024 and in 24th December 2024 resigned as a Non-Executive Director		

Non-Executive Directors

The presence of Non-Executive Directors (NEDs) on the TTE Board brings an essential layer of independent oversight, contributing to sound decision-making and strengthening the integrity of Board processes. By actively engaging in Board deliberations, sub-committees, and governance activities, NEDs reinforce transparency, accountability, and ethical conduct across the organisation in turn building stakeholder confidence and trust.

To preserve their independence, all Independent Non-Executive Directors are required to be free from any relationships or associations that could materially impair, or be perceived to impair, their ability to act in the best interests of the Company. The independence of each NED is assessed in accordance with the criteria set out in the Corporate Governance Code issued by the Institute of Chartered Accountants of Sri Lanka.

The Board affirms that all currently serving Non-Executive Directors meet the established independence criteria and continue to contribute meaningfully to the effective oversight and governance of TTE.

Process for Determining Directors' Independence

Definition	Assessment	Outcome for FY 2024/25
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.	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	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. Mr S L Athukorala remains on the Board as Non-Executive Directors With effect from 27th December 2024, Mr. Darshana Gunasekera was appointed as an Non-executive Director and Ms. H. Randiligama was appointed as an Independent Non-executive Director. Mr. Milinda Hewagama was also appointed on 05th May 2025 as Non Executive Independent Director

Appointment / Re-Election / Resignation / Retirement of Directors

GRI 2-10

To institutionalise clear guidelines for Director appointments, re-elections, resignations, and retirements, TTE adopted a Policy on Corporate Governance, Nominations and Re-election, effective from September 2024, in line with the revised CSE Listing Rules on Corporate Governance.

Under this policy, the Board Nominations and Governance Committee (NGAC) was assigned the responsibility of evaluating potential candidates for new appointments. The Committee will conduct a rigorous assessment of each nominee's professional qualifications, industry experience, integrity, and overall reputation, while also checking for any conflicts of interest or excessive external commitments that may impair their ability to fulfil their duties. Due consideration will also be given to each candidate's profile, including factors such as age, gender, and other attributes that may enhance the Board's diversity and overall effectiveness. Recommended candidates are then submitted to the Board for approval, with any interim appointments formally ratified by shareholders at the subsequent AGM.

In accordance with the Company's Articles of Association, one-third of all the Directors except the Managind Director and those who have been appointed to the Board since the last AGM,retire by rotation and submit themselves for re-election at the AGM. The Board undertakes to review directors' eligibility for re-election taking into account their past performance, including participation, engagement, and contributions to Board matters.

In compliance with corporate governance and regulatory requirements, all new Board appointments are promptly disclosed to the Colombo Stock Exchange (CSE). These disclosures include a profile of the appointee, outlining their qualifications, sectoral experience, directorships in other companies, and any shareholding in TTE. The same disclosure process is followed in the event of a Director's resignation.

Profiles of all current Board members are featured on pages 38 to 41 of the annual report.

Duties and Responsibilities of Individual Directors

All Board members are expected to commit the necessary time and effort to fulfill their responsibilities effectively. This includes active participation in Board meetings, where they leverage their expertise, skills, and experience to contribute to informed decision-making. Additionally, all Directors are required to participate in the annual self-assessment process, a key component of the comprehensive Board evaluation framework, ensuring continuous enhancement of governance effectiveness and strategic oversight.

Conflicts of Interest

GRI 2-15

All Directors of the TTE Board are expected to act with the highest standards of good faith in all dealings on behalf of the Company, while proactively avoiding situations that could give rise to actual or perceived conflicts of interest.

Clear protocols have been established for identifying, disclosing, and managing conflicts of interest. Directors are required to exercise due diligence in identifying such situations and are obligated to disclose any potential conflicts to the Board without delay.

Upon appointment, and thereafter on a quarterly basis, all Directors are required to formally declare their direct, indirect, beneficial, and non-beneficial interests in any existing or proposed contracts involving the Company. These declarations are recorded in the Directors' Interests Register, which remains available for inspection in accordance with applicable regulations.

Where a conflict of interest arises, the Director concerned is expected to recuse himself or herself from all related Board deliberations and to abstain from voting on the matter in question.

Corporate Governance Report

Oversight of conflict of interest matters falls under the purview of the Related Party Transactions Review Committee (RPTRC), which is tasked with reviewing disclosures made by Directors and recommending appropriate courses of action to the Board to address and mitigate any conflicts in a fair and transparent manner.

The Company confirms that no Director holds a direct or indirect interest in any contract or proposed contract with the Company, other than those disclosed in Note 32 of the Financial Statements.

Board Directors Access to Information and Resources

GRI 2-16

During the reporting period, no critical concerns were formally communicated to the highest governance body. Board Members continued to receive Board Packs well in advance, ensuring adequate time for review and informed decision-making. Directors maintained unrestricted access to additional information and resources as needed. Continuous professional development was supported through company-funded training and learning opportunities. An annual self-assessment process also helped identify director training needs. A structured induction program was conducted for new Board Members during the year, covering essential governance and operational modules to ensure alignment with fiduciary responsibilities and strategic oversight.

Directors Remuneration

GRI 2-19, 20

The TTE Board is committed to ensuring that its remuneration practices are fair, responsible, and transparent. The Company aligns with the Remuneration Policy giving priority to responsible and performance-driven remuneration based on the following principles:

- Rewarding performance in the context of prevailing industry benchmarks;
- Ensuring remuneration is commensurate with the level of expertise, contribution, business performance, and shareholder value creation

In keeping with these guidelines, the Company's Remuneration Committee is entrusted with the responsibility of recommending appropriate remuneration structures for Executive Directors and Key Management Persons (KMPs), to attract and retain top-tier professionals by offering industry-competitive packages that reflect the responsibilities and risk profile of each role. Executive remuneration includes a variable component linked to the achievement of sustainable business objectives, including performance against ESG-related targets.

Remuneration of Executive Directors is fully compliant with the provisions set out in Schedule G of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2023). There are no contractual clauses entitling Executive Directors to additional compensation in the event of early termination. Any such payments, if applicable, would be at the sole discretion of the Board.

In preserving the independence, objectivity, and quality of oversight, Non-Executive Directors (NEDs) are remunerated through fixed fees for their service on the Board and its Committees. These fees are benchmarked annually against market norms to ensure they remain competitive and aligned with best practices in corporate governance.

In the current year the Board adopted a formal Policy on Remuneration, in line with the revised CSE Listing Rules on Corporate Governance.

For Financial Year 2024/25, the aggregate remuneration paid to Executive and Non-Executive Directors amounted to Rs. 53.6 million.

Board Succession Planning

TTE has a well-structured Board succession planning process in place to ensure continuity of executive leadership at Board level. This process is guided by a formal Board Succession Procedure. The NGC plays a central role in reviewing Board succession matters, evaluating potential successors from the Company's Key Management Personnel (KMPs), while identified potential candidates are onboarded for targeted development, under the oversight of the Nominations and Governance Committee.

Induction and Training for Directors

GRI 2-17

All newly appointed Directors undergo a structured induction programme designed to familiarise them with TTE's structure, strategy, and operations. As part of this process, each Director receives an orientation pack containing key internal policies and external reference materials to help them gain a well-rounded understanding of the business. The induction also includes meetings with the Board chairman, MD, members of the senior management team and site visits to meet estate management to gain an insight into day-to-day activities.

Further. Directors are provided with access to ongoing training, both internal and external to help them stay informed on emerging issues, regulatory changes, and industry best practices.

Directors Training - FY 2024/25

MD	CEO
• UN Global Compact Regional Flagship Event • Sustainability Spotlight: Case Studies from Asia & Oceania Moving Companies Forward Faster • Asia Tea Alliance Meeting in India	• UNIDO Sustainable Finance Training • The Sri Lanka Climate Summit 2024 -The Ceylon Chamber of Commerce

Key Board Responsibilities

GRI 2 -27

Regulatory Compliance

The Board of Directors of TTE assumes the ultimate responsibility for ensuring that the Company operates with integrity and in strict adherence to all applicable legal, regulatory, and ethical standards.

In discharging this responsibility, the Board, supported by its Committees and the Senior Leadership Team maintains ongoing vigilance of the Company's compliance requirements to ensure enterprise-wide conformance with regulatory obligations.

Moreover, the Board strives to stay abreast of evolving regulatory requirements and developments through proactive engagement with regulatory authorities, legal counsel, and subject matter experts to ensure that the Company's practices remain aligned with the latest governance expectations and promote early adoption of new regulations where possible.

Recognising the importance of fostering a culture of compliance, the Board has also instituted formal communication channels through which employees and stakeholders may confidentially report concerns or suspected breaches of regulatory or ethical standards.

During the year under review, the Board oversaw the implementation of the new requirements introduced under Section 9 of the CSE Listing Rules on Corporate Governance, with all requisite measures taken in a timely manner to ensure full compliance with the stipulated timelines and regulatory expectations.

There were no incidents of non-compliance of regulations reported in the current financial year.

Financial Reporting and Assurance

The Board holds ultimate responsibility for ensuring the integrity and accuracy of the Company's financial reporting. This includes overseeing the preparation of financial statements that reflect a true and fair view of the Company's financial position and performance. The Board responsibility extends to ensuring appropriate internal controls and accounting policies are in place to safeguard assets, prevent irregularities, and support transparent, timely, and reliable financial disclosures in line with applicable laws, regulations, and reporting standards

As part of the overall responsibility for financial reporting, The Board reviews and approves all financial reporting outputs, including quarterly and annual reports, thereby ensuring the transparency and integrity of published financial information.

To align with the revised Corporate Governance provisions of the CSE Listing Rules, the Board approved the Policy on Control and Management of Company Assets and Shareholder Investments in September 2024 setting out clear guidelines for asset utilisation, risk mitigation, and internal controls. Likewise the Policy on Corporate Disclosures was approved by the Board in September 2024, to promote greater transparency, accuracy, and consistency in the communicating financial and operational information to stakeholders

The Board seeks independent assurance regarding the Company's internal control and financial reporting ecosystems. Internal Auditors assure the efficacy of the internal control environment while the external Auditors validates the integrity of the Company's financial position. The Board Audit Committee, on behalf of the Board reviews the plans and work output of both external and internal auditors, including coordinating activities to support the combined assurance model.

For more information, please refer to the Directors' Statement on Internal Control, the Annual Report of the Board of Directors on the Affairs of the Company (pages 230 to 234), and the Statement of Directors' Responsibility (page 235).

Risk Management and Internal Control

The Board discharges its risk oversight responsibilities through a well-structured Integrated Risk Management Framework supported by a robust internal control framework. Oversight of critical risk areas is delegated to the Board Audit Committee. The Board regularly reviews these insights to determine appropriate responses in alignment with the Company's strategic objectives.

In fulfilling this role, the Board also fosters a strong risk-aware culture across the organisation, setting the tone from the top and ensuring that risk management is embedded into day-to-day operations and decision-making at every level.

Reflecting this commitment, a formal Policy on Risk Management and Internal Control was adopted with effect from September 2024, in compliance with the revised Corporate Governance provisions of the CSE Listing Rules. This policy reinforces the Company's proactive approach to identifying, assessing, and mitigating risks in a dynamic business environment.

For more information - please refer to the Risk and opportunity Management Report on page 198.

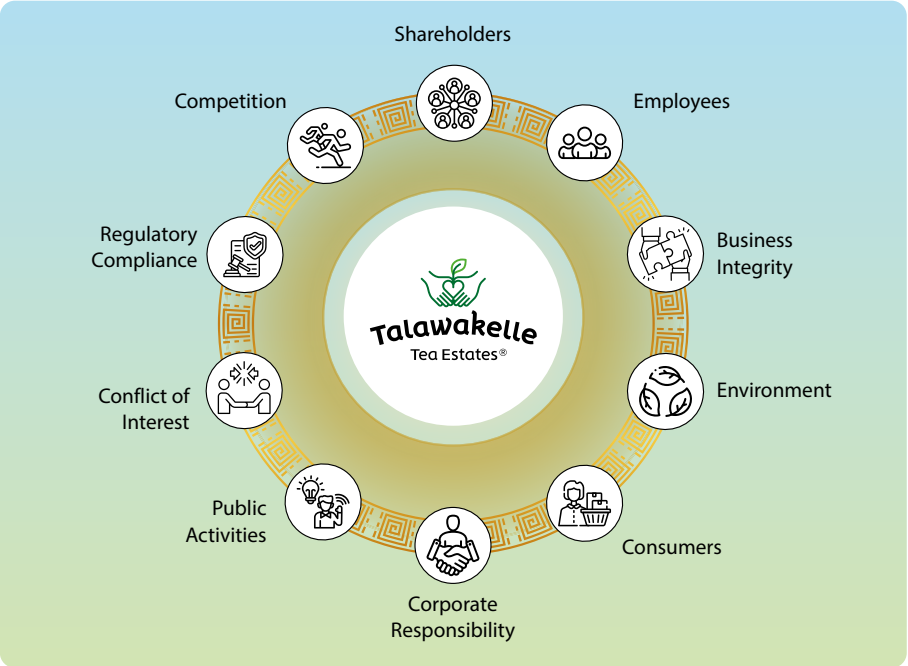
Conduct and Ethics

GRI 2-16, 23, 24, 25, 26 | 3-3 | 13.26.1

As a member of the Hayleys Group, TTE is guided by a strong commitment to ethical leadership and integrity, with the Board setting a clear tone from the top to embed ethical practices across all aspects of the Company's operations. This commitment is further reinforced through the company's Policy on Internal Code of Business Conduct and Ethics which aligned with the "Hayleys Way" – which serves as the foundation to promote responsible decision-making and ethical behaviour at every level of the organisation.

The "Hayleys Way" sets out the standards of conduct expected from all employees and Directors of the Hayleys Group Companies, providing clear guidance on appropriate business behaviour, reinforcing core values and establishing a unified ethical framework to promote a culture of responsibility, accountability, and transparency.

All members of TTE are expected to uphold the principles outlined in the "Haleys Way," which includes key policies such as the Anti-Bribery and Corruption and Whistleblowing – both essential in safeguarding integrity and ethical standards.



Corporate Governance Report

Policy on Anti-Bribery and Corruption Policy

In line with the revised Corporate Governance provisions of the CSE Listing Rules, the TTE Board approved the Policy Anti-Bribery and Corruption in the current year. The policy reinforces a zero tolerance approach to bribery and corruption, including kickbacks, and facilitation payments. It also sets out specific guidelines regarding the giving and receiving of gifts in the course of business, ensuring that such practices do not compromise integrity or create conflicts of interest.

This Policy applies uniformly to all TTE Directors and employees without exception. To ensure continued awareness and compliance, regular training sessions are conducted for both employees and the Board. Furthermore, business partners and third parties acting on the Company's behalf are strongly encouraged to uphold the core principles of the Policy, thus ensuring TTE's operations and relationships are not at risk for bribery or corruption.

Policy on Whistleblowing

In line with the revised Corporate Governance provisions of the CSE Listing Rules, the TTE Board approved the Policy on Whistleblowing. The policy provides a safe, confidential, and structured channel for employees and other stakeholders to report concerns related to unethical behaviour, misconduct, violations of laws or regulations, or breaches of conduct.

The policy is designed to promote a culture of openness, accountability, and integrity, ensuring that individuals feel empowered to raise genuine concerns without fear of retaliation, harassment, or victimisation. Reports made under the Whistleblower Policy are treated with the utmost confidentiality and are independently reviewed to ensure objectivity and fairness.

Policy awareness is reinforced through regular communication and training to ensure employees and all stakeholders understand their rights and responsibilities under the policy.

No complaints were received through the Whistleblower Channel in the current financial year.

Anti-Corruption

GRI 205-1, 2, 3 | 13.26.2, 13.26.3, 13.26.4

In 2024/25, all (16 estates, 15 factories, and Head Office) representing 100% of operations were assessed for corruption risks. No significant risks were identified.

TTE's Anti-Bribery and Corruption Policy was communicated and/or trained as follows:

- Governance Body: 10 Directors (100%) received the policy communication.
- Employees: 60% of employees across all estate and factory regions have received the anti-corruption policy communication. All staff at the supervisory level (100%), as well as all employees at the management and executive levels (100%), have been covered and formally communicated on the anti-corruption policies and procedures.
- Business Partners: 503 active contractors and suppliers (23%) received the policy through onboarding or contract clauses, mostly operating in the Central and Sothern province.
- Training Coverage: 97 employees (21%) in relevant roles received tailored, role-specific anti-corruption training, with all operational regions covered. None of the Board Directors received anti-corruption training during this reporting year.

There were no confirmed incidents of corruption during the year, and no dismissals, contract terminations, or legal proceedings were reported.

Information Technology (IT) and Digital Governance

The Board holds ultimate accountability for IT governance, ensuring that strategic investments in technology and digital infrastructure are aligned with the Company's long-term business goals and risk management priorities.

The IT Steering Committee provides oversight over key IT initiatives, ensuring they are strategically aligned, efficiently executed, and deliver tangible value to the business. The Group IT Policy and Group Information Security Policy, together governs the management of IT resources, data protection, and safeguarding the integrity and confidentiality of critical information assets. Periodic audits are conducted to evaluate the performance and security of IT systems, with findings used to drive continuous improvement. The Group Head of IT also serves as the Chief Information Security Officer (CISO), overseeing the TTE's information security posture. Cybersecurity remains a critical focus, regularly featured on the agenda of the Group Management Committee and escalated to the Board when necessary based on risk exposure, impact, and materiality.

Human Capital Governance

As a large plantation Company with operations spread across multiple estates and factory operations, the Board ensures that a structured governance framework is in place to manage the complexities of human resource management effectively.

While overall strategic direction and Policy oversight remain with the Board, day-to-day responsibilities are systematically delegated. The Central HR Head is entrusted with translating Board directives into Company-wide HR policies and frameworks covering areas such as recruitment, performance management, learning and development, and employee engagement. The Board has directed DE&I (Diversity, Equity and Inclusion) as a key theme across all these aspects.

At the operational level, Estate HR Managers are responsible for implementing these policies on the ground. They act as the primary touch-points for employees across estates, ensuring that all HR initiatives are aligned with the Company's principles of fairness, equity, and inclusion. This includes managing employee welfare, addressing grievances, and creating a safe, healthy, and respectful work environment that supports the physical and mental wellbeing of all employees.

For more information - please refer to the Human Capital Report on page 164

ESG Governance

GRI 2-9, 12, 13, 14

The TTE Board holds ultimate responsibility for ESG governance, ensuring that sustainability considerations are integrated into the Company's overall strategy and operations. TTE's approach is aligned with the Hayleys Group's broader ESG structures, where the Hayleys Board holds overall responsibility for formulating the Group's aspirations, strategies, and policies relating to ESG and sustainable development. Supporting these efforts, the Company's ESEG Steering Committee, chaired by the CEO of TTE monitors, manages, and oversees Sustainability-related Risks and Opportunities (SRROs) and Climate-related Risks and Opportunities (CRROs), provides quarterly updates to the TTE Board and the Hayleys Group Management Committee. In addition, the Audit Committee also reviews the Company's principal risks, including those related to sustainability.

TTE's principle approach to ESG is based on integrating CRROs and SRROs into the overall strategy in line with short, medium, and long term business targets. Performance against SRROs and CRROs targets is carefully measured and reported, ensuring transparency and accountability to stakeholders.

The Board also acknowledges its responsibility to report transparently to stakeholders on TTE's commitment to sustainable value creation through the Annual Report.

In compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024, a formal Policy on Environmental, Social and Governance Sustainability was approved by the Board and implemented with effect from September 2024.

Stakeholder Engagement

GRI 2-25, 26

While the Board retains high-level responsibility for stakeholder engagement, the day-to-day management of these relationships has been delegated to the Company's leadership As per the guidelines set by the Board, operational management are tasked with implementing appropriate initiatives to interact with stakeholders to understand their concerns and expectations.

Further details on the methodologies employed for engaging with different stakeholders, including the frequency of engagement and other pertinent information, can be found in the Stakeholder Engagement section on page 61 to 65 of this report.

Shareholder Relations

The Board is firmly committed to cultivating strong, trust-based relationships with shareholders through timely, accurate, and transparent communication. Shareholders are kept apprised of the Company's strategic direction, financial performance, and material developments through periodic disclosures to the Colombo Stock Exchange (CSE), the publication of quarterly and annual financial statements, and TTE's Annual Integrated Report.

In keeping with its commitment to inclusive and meaningful engagement, the Board actively encourages shareholder participation at the Annual General Meeting, which serves as a vital platform for dialogue and accountability. Shareholders are further afforded the opportunity to engage directly with the Company Secretary, thereby ensuring their perspectives are acknowledged and addressed beyond formal assemblies.

In compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024, the Board approved the Policy on Relations with Shareholders and Investors.

Annual General Meeting (AGM)

The AGM serves as the main platform for shareholders to connect with the TTE's leadership. All Directors and senior management members are present at the AGM, facilitating two-way dialogue between shareholders and key decision makers of the Company.

The Annual Report, notice of the AGM, resolutions requiring shareholder approval, and voting instructions are distributed to shareholders at least 15 working days prior to the meeting, thus allowing ample time for shareholders to prepare for the AGM.

TTE's 2023/24 AGM held on June 2024 concluded successfully with a high degree of shareholder participation. The Company's 2024/25 AGM is scheduled to be held on 23rd June 2025.

BOARD MEETINGS

Planning of Board Meetings

Meeting calendar is prepared by the Company Secretary annually in advance and communicated to all Board members.	The Chairman sets the Board agenda, assisted by the Company Secretary, with the meeting time established to ensure all agenda items receive adequate time discussed. Directors are allowed to make a written request to the Chairman detailing any additional matters to be included in the agenda.	The finalised agenda along with a comprehensive Board pack containing relevant Board Papers are circulated among all Directors at least seven (07) working days prior to the meeting date, allowing Board members sufficient time to review the same.

Board meetings are held every quarter or more often when needed. The Chairman takes the lead in ensuring effective Board meetings by ensuring all Directors have the opportunity to contribute, thereby promoting open, constructive discussions and encouraging diverse perspectives, while keeping a strict focus on addressing all agenda items, including deliberation of Board resolutions.

Senior management members are also often attend Board meetings on invitation.

Access to Information

All Board Directors are entitled to access information necessary for effective preparation and meaningful participation in meetings. Directors can request to review details pertaining to operations, financial performance, risks, and strategic plans, as well as access any relevant documents at any time. They are also permitted to engage with members of the senior management to seek clarifications as required. Additionally, Directors have the option to obtain independent professional advice as needed to enable them in fulfilling their responsibilities as Board members. All such expenses are borne by the Company.

Corporate Governance Report

The Company Secretary is responsible for preparing and maintaining the minutes of each Board meeting. These minutes are first reviewed and approved by the Chairman before being circulated to the Directors and relevant members of the Corporate Management who participated in the meeting.

A total of 04 Board meetings were held in FY 2024/25.

Attendance at Meetings

Directors	Status	Year of Appointment	Board	Audit Committee	Related Party Transactions Review Committee	Remuneration Committee	Nomination and Governance 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 (resigned w.e.f. 1st August 2024)	NED	2023	1/1				
Mr S L Athukorala (Ceased to sub-committee chairman 27/12/2024)	NED	2016	4/4	4/4	4/4	1/1	3/3
Lt.Col J M Kariapperuma	INED	2020	4/4				
Mr N Ekanayake (Appointed as Committee Chairman 27/12/2024)	SID	2024	4/4	4/4	4/4	1/1	3/3
Mr M C B Talwatte	INED	2024	4/4	4/4	4/4	1/1	3/3
Ms H Randiligama (appointed on 27/12/2024)	INED	2024	2/2				
Mr J D N Gunasekera (appointed on 27/12/2024)	NED	2024	2/2				
Mr T M Hewagama (appointed on 05/05/2025)	NED	2025	1/1				
Mr M H Jamaldeen (resigned w.e.f 14/11/2024)	NED	2017	1/2				
"Mr A M J Fernando(resigned as an Alternative Director to Mr. Dilhan Fernando w.e.f. 1st August 2024. appointed as a Non Executive Director w.e.f. 1st August 2024 and resigned w.e.f 24th December 2024)"	NED	2023	2/2				
Ms M D A Perera (resigned w.e.f 24/12/2024)	NED	2012	2/2	2/2	2/2	1/1	2/2

ED – Executive Director | NED – Non Executive Director | INED – Independent Non Executive Director | SID Senior Independent Director

Division of Responsibilities

GRI 2-11

The division of responsibilities at the leadership level is designed so that no one individual has unfettered decision making powers, enabling both governance and management functions to be conducted with the highest standards of professionalism and integrity.

To this end, there is a clear separation of roles between TTE's Chairman and Managing Director (MD)/ CEO, ensuring that their respective responsibilities are distinct and effectively managed.

Moreover, given that TTE's Chairman - Mr. A.M. Pandithage serves in an Executive capacity, the Company has appointed a Senior Independent Director - Mr. N. Ekanayake who has served in this capacity since 27 December 2024.

Chairman

- Provides strategic leadership and direction to the Board
- Ensures Board effectiveness by fostering active participation, balanced debate, and collaboration among members
- Sets the Board's annual work plan and agenda in coordination with the Company Secretary and MD/CEO
- Promotes transparent and regular communication with shareholders, ensuring their views are conveyed to the Board
- Upholds stakeholder trust and ensures an appropriate balance of power between Executive and Non-Executive Directors
- Oversees the performance and effectiveness of the Board and its Sub-Committees

Managing Director / CEO

- Prepares and recommends budgets aligned with the Company's strategic objectives for Board approval
- Monitors organisational performance, ensuring compliance with applicable regulatory and policy frameworks, with regular reporting to the Board
- Ensures that operations are conducted within the risk appetite approved by the Board
- Establishes an efficient and well-structured organisational framework for the Company
- Oversees succession planning and performance evaluation of the Executive Team
- Fosters a corporate culture aligned with the Company's core values

Senior Independent Director (SID)

- Acts as a trusted intermediary, representing the views of Non-Executive Directors and supporting open dialogue on governance matters
- Addresses Board effectiveness issues by raising concerns with the Chairman or relevant Board members
- Supports the Chairman and MD/CEO on Board matters and facilitates Director interactions
- Serves as the primary contact for Directors to confidentially discuss unresolved concerns, including those related to the Chairman–MD/CEO relationship
- Meets annually with Non-Executive and Executive Directors separately to discuss governance matters and communicates key concerns to the Board
- Attends shareholder meetings and remains informed of shareholder concerns

Company Secretary

- Guides the Board in discharging its duties in line with corporate governance best practices
- Keeps the Board informed of relevant legislative and regulatory developments
- Ensures Board and General Meetings comply with the Articles of Association and applicable laws and regulations
- Maintains accurate minutes of Board meetings, ensures review by the Chairman, circulation to members, and formal approval
- Keeps the official minute book accessible for inspection by any Director
- Provides Directors with access to necessary advice and services to ensure compliance with governance procedures
- Facilitates Directors' requests for independent professional advice at the Company's expense

Corporate Governance Report

Board Sub Committees

To assist in performing its oversight role, the Board has appointed several sub-committees to provide oversight in specific key areas. In keeping with good governance best practices, the Chairman of each Board sub-committee is required to present an update to the Board outlining any significant matters discussed at their respective Board sub-committee meetings held since the previous Board meeting.

The Committee	Areas of Oversight	Composition 2024/25	More Information
Audit Committee (AC)	• Financial Reporting • Internal Control • Internal and External Audit • Risk Management	Mr N Ekanayake (SI) Chairman Mr M C B Talwatte (INE) Mr S L Athukorala (NE) Chairman	AC Report on Page 224
Nominations and Governance Committee (NGC)	• Appointment of Key Management Personnel KMPs and Directors • Succession Planning • Monitoring and evaluating the effectiveness of the Board, its composition and its Committees • Reviews company's overall corporate governance framework • Ensure complies with the Listing Rules and other relevant regulations	Mr N Ekanayake (SI) Chairman Mr M C B Talwatte (INE) Mr S L Athukorala (NE) Chairman	NGC Report on Page 222
Remunerations Committee (RC)	• Remuneration policy for KMPs • Goals and Targets for KMPs • Monitoring and evaluation of performance of MD and KMPs • Review annual salary increment and bonuses	Mr N Ekanayake (SI) Chairman Mr M C B Talwatte (INE) Mr S L Athukorala (NE) Chairman	RC Report on page 227
Related Party Transactions Review Committee (RPTRC)	• Review related party transactions	Mr N Ekanayake (SI) Chairman Mr M C B Talwatte (INE) Mr S L Athukorala (NE) Chairman	RPRTC Reprot on page 228

In compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024, the Policy on Board Committees was approved by the Board to standardise the governance processes of all Board sub-committees, detailing their respective Terms of Reference (TOR), reporting obligations, and structural composition.

Company Secretary

The Company Secretary plays a crucial role in ensuring the effectiveness of the Board and its governance framework. As a trusted advisor to the Board, the Company Secretary is responsible for providing guidance on corporate governance practices, regulatory compliance, and Board procedures. Directors have unrestricted access to the Company Secretary.

Board and Board Sub Committee Evaluation

GRI 2-18

The effectiveness of the Board and its sub-committees is assessed on an annual basis through a comprehensive self-assessment completed by all Directors. This assessment provides valuable insights into the Board's composition, balance, strategic focus, decision-making processes, and overall performance. It serves as a critical tool for identifying both strengths and areas for improvement to ensure the Board remains aligned with best practices and is equipped to meet the evolving challenges and opportunities faced by the organisation.

Evaluating the Performance of the Managing Director / CEO

The performance of TTE's Managing Director/CEO is subject to an annual evaluation conducted through a structured process designed to assess the achievement of pre-established targets and objectives. This process is overseen by the Board and involves a thorough review of pre-agreed performance metrics. Based on this evaluation, the Board considers and makes necessary adjustments to the MD/CEO's remuneration in recognition of accomplishments and to drive continued performance improvement.

Number of directorships held in Sri Lankan companies and their names

Classification	Directorships Count	Company
Mr. Mohan Pandithage - Chairman		
ED	11	Hayleys PLC
		Dipped Products PLC
		Singer (Sri Lanka) PLC
		Hayleys Fabric PLC
		The Kingsbury PLC
		Horana Plantations PLC
		Kelani Valley Plantations PLC
		Hayleys Leisure PLC
		Hayleys Fibre PLC
		Alumex PLC
		Haycarb PLC
NED	1	Diesel & Motor Enginering PLC
ED	120	Hayleys Group - 120 Companies
NED	10	Beata Power (Pvt) Ltd
		Joule Power (Pvt) Ltd
		Ocean Network Express Lanka (Private) Limited
		The Beach Resorts Ltd
		Delmege Forsyth & Co. Exports (Pvt) Ltd
		Delmege Coir (Pvt) Ltd
		Delmege Forsyth & Co. (Shipping) Ltd
		Delmege Freight Services (Pvt) Ltd
		Lwwis Shipping (Pvt) Ltd
		Lewis Brown Air Services (Pvt) Ltd
Dr. Roshan Rajadurai - MD		
ED	2	Kelani Valley Plantations PLC
		Horana Plantations PLC
ED	9	Hayleys Group - 9 Companies
Mr. S. B. Alawattegama - CEO		
ED	2	Hayleys Group - 2 Companies
Mr. Nandana Ekanayake -INED		
NED	2	Kelani Valley Plantations PLC
		Hayleys Fabric PLC
ED	3	Siam City Cement (Lanka) Ltd
		Mahaweli Marine (Pvt) Ltd
		Insee Ecocycle Lanka (Pvt) Ltd
Mr. Malaka Talwatte - INED		
NED	2	Kelani Valley Plantations PLC
		Hayleys Fabric PLC
EX	3	Saffron Leisure (Pvt) Ltd
		Saffron Solutions (Pvt) Ltd
		Saffron Investments (Pvt) Ltd
Mr. S. L. Athukorala - NED		
NED	3	Hayleys Consumer Products Limited
		Asset Line Finance Limited
		David Pieris Group of Companies
Mr. Darshana Gunasekera - NED		
ED	1	Dilmah Ceylon Tea Company PLC
NED	1	Kahawatte Plantations PLC
ED	3	Patiagama Estates (Pvt) Ltd
		MJF Epigro Renewables (Pvt)Ltd
		Teatime Rocks (Pvt)Ltd
Ms. Harshani Randiligama- INED		
NED	1	Hayleys Leisure PLC
Mr. Milinda Hewagama - NED		

INED - Independent Non-Executive Director
NED - Non -Executive Director
ED - Executive Director

Listed entity
Unlisted Entity

Corporate Governance Report

Classification	Directorships Count	Company
NED	2	Kingsbury PLC
		Hayleys Leisure PLC
NED	18	Hayleys Group -18 Companies
Mr. Malik Fernando NED		
ED	1	Dilmah Ceylon Tea Company PLC
NED	5	Aitken Spence Plantation Management PLC
		Elpitiya Plantations PLC
		Kahawatte Plantations PLC
		Printcare PLC
		Renuka Hotels PLC
NED	13	Durdens Medical & Surgical Hospitals (Pvt) Ltd
		Eastern Resources Holdings (Pvt) Ltd
		Elpitiya Lifestyle Solutions (Pvt) Ltd
		E P P Hydro Power Company (Private) Limited
		Forbes & Walker (Pvt) Ltd
		Hayleys Plantations Services (Pvt) Ltd
		Packages Lanka (Private) Limited
		Printcare Universal (Private) Limited
		Printcare Secure Ltd
		TTEL Hydro Power Company (Private) Limited
		TTEL Somerset Hydro Power Company (Private)Limited
		La Forteresse (Private) Limited
		Water Villas (Pvt) Ltd
ED	41	Brown Hills Development (Pvt) Ltd
		Cape Weligama (Pvt) Ltd
		Ceylon Tea Farmers (Private) Limited
		City Properties (Private) Limited
		Coco Palm Beach (Private) Limited
		Dilma Property Development (Pvt) Ltd
		Dilmah Ceylon Cinnamon Company (Pvt) Ltd
		Ereula Hotels (Private) Limited
		Forbes Plantations (Pvt) Ltd
		Kahawatte Cinnamon (Pvt) Ltd

Classification	Directorships Count	Company
		Leopard Research Association
		LLC Dilmah Rus
		Manel Dream House (Private) Limited
		Merrill J Fernando & Sons (Private) Limited
		Merrill J Fernando Company Limited
		MJF Beverages (Private) Limited
		Dilmah Properties (Private) Limited
		Epoch Investments Lanka (Pvt) Ltd
		MJF Charitable Foundation
		MJFCF-CPLF Centre for Children with Cerebral Palsy and Other Developmental Disorders
		MJF Corporate Services (Private) Limited
		MJF Management Trust (Guarantee) Limited
		MJF Exports (Private) Limited
		MJF Foundation Investments (Private) Limited
		MJF Holdings (Private) Limited
		MJF Leisure (Private) Limited
		MJF Media (Private) Limited
		MJF Properties (Private) Limited
		MJF Tea Gardens (Private) Limited
		MJF Teas (Private) Limited
		PCL Solutions (Private) Limited
		Patiagama Estates (Private) Limited
		Red Rock Beach (Private) Limited
		Resplendent Ceylon (Pvt) Ltd
		Tea Time Rocks (Private) Limited
		Tea Time Rocks Limited
		Tea Trails (Private) Limited
		Timber Concepts (Private) Limited
		Tourism Alliance (Guarantee) Limited
		Wild Island Botanicals (Pvt) Ltd
		Wild Coast Lodge (Pvt) Ltd

Statement by the Senior Independent Director

[Profile of Mr. Nandana Ekanayake is given on page 40 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 27th November 2024. Mr. Lakshman Athukorala, served as the Senior Independent Director until such time.

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.

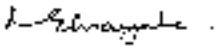
Meetings were held with the Non-Executive Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Directors were appraised.

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.



N Ekanayake
Senior Independent Director

05th May 2025

Nominations and Governance Committee Report

GRI 2-10

Composition

The Nominations and Governance Committee ("the Committee") of the Company was established in January 2023. The Committee is appointed by and is responsible to the Board of Directors and comprises two Independent Directors and one Non-Executive Director.

The following changes took place during the financial year in compliance with the Governance Rules stipulated in Section 9 of the Listing rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

The members who served on the Committee during the financial year are as follows:

- Mr. Lakshman Athukorala who served as the Chairman of the Nominations and Governance Committee was reclassified as Non-Executive Director on 27th December 2024 and consequently stepped down as the Chairman of the Committee and continued to serve as a member.
- Mr. Nandana Ekanayake an Independent Non-Executive Director was appointed as the Chairman of the Committee on 27th December 2024.
- Ms. Minette Perera who was a member of the Committee resigned from the Company with effect from 24th December 2024.

Attendance

The Committee meets as often as may be deemed necessary. The Committee met three times during the year.

Name of the Member		Number of meetings eligible to attend	Number of meetings attended	Date of appointment to the Committee
Mr. Nandana Ekanayake*** (Appointed as Chairman on 27th December 2024)	Chairman	3	3	08th January 2024
Mr. Lakshman Athukorala** (Ceased to be Chairman w.e.f. 27th December 2024)	Member	3	3	1st January 2023
Mr. Malaka Talwatte***	Member	3	3	08th January 2024
Ms. Minette Perera** (Resigned w.e.f 24th December 2024)	Member	2	2	1st January 2023

**Non-Executive Director
***Independent Non-Executive Director

The Chairman of the Committee is an Independent Non- Executive Director.

The Committee has well-defined terms of reference approved by the Board outlining the Committee's purpose, composition, quorum, authority, responsibilities, and meeting related matters.

Hayleys Group Services (Private) Limited the secretaries of the company, acts as the secretary to the committee.

Duties of the Nominations and Governance Committee

- To evaluate and recommend the appointment of Directors to the Board and Committees, considering the required skills, experience and qualifications necessary.
- To 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 Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- To establish and maintain a formal and transparent procedure to evaluate, select and appoint/ re appoint Directors of the Company.
- To establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- To establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors and the Managing Director of the Company to ensure their responsibilities are satisfactorily discharged.
- To consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- To review the succession plans for the Board of directors and key Management Personnel.
- Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices.
- To review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.

- To receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the Securities and Exchange Commission Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

Disclosure of Activities

GRI 2-23, 24

The Board performance evaluation was 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 any important or critical matters. No such special meeting were held during the financial year.

Newly appointed Directors were given an induction to the Company prior to their first Board meeting. The orientation programme includes inviting the Directors to the factories and estates 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. The fitness and proprietary of the Directors were examined. All Independent Directors of the Company meet the criteria set out in the Listing Rules of the Colombo Stock Exchange for determining independence.

The Company has adopted the following policies, with effect from 1st October 2024, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange;

1. Policy on Matters Relating to The Board of Directors
2. Policy on Board Committees
3. Policy on Corporate Governance Nominations and e-election
4. Policy on Remuneration
5. Policy on Corporate Disclosure
6. Policy on Risk Management and Internal Controls
7. Policy on Internal Code of Business Conduct and Ethics for Directors and Employees including policies on trading in the entity's listed securities
8. Policy on Anti-Bribery and Corruption
9. Policy on Whistleblowing
10. Policy on Control and Management of Company Assets and Shareholder Investments
11. Policy on Environment Social and Governance Sustainability
12. Policy on Relations with Shareholder and Investor

Re-Appointments/ Re- Elections

One Third (1/3) of the all the directors except the Managing Director and those who have been appointed to the Board since the last Annual General Meeting, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the Annual General Meeting.

Accordingly, the Committee has recommended to re-elect Lt. Col. Manuja Kariapperuma and Mr. Malik J. Fernando to the Board at the Annual General Meeting to be held on 23rd June 2025, based on their performance and the contribution made to achieve the objectives of the Board.

Lt. Col. Manuja Kariapperuma was appointed to the Board on 15th August 2020, and last re-appointed as a Director in June 2022. His directorships and other principal commitments are given in the profile on page 39. He does not serve on any Board Committees.

Mr. Malik J. Fernando was appointed to the Board on 15th January 1998, and last re-appointed as a Director in June 2022. His other directorships and other principal commitments are given in the profile on page 39. He does not serve on any Board Committees.

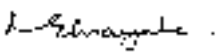
Mr. Darshana Gunasekara, Non-Executive Director and Ms. Harshani Randiligama, Independent Non-Executive Director who were appointed to the Board on 27th December 2024 and Mr. Milinda Hewagama, Non-Executive Director who was appointed to the Board on 05th May 2025 will come up for re-election by the shareholders at the Annual General Meeting. Their profiles in pages 40 and 41 set out their other principal commitments and directorships. They do not serve on any committees.

Due to the invaluable contribution made to the Board as a result of their many years of experience, industry knowledge and business acumen, the Committee has recommended to reappoint Mr. Mohan Pandithage and Mr. Lakshman Athukorala who are over seventy years and who retire in terms of Section 210 of the Companies Act No. 7 of 2007.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The commitee has ensured Board diversity by bringing a wide range of experience and skills to the Board. Age and gender diversity have been essential factors contributing to the effective performance of the Company's Board

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 207 to 220.



N Ekanayake
Chairman
Nominations and Governance Committee

05th May 2025

Audit Committee Report

COMPOSITION

The Audit Committee ("the Committee") is appointed by and is responsible to the Board of Directors. The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director.

The following changes took place during the financial year in compliance with the Governance Rules stipulated in Section 9 of the Listing rules of the Colombo Stock Exchange.

The members who served on the Committee during the financial year are as follows:

- Mr. Lakshman Athukorala who served as the Chairman of the Audit Committee was reclassified as Non-Executive Director on 27th December 2024 and consequently stepped down as the Chairman of the Audit Committee on 27th December 2024, and continued to serve as a member.
- Mr. Nandana Ekanayake, an Independent Non-Executive Director was appointed as the Chairman of the Audit Committee on 27th December 2024.
- Ms. Minette Perera who was a member of the Committee resigned from the Company with effect from 24th December 2024.

The Committee is chaired by a Senior Chartered Accountant. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA), an Associate Member of the Institute of Certified Practicing Accountants (CPA), Australia and a Fellow Member of the Certified Management Accountants (FCMA) of Sri Lanka. The other members possess relevant knowledge, qualifications and experiences in financial reporting, control, legal and regulatory requirements.

Brief profiles of each member are provided on pages 38 to 41 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.

Hayleys Group Services (Private) Limited, the Secretaries of the Company, acts as the secretary to the committee.

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 terms of reference of the Committee are clearly defined in the Charter of the Audit Committee.

The "Rules on Corporate Governance" under the Listing Rules of the Colombo Stock Exchange, and "Code of Best Practice on Corporate Governance" issued by the Institute of Chartered Accountants of Sri Lanka in 2023, further regulate the composition, roles and functions of the Audit Committee.

Meetings of the Audit Committee

The Committee meets as often as may be deemed necessary. The Committee had quarterly formal meetings and the member attendance records are given below.

Name of the Member		Number of meetings eligible to attend	Number of meetings attended
Mr. Nandana Ekanayake*** (Appointed as Chairman on 27th December 2024)	Chairman	4	4
Mr. Lakshman Athukorala** (Ceased to be Chairman w.e.f. 27th December 2024)	Member	4	4
Mr. Malaka Talwatte***	Member	4	4
Ms. Minette Perera** (Resigned w.e.f 24th December 2024)	Member	2	2

**Non-Executive Director
***Independent Non-Executive Director

The Chairman of the Board, Managing Director, Director/Chief Executive Officer, Director-Finance of the Company and Hayleys Group Chief Financial Officer attend the meetings of the Committee by invitation.

Other members of the Board of Directors, Management Committee of the Company and the Head of Group Management Audit and System Review Department (MA & SRD) of Hayleys PLC were present at the meetings of the Committee where appropriate. The External Auditors are also invited to be present where relevant.

The proceedings of the Committee are regularly reported to the Board of Directors. Audit Committee meeting papers, including the agenda, minutes and related reports and documents, are circulated to the committee members in advance.

The Authority of the Audit Committee

- Recommend appointment, reappointment, dismissal, service period and fees of the external auditors and internal audit service providers.
- Establish and maintain a direct communication channel with the external auditors.
- Resolve any issues regarding financial reporting between the management and the external auditors.
- Pre-approve all auditing and non-audit services performed by the firm of external auditors and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the management and external auditors as necessary to carry out the assigned duties.

Activities in 2024/25

The Audit Committee,inter alia, engaged in the following activities during the financial year under review.

Financial Reporting System

The Committee reviewed the quality and integrity of the financial reporting system adopted by the Group in the preparation and presentation 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 Accounting Standards (SLFRSs and LKASs) issued by The Institute of Chartered Accountants of Sri Lanka (ICASL), financial reporting requirements under the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange / Securities and Exchange Commission Act.

The Committee also reviewed the key judgements applied in the preparation of Consolidated Financial Statements, which are described in the relevant accounting policies and detailed Notes to the Financial Statements on pages 254 to 305.

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.

The Audit Committee obtained Statements of Compliance from the Business Unit Heads where appropriate. Having reviewed the financial reporting system, the Committee is satisfied that the system complies in all material respects with the regulatory and statutory requirements. The Committee reviewed the adequacy of disclosures and presentation formats of the draft Annual and Interim Financial Statements before recommending their publication to the Board and also adequacy of the content and quality of routine management information forwarded to its members.

The Committee engaged in discussion with the Company's External Auditors on the results of the External Auditors' examinations and their judgement on the acceptability of the accounting principles adopted by the Company.

The Committee recommended the Financial Statements to the Board for its deliberations and issuance.

Internal Control Systems

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 the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

The Hayleys Group Management Audit and Systems Review Department reports on key control elements and procedures followed by the Group that are selected according to the Annual Audit Plan. The Annual Internal Audit Plan is approved by the Audit Committee and reviewed the progress on a quarterly basis in order to reflect the changing business needs and to ensure new and emerging risks are considered. During the financial year 2024/25, 12 audits were performed. The Committee reviewed the findings and recommendations together with management's responses on the observations made by internal auditors and provided recommendations for improvement.

A part of the Internal Audits was outsourced in financial year 2024/25 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 Management Audit and Systems Review Department in the conduct of their assignments.

Risk Management

While the Board of Directors reserve the primary responsibility on business risk management, the Board establishes the responsibility to the Audit Committee to oversee the risk management process of the Company.

The Audit Committee reviewed the Risk Register prepared and presented by the management of the Company in each of its meetings.

The Risk Register include key business risks on strategic, operational, financial, investment, governance, information technology and system security (ISS) aspects of the business.

The Management also reported to the Audit Committee, matters pertaining to sustainability/ ESG, as part of sustainability reporting. The Committee reviewed Sustainability Related Risks/Opportunities (SRROs) and Climate Related Risks/Opportunities (CRROs), affecting the business.

The Committee reviewed the Risk Management framework adopted by the Company including processes, practices and responsibilities of managing the identified risks.

The Committee also reviewed the key audit observations made in respect of subsidiary companies.

A review of the insurance policies and their adequacy were also carried out.

External Audit

During the year, the Committee reviewed the external audit scope and the strategy. The Audit Committee discussed the audit plan and the scope of the external audit with Messrs. Ernst & Young, Chartered Accountants. The Audit Results Report and the Management Letters issued by the External Auditors with regard to the Financial Statements and Internal Controls are circulated and reviewed at the Audit Committee.

The Committee obtained written assurance from the External Auditors that they are, and have been, Independent throughout the audit engagement in accordance with all relevant professional and regulatory requirements, and has determined that the auditors' independence is intact. The Committee reviews the appointment of the External Auditor annually and makes recommendations to the Board accordingly. The Committee is satisfied that the independence of the External Auditors had not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of Audit and non-audit fees received by the Auditors, in order to ensure that it did not compromise their independence.

The Audit Committee provides the opportunity to External Auditors to meet Audit Committee members independently, if necessary.

Audit Committee Report

Appointment of External Auditors

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, continue as External Auditors for the financial year ending 31st March 2026 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the financial year 2024/25.

The current Auditor Messrs. Ernst & Young, Chartered Accountants was initially appointed as External Auditor in 2012 and continues to hold that position at present. A partner rotation of the Auditors takes place periodically. A rotation of partner took place in the financial year 2022/23.

Compliance

The Committee received confirmation from the Managing Director and Director Finance on the Group's operational and financial status. It was satisfied that the financial records are properly maintained and that the financial statements accurately reflect the Group's operations and financial position. The Committee also obtained representations from the management of the Company on the adequacy of provisions made for possible liabilities and reviewed reports tabled by the Group certifying their compliance with relevant statutory requirements. Further, the Committee obtained regular updates on HR and Legal regarding compliance matters.

Ethics and Good Governance

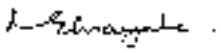
The Committee continuously emphasized on upholding ethical values of the staff members. In this regard, Internal Code of Business Conduct and Ethics, the policies on Whistleblowing and Anti-Bribery and Corruption were put in place. The Policies were followed by educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistleblowing or identified through other means. The Whistleblower Policy guarantees strict confidentiality of the identity of the Whistleblowers.

Support to the Committee

The Committee received information and support from the 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 Company, the Committee has been and rated as highly effective.



N Ekanayake
Chairman- Audit Committee

05th May 2025

Remuneration Committee Report

GRI 2-19, 20

Composition

The Remuneration committee ("the Committee") of the Company was established in January 2023 in compliance with Section 9 of the listing Rules of Colombo Stock Exchange. The Remuneration Committee ("the Committee") of the Company is appointed by and is responsible to the Board of Directors and comprises two Independent Non Executive Directors and one Non- Executive Director.

The following changes took place during the financial year in compliance with the Governance Rules stipulated in Section 9 of the Listing rules of the Colombo Stock Exchange.

The members who served on the Committee during the financial year are as follows:

- Mr. Lakshman Athukorala who served as the Chairman Remuneration Committee was reclassified as Non-Executive Director on 27th December 2024 and consequently stepped down as the Chairman of the Committee on 27th December 2024, and continues to serve as a member.
- Mr. Nandana Ekanayake, an Independent Non-Executive Director was appointed as the Chairman of the Remuneration Committee on 27th December 2024.
- Ms. Minette Perera who was a member of the Committee resigned from the Company with effect from 24th December 2024.

Attendence

Name of the Member		Number of meetings eligible to attend	Number of meetings attended
Mr. Nandana Ekanayake*** (Appointed as Chairman on 27th December 2024)	Chairman	1	1
Mr. Lakshman Athukorala** (Ceased to be Chairman w.e.f. 27th December 2024)	Member	1	1
Mr. Malaka Talwatte***	Member	1	1
Ms. Minette Perera** (Resigned w.e.f 24th December 2024)	Member	1	1

**Non-Executive Director
***Independent Non-Executive Director

The Chairman of the Committee is an Independent Non-Executive Director.

The Remuneration Committee has well defined Terms of Reference.

The members of the Committee are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgement.

Responsibilities of the Remuneration Committee

- To make recommendations to the Board of Directors regarding the framework of remuneration to the Executive Directors and Senior Management.
- To evaluate the compensation of the Managing Director, Executive Directors and the Senior Management.
- To review the guidelines and parameters for the compensation structures of Senior Management within the Group taking into consideration industry norms.
- To review from time to time information related to Executive and Non-Executive Directors payments, to ensure that they are on par with the market/industry rates.
- To evaluate the performance of the Managing Director, Executive Director and the Senior Management, against predetermined targets and goals set by the Board.
- To assess and recommend to the Board of Directors promotions of the Senior Management and to address succession planning.
- To recommend annual salary increments and bonuses.

The committee in performing its duties obtains the assistance of the managing director of the company to provide relevant information to the committee and to assist in their analysis and deliberations except when his own compensation package is reviewed. The managing director and the board chairman participate by invitation in the meetings of the remuneration committee as and when necessary.

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 each business within the Group and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

The remuneration packages which are linked to individual performances are aligned with the Company/Group's short term and long-term strategy.

All Non-Executive Directors (other than Directors who are employed by Hayleys PLC) receive a fee for serving on the Board and serving on sub committees. They do not receive any performance related incentive payments.

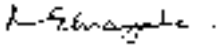
Activities in 2024/2025

During the year, the Committee reviewed the performance of the Managing Director, Executive Directors and Senior Management, based on the targets set in the previous year and determined the bonus payable and the annual increments.

Reviewed the compensation parameters of the Senior Management and implemented market corrections where necessary. The Committee also recommended that compensation packages to be in line with the market median.

Recommended the bonus payable and annual increments to be paid based on the ratings of the Performance Management System.

The aggregate remuneration of the Executive and Non-Executive Directors for the financial year amounted to Rs. 53.5 Mn.



N Ekanayake
Chairman
Remuneration Committee

05th May 2025

Related Party Transactions Review Committee Report

GRI 2-15

Composition

The Related Party Transactions Review Committee ("the Committee") of the Company was established on 1st January 2023 in compliance with the Governance Rules stipulated in Section 9 of the Listing Rules of Colombo Stock Exchange. The Committee is appointed by and is responsible to the Board of Directors and comprises two Independent Non-Executive Directors and one Non-Executive Director.

The following changes took place during the financial year in compliance with the Governance Rules in Section 9 of the Listing Rules of Colombo Stock Exchange.

The members who served on the Committee during the financial year are as follows:

- Mr. Lakshman Athukorala who served as the Related Party Transaction Review Committee Chairman was reclassified as Non-Executive Director on 27th December 2024 and consequently stepped down as the Chairman of the Committee on 27th December 2024, and continued to serve as a member.
- Mr. Nandana Ekanayake an Independent Non-Executive Director was appointed as Chairman of the Committee on 27th December 2024.
- Ms. Minette Perera who was a member of the Committee resigned from the Company with effect from 24th December 2024.

Attendance

The Committee meets on a quarterly basis or as often as may be deemed necessary. During the financial year 2024/25, The Committee met Quarterly to review the related party transactions.

Name of the Member		Number of meetings eligible to attend	Number of meetings attended
Mr. Nandana Ekanayake*** (Appointed as Chairman on 27th December 2024)	Chairman	4	4
Mr. Lakshman Athukorala** (Ceased to be Chairman w.e.f. 27th December 2024)	Member	4	4
Mr. Malaka Talwatte***	Member	4	4
Ms. Minette Perera** (Resigned w.e.f 24th December 2024)	Member	2	2

**Non-Executive Director
***Independent Non-Executive Director

The Chairman of the Committee is an Independent Non- Executive Director. Profiles of the Committee members are given in Pages 38 to 41.

The Chairman, Managing Director, Director/Chief Executive Officer, Director Finance and any other officers as may be required by the Committee attend the meetings by invitation.

The Company Secretaries act as the Secretaries to the Committee and Minutes of Committee meetings are tabled at the Board meetings, thereby providing the Directors access to the deliberations of the Committee.

The Duties of the Committee

- To review in advance all proposed related party transactions of the Group 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 the Management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the Management. Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/ non-recurrent-related party transactions
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining "competent independent advice" from independent professional experts with regard to the value of the substantial asset of the related party transaction.
- To ensure that there is an adequate and effective process in place to capture information which is relevant to its review function.

Task of the Committee

The Committee reviewed the related party transactions and their compliances of Talawakelle Tea Estates PLC and its subsidiaries and communicated the same to the Board.

The Committee in its review process recognized the adequacy of the content and quality of the information forwarded to its members by the Management.

Policy and Terms 0f Reference

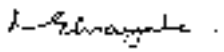
The Committee has established a clear Policy and Terms of Reference approved by the Board, setting forth the procedure to identify the related parties and the process of reporting the transactions with related parties to the Committee on a quarterly basis. The Policy outlines the composition of the Committee, meeting procedures and the responsibilities of the Committee. It also specifies the approval processes and disclosure requirements, including market announcements and Annual Report disclosures. The Policy guides the Committee and makes them responsible for ensuring that no director or major shareholder takes advantage of their position to the detriment of the interest of minority shareholders.

Disclosures

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclose under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in Note 32 to the financial statements given in pages 254 to 305 this report.

Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on page 228 of this Annual Report.



N Ekanayake
Chairman
Related Party Transactions Review Committee

05th May 2025

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

General

The Board of Directors of Talawakelle Tea Estates PLC ("the Company") have pleasure in presenting the Annual Report of the Board of Directors on the affairs of the Company and of the Group together with the Audited Consolidated Financial Statements for the year ended 31st March 2025.

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 (CSE), 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 5th May 2025.

Principle Activities, Business Review and Future Developments

The principal activity of Talawakelle Tea Estates PLC is the cultivation and manufacture of tea, rubber and cinnamon. 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 material changes in the nature of business of the Company and the Group during the financial year.

There has been no non-compliance with laws or regulations and the Directors to the best of their knowledge and belief, confirm that the Company has not engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company by the Government or any regulatory authority in any jurisdiction where the Company operates.

Group Structure

The Group Structure is given on page 29.

Vision, Mission, Purpose and Corporate Conduct

The Company's vision, mission and purpose statement are given on page 6. 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 116 to 193) 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 2025, have been duly signed by the Chief Financial Officer and two Directors of the Company. Refer page 226.

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 2025, and their Report is given on pages 250 to 253.

Accounting Policies

The Significant Accounting Policies adopted in the preparation of the Financial Statements of the Company and the Group are given on pages 260 to 271.

The Financial Statements and Notes thereto give a true and fair view of the Company's and the Group's financial position as of 31st March 2025 and of their performance for the year-ended on that date.

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. 7,805.6 Mn (2023/24 Rs. 7,763.6 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 2023/24, the contribution to revenue for the financial year 2024/25 from tea increased by Rs. 21.45 Mn, contribution from rubber increased by Rs.2.37 Mn contribution from Cinnamon increased by Rs. 7.45 Mn and contribution from hydro power increased by Rs. 25.07 Mn.

Trade between Group Companies is conducted at fair market prices.

Operational Results and Dividends

The Group profit before taxation, amounted to Rs. 1,770.58Mn (2023/24 - Rs. 2,134.65Mn) during the period under review. After charging Rs. 535.74Mn (2023/24 - Rs. 491.2.Mn) for taxation and a consolidation profit of Rs. Nil(2023/24 - loss of Rs. 1.29Mn) for non-controlling interests, the Group profit attributable to equity holders of the Company from operating activities for the period was Rs. 1,234.84Mn (2023/24 – Rs. 1,644.74Mn).

The first interim dividend of Rs. 2.25 (Rupees two and Cents twenty five) per share was paid to the shareholders on 21st October 2024. The second interim dividend of Rs. 2.50 (Rupees two and Cents Fifty) per share was paid to the shareholders on 22nd January 2025 and third interim dividend of Rs. 2.40 (Rupees two and cents forty) per share was paid to the shareholders on 22nd April 2025.

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.

Property, Plant & Equipment

Group investment on property, plant and equipment and capital work in progress during the year amounted to Rs.362.49 Mn (2023/24 - Rs. 256.82 Mn) whilst that of the Company was Rs. 362.49 Mn (2023/24 - Rs. 256.82 Mn). The Company investment on replanting of tea and timber and other crops during the year amounted to Rs. 174.87 Mn. (2023/24 – Rs. 147.63Mn) and Rs. 22.87 Mn (2024 - Rs. 15.25 Mn) and Rs. 73.37 Mn (2024 - Rs. 77 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 2025 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 2025 amounts amounted to Rs. 6,752.32 Mn (2023/24-Rs. 6,019.54 Mn)comprising retained earnings of Rs. 6,253.11 Mn (2023/24 – Rs. 5,520.52 Mn), biological crop reserve of Rs.32 Mn (2023/24- Rs. 22.6Mn) and timber reserves of Rs.467.16 Mn (2023/24 – Rs. 476.4 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 standrad rates. The profit earned on Agro Farming, Agro processing, Interest Income and Other source of income are liable at 30 % and Dividend Income is liable at 15%.

TTEL Hydro Power Company (Private) Limited and TTEL Somerset Hydro Power (Private) Limited 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.

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 32 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.

Interests Register

The Company, in compliance with the Companies Act, maintains an Interests Register. Particulars of entries in the Interests Register are detailed below;

Merril J Fernando & Sons (Private) Limited hold 2,369,400 shares (4.99%) in which Mr. Malik J. Fernando and Mr. Darshana Gunasekera are Directors.

Shareholders of subsidiary Companies have unanimously agreed to dispense with the requirement to maintain an Interest Register.

Directors' Shareholdings

The shareholdings of the Directors as at 31st March 2025 were as follows;

Name of the Director	As at 31/03/2025	As at 31/03/2024
Mr. Mohan Pandithage (Chairman)	-	-
Mr. Roshan Rajadurai (Managing Director)	5,000	5,000
Mr. Senaka Alawattegama (Chief Executive Officer)	-	-
Mr. Malik Fernando	-	-
Mr. Lakshman Athukorala	-	-
Mr. Nandana Ekanayake (Senior Independent Director)	-	-
Lt. Col. Manuja Kariapperuma	-	-
Mr. Malaka Talwatte	1,200	1,200
Ms. Harshani Randiligama (appointed w.e.f. 27th December 2024)	-	-
Mr. Darshana Gunasekera (appointed w.e.f. 27th December 2024)	-	-
Mr. Milinda Hewagama (appointed w.e.f. 5th May 2025)	-	-
Mr. Dilhan Fernando (resigned w.e.f. 1st August 2024)	-	-
Mr. Amrit Fernando (resigned as an Alternative Director to Mr. Dilhan Fernando w.e.f. 1st August 2024. appointed as a Non Executive Director w.e.f. 1st August 2024 and resigned w.e.f 24th December 2024)	-	-
Mr. M. H. Jamaldeen (resigned w.e.f. 14th November 2024)	-	-
Ms. Minette Perera (resigned w.e.f. 24th December 2024)	-	-

No shares are held by the Directors in the subsidiaries of the Company. None of the Directors or their close family members have any material business relationship with other Directors of the Company.

Directors' Indemnity and Insurance

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 2025 is Rs. 46.1 Mn (31.03.2024 - Rs. 51.9 Mn), which includes the value of perquisites granted as part of terms of service and is formally approved. The total remuneration of Non-Executive Directors for the year ended 31.03.2025 is Rs. 7.5 Mn (2023/24 - Rs. 6.5Mn).

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

Corporate Donations

The donations made during the year by the Company amounted to Rs. 0.92 Mn (2023/24 – Rs. 0.25 Mn)

No donations were made for political purpose.

Directorate

The names of the Directors who held office during the financial year are given below and their brief profiles appear on page 38 and 41.

Executive Directors

Mr. Mohan Pandithage (Chairman)

Mr. Roshan Rajadurai (Managing Director)

Mr. Senaka Alawattegama (Chief Executive Officer)

Non-Executive Directors

Mr. Malik Fernando

Mr. Lakshman Athukorala

Mr. Darshana Gunasekera
(appointed w.e.f. 27th December 2024)

Mr. Milinda Hewagama
(appointed w.e.f. 5th May 2025)

Mr. Dilhan Fernando
(resigned w.e.f. 1st August 2024)

Mr. Amrit Fernando
(resigned as an Alternative Director to Mr. Dilhan Fernando w.e.f. 1st August 2024. appointed as a Non Executive Director w.e.f. 1st August 2024 and resigned w.e.f 24th December 2024)

Mr. M. H. Jamaldeen
(resigned w.e.f. 14th November 2024)

Ms. Minette Perera
(resigned w.e.f. 24th December 2024)

Independent Non-Executive Directors

Mr. Nandana Ekanayake
(Senior Independent Director)

Mr. Malaka Talwatte

Lt. Col. Manuja Kariapperuma

Ms. Harshani Randiligama
(appointed w.e.f. 27th December 2024)

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. Darshana Gunasekera and Ms. Harshani Randiligama were appointed to the Board on 27th December 2024 and Mr. Milinda Hewagama was appointed to the Board on 5th May 2025. 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.

In terms of Article 30(1) of the Articles of Association of the Company, Lt. Col. J.M. Kariapperuma and Mr. Malik Fernando 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. Mohan Pandithage and Mr. Lakshman Athukorala who are 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.

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 9A of continuing Listing Rules of CSE.

Directors of the subsidiaries are given on page 121.

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 207 to 220 discusses this further.

Mr. Nandana Ekanayake was appointed as the Senior Independent Director, in accordance with the Corporate Governance requirements. The Board was of the opinion that Mr. Mohan 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 Company. Please refer the Senior Independent Director's Report on page 221.

The Directors and Managing Director 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 Managing Director 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 of the Colombo Stock Exchange and other regulatory requirements.

Directors' Meeting

The number of Directors' meetings comprises Board meetings, Sub-Committees meetings and the attendance of Directors at these meetings are given on page 216 Furthermore, the Directors contributed towards policy advocacy and direction by participating in the deliberations of the Board-appointed Subcommittees on strategic review, procurement and disposal of assets.

Board Subcommittees

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 222 and 228 of this report.

Related Party Transactions

The related party transactions of the Group during the year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rules. Please refer Related Party Transactions Review Committee Report on page 228.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to present a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, The Companies Act and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on page 225 which forms an integral part of the Annual Report of the Board of Directors.

Auditors

The Financial Statements for the year have been audited by Messrs. Ernst & Young, Chartered Accountants.

The Auditors Messrs Ernst & Young, Chartered Accountants were paid Rs. 7.26 Mn (2023/24 – Rs. 6.65Mn) as audit fees and audit related work of the Company and Rs. 1.42 Mn (2023/2024 - Rs. 1.85 Mn) as audit fees by the two subsidiaries, TTEL Hydro Power Company (Private) Limited and TTEL Somerset Hydro Power (Private) Limited.

As far as the Directors are aware, the Auditors of the Company and of the Subsidiaries do not have any relationships (other than that of an Auditor) with the Company or any of its Subsidiaries other than those disclosed above. The Auditors also do not have any interests in the Company or any of its Group companies.

Messrs. Ernst & Young, Chartered Accountants have expressed their willingness to continue in office and 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, Dividend, Net Assets per Share, Market Value Per Share and Share Trading is shown in page 307 and 309.

Shareholders

It is the Company's policy to endeavor to ensure equitable treatment to its shareholders. The Twenty major shareholders' names, comparative number of shares held and the percentage held as at 31st March 2025 and public shareholding percentage and total number of public shareholders are shown on page 308.

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.
- The Company shall submit to the Golden Shareholder, within ninety 90 days of the end of each fiscal year, information relating to the Company in a pre-specified format agreed to by the Golden Shareholder and the Company.
- Golden shareholder has power to appoint not more than 03 persons as his proxies to attend on the same occasion at the General Meetings.

Events Occurring After the Date of the Statement of Financial Position

No circumstances have arisen since the date of the Statement of Financial Position, which would require adjustments to, or disclosure of other than those disclosed in Note 31 to the Financial Statements on page 297.

Employees and Industrial Relations

The Company has a structure and a culture that recognizes the aspirations, competencies and commitment of employees. Career growth and advancement within the Company is promoted. Details of the Company's human resource practices and employee and industrial relationships are given in Human Capital Section. The number of persons employed by the number of persons employed by the Company at financial year end was 5,247 (2023/24 - 4,284) of which 5,205 (2023/24 - 4,244) are engaged in employment outside the District of Colombo.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due in relation to employees and the Government have been made promptly and are up to date.

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 environment section of the Sustainability Report from page 74 to 78.

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

The Group's business activities can have direct and indirect effect on the environment. It is the Group's policy to minimise any adverse effects its activities may have on the environment and to promote co-operation and compliance with the relevant authorities and regulations.

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 pages 164.

Exposure to Risk

The Company has a structured risk management process in place support its operations. The Audit Committee plays a major role in this process. The risk management section referred in pages 198 to 206 elaborates these practices and the risk factors.

Policies

The Company has adopted the following policies, effective from 1st October 2024 and has uploaded them to the Company's website;

- Policy on Matters Relating to The Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance
- Policy on Remuneration
- Policy on Corporate Disclosure
- Policy on Risk Management and Internal Controls
- Policy on Internal Code of Business Conduct and Ethics
- Policy on Anti-Bribery and Corruption
- Policy on Whistleblowing
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Environment Social and Governance Sustainability
- Policy on Shareholder and Investor Communication

'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 Company.

The Company has adopted own policies including "ReGen Agenda-2030" its ESG Roadmap is in line with the ESG framework of Hayleys PLC.

Internal Controls

The Directors acknowledge their responsibility for the Company'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 Company's adherence to and the effectiveness of these controls.

Going Concern

The Directors, after making necessary inquiries and reviews including reviews of the Company's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

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 on Page 307 and 309 of this report.

Shareholding

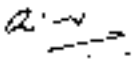
As at 31st March, 2025, there were 14,807 (31.03.2024 – 14,814) registered shareholders. The percentage of shares held by the public was 20.26% (31.03.2024 -20.26%) of the issued shares held by .14,801 shareholders (31.03.2024 – 14,808).

The twenty major shareholders as at 31st March 2025 are given on page 308.

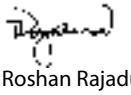
Annual General Meeting

The Annual General Meeting will be held on, Monday, 23rd June 2025 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 330.

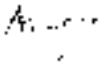
For and on behalf of the Board,



Mohan Pandithage
Chairman



Roshan Rajadurai PhD, DSc.
Managing Director



Hayleys Group Services (Private) Limited
Secretaries

No. 400, Deans Road
Colombo 10

05th May 2025

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 first, second, third interim dividends paid. Solvency certificates were obtained from the Auditors in respect of the Interim 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 250 to 253 sets out their responsibilities in relation to the Financial Statements.

Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and the Group, and its subsidiaries as at the Balance Sheet date have been paid or provided where relevant.

By Order of the Board,

Hayleys Group Services (Private) Limited
Secretaries

05th May 2025

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, 2025 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-2023 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. During the year, company opted for the voluntary second year adaptation of SLFRS S1 and S2 Sustainability Disclosure Standards, in line with the transitional relief allowed for early adopters and obtained Independent limited assurance on SLFRS Sustainability Disclosure Standards S1 and S2 from Messers Ernest & Young.

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.

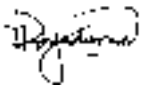
The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits and to discuss auditing, internal control and financial reporting issues. The Independent Auditors and the Internal Auditors have full and free access 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 250 to 253 of the Annual Report.

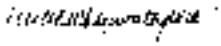
The Audit Committee approves the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services do not impair their independence.

We confirm that,

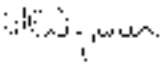
- the Company and its subsidiaries have complied with all applicable laws, regulations and prudential requirements;
- there are no material non-compliances; and
- there are no material litigations that are pending against the Group other than those disclosed in the Note 32 to the Financial Statements in this Annual Report.



Roshan Rajadurai PhD, DSc.
Managing Director



S B Alawattegama
Chief Executive Officer



Vindya Perera
Director Finance

05th May, 2025

Directors' Statement on Internal Controls

The following statement fulfils the requirement to publish the Directors' Statement on internal control as per the Code of Best Practice on Corporate Governance 2023 issued by CA 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:

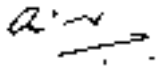
- Instituted various committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies and annual budget.
- The Management Audit and System Review Division (MA & SRD) to review and report on the internal control environment in the Company and Group. Audits are carried out on all subsidiaries in accordance with the annual audit plan approved by the Audit Committee. Findings are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee reviews internal control issues identified by MA & SRD and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled at the Board meetings of Talawakelle Tea Estates PLC.
- The adoption of Sri Lanka Accounting Standards comprising LKAS and SLFRS, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. The required processes were put in place to adopt the SLFRS S1 and S2 Sustainability disclosure Standards. Continuous monitoring is in progress to ensure effective reporting of the required processes.
- The comments made by External Auditors in connection with the internal control system during the financial year were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

Conclusion

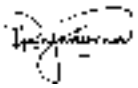
The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatements of loss.

The Board of Directors confirm that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the company's Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

By order of Board,



Mohan Pandithage
Chairman



Roshan Rajadurai PhD, DSc.
Managing Director

N Ekanayake
Chairman, Audit Committee

05th May,2025

Independent Assurance Report

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: ey@lk.ey.com
ey.com

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 2024/25

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 for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Talawakelle Tea Estates PLC

In preparing the Subject Matter, Talawakelle Tea Estates PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org
- GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022

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 23 April 2025. 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 quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Independent Assurance Report

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

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

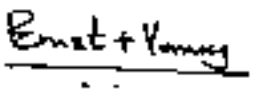
Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Talawakelle Tea Estates PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.



27 May 2025
Colombo

Consolidated ESG Statement

	Note	2024/25	2023/24	2022/23	2021/22
Environmental Performance					
Resources					
Energy consumption (GJ)	2.1	217,833	214,663	201,664	208,303
Renewable energy generation (GJ)	2.2	30,848	26,937	30,767	29,296
Water consumption (m^3)	2.3	555	521	1,742	2,492
Portion of renewable materials use of material mix (%)	2.4	79.4%	82.88%	88%	89%
Waste					
Total solid non-hazardous waste generated (Tonnes)	2.5	225	145	135	234
Total solid hazardous waste generated (Tonnes)	2.5	1	1	1	1
Emission					
Scope 1 (Direct) tCO2e	2.6	8,160	9,263	8,999	2388
Scope 2 (Indirect) tCO2e	2.6	1,703	1,961	2,205	2606
Scope 3 (Indirect) tCO2e	2.6	13,568	13,970	18,578	289
Investment in environment and biodiversity conservation					
Biodiversity conservation and protection (Rs. 000)	2.7	1,507	1,491	1,982	983
Environment friendly Agriculture practices (Rs. 000)	2.7	56,782	45,317	47,576	49,348
Environmental compliance					
Breaches of environmental regulatory	2.8	0	0	0	0
Social performance					
Employees					
Total employees	3.1	5,247	4,284	4,825	5279
Employee turnover (%)	3.2	3.4%	11.2%	8.6%	8.6%
Employee Trust Index (%)	3.3	99%	99%	97%	96%
Frequency of occupational accidents (Injuries Rate)	3.4	6.1	9.98	8.58	6.05
Average training hours per employee	3.5	1.91	2.3	2.5	2.05
Training Investment (Rs. Mn)	3.6	11	14.4	13.78	1.46
Gender in leadership positions (ratio men: women)	3.7	55:8	55:8	31:6	25:1
Gender in the Board of Directors (ratio men: women)	3.7	10:1	10:1	9:1	9:1
Community					
Investment on living environment (Rs. Mn)	3.8	36.9	8.2	5.7	65.5
Investment on capacity building (Rs. Mn)	3.8	21.2	24.5	20.1	33.8
Investment Youth Empowerment (Rs. Mn)	3.8	1.2	0.7	1.0	1
Investment on Health and Nutrition (Rs. Mn)	3.8	59.7	70.2	138.6	7.2
Value chain					
Customer satisfaction rate (%)	3.9	92	86%	86%	86%
Customer rejections and complaints	3.9	0	5	6	14
Supplier assessment on ESG performance and compliance	3.10	80	84%	82%	0
Social compliance					
Breaches of laws and regulation	3.11	0	0	0	0
Governance performance					
Board Quality					
Board position (ratio Independent:Non independent)	4.1	4:7	1:1	1:1	1:1
Code of conduct					
Employees trained on code of conduct (Head Hours)	4.2	1,139	1,134	1,023	377
Number of whistle-blower cases reported and solved	4.3	0	0	0	0
Management Systems					
Number of management system standardize and certified	4.4	7 out of 7	7 out of 7	7 out of 7	7 out of 7
Major Nonconformities on system failure	4.5	0	0	0	0
Number of ESEG meeting conducted	4.6	4	3	1	0

Notes to the Consolidated ESG Statement

Section 01 – Basis of Preparation

General Reporting Standards and Principles

Refer: page 10; ESG Report – 2024/25 of Talawakelle Tea Estates PLC, www.talawakelleteas.com

The Consolidated ESG Statement for Talawakelle Tea Estates PLC presents key sustainability indicators that are materially relevant to the company's operations and stakeholders, in alignment with globally accepted ESG disclosure practices and assurance frameworks. This version reflects enhanced disclosure maturity for the year ended 31 March 2025, incorporating material updates and verified data.

The statement is prepared in accordance with the following applicable frameworks and standards:

Narrative Reporting

- International Integrated Reporting Framework (<IR>) – 2021
- Guidelines for Presentation of Annual Reports by CA Sri Lanka – 2025

Sustainability Reporting

- GRI Sustainability Reporting Standards
- GRI 13: Agriculture, Aquaculture and Fishing Sector Standard – 2022
- Sustainability Accounting Standards Board (SASB) - Sustainability Accounting Standard for Agricultural Products (Version 2023-12)
- Colombo Stock Exchange: Communicating Sustainability – Version 02

Greenhouse Gas (GHG) Emission Reporting

- ISO 14064-1:2018 – Quantification and Reporting of GHG Emissions
- Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard (2004)
- GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard, a supplement to the GHG Protocol Corporate Accounting and Reporting Standard
- Technical Guidance for Calculating Scope 3 Emissions (Version 1.0), supplement to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard
- FLAG Emissions Disclosure under GHG Protocol Land Sector Guidance – 2023

Climate-related Financial Disclosures

- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 – Climate-related Disclosures

Governance

- Code of Best Practices on Corporate Governance – CA Sri Lanka – 2023

Reporting Principles

Reporting principles are aligned with GRI, SLFRS S1 and S2, and SASB, ensuring quality, comparability, and relevance of data.

- **Inclusivity:** Stakeholder engagement spans internal and external actors including customers, suppliers, estate communities, and business partners. This year's report deepens stakeholder integration through the use of grievance logs, feedback analytics, and engagement outcomes.
- **Materiality:** The report reflects issues of strategic importance identified through double materiality assessments. Climate transition, biodiversity, and labour dynamics were among the top material topics validated for 2024/25. Issues are linked to specific strategies, targets, and performance metrics.
- **Responsiveness:** The report demonstrates how the company responded to evolving expectations e.g., SBTi re-verification, GHG Scope 3 expansion, and scenario analysis for climate resilience aligned with SLFRS S2.
- **Impact:** The report conveys positive and negative impacts across capitals natural, human, social, and intellectual. This year introduces FLAG-related land sector impacts and enhanced biodiversity investment tracking.
- **Consolidation:** ESG data covers field and factory operations, corporate and regional offices, and all support divisions. Hydropower operations under TTEL subsidiaries are also included.
- **Accuracy, Completeness, Verifiability:** Data has undergone internal verification through the Hayleys Cube sustainability data platform and external limited assurance for key disclosures, reinforcing transparency and credibility.
- **Comparability:** A consistent methodology has been used across periods, unless otherwise noted. Historical baselines are retained where material. Any changes in calculation methodology are transparently disclosed within each section.

Section 02 – Environmental Performance

2.1 Energy Consumption

Refer: page 180

Total energy consumption in FY 2024/25 stood at 217,833 GJ, reflecting a 2.43% change compared to FY 2023/24. The energy profile includes both direct (99.5%) and indirect (0.5%) energy use, with a continued shift toward more sustainable sources.

Reporting Methodology

Covers all operational energy inputs electricity, thermal energy (firewood and briquettes), and fossil fuels (diesel and gasoline). Data is sourced from utility bills, meter readings, and fuel usage logs across all estates and processing units.

2.2 Renewable Energy

Refer: page 181

In FY 2024/25, renewable energy generation reached 30,848 GJ, marking a 14.5% increase from FY 2023/24. Renewable sources include three mini-hydropower plants and five rooftop solar installations, contributing significantly to decarbonisation under the company's FLAG targets.

Unit	Type	Capacity (kW or kWp)
Radella	Mini Hydro	200
Somerset	Mini Hydro	1,100
Palmerston	Mini Hydro	800
Bearwell	Solar	108.24
Moragalla	Solar	149.08
Kiruwanaganga	Solar	220
Dessford	Solar	113.95
Deniyaya	Solar	118.19
Calsay	Solar	109.68
Total		2,100 (Hydro) + 819.14 (Solar)

Reporting Methodology

Solar generation data is captured through system-integrated meters. Hydropower output is recorded by TTEL Hydropower Company (Pvt) Ltd and TTEL Somerset Hydropower Company (Pvt) Ltd.

2.3 Water Consumption

Refer: page 185

Total water consumption reached 555 cubic meters in FY 2024/25, representing a 6.5% (increase) from FY 2023/24. Rainwater harvesting continues to be the primary water source for field activities, while treated mains water is used only for factory cleaning.

Reporting Methodology

Water data is sourced from utility bills, meter logs, and estimates (where meters are absent). Rainwater usage is tracked through irrigation logs at estate level.

2.4 Renewable Materials

Refer: page 186

Renewable materials including green leaf and eco-packaging accounted for 79.4% of the total material use in FY 2024/25. Non-renewable materials such as agrochemicals and dolomite made up the remaining 20.6%.

Reporting Methodology

Material usage data is compiled from estate-level procurement and application records. The renewable ratio is calculated based on total tonnage consumed across all estates.

2.5 Waste

Refer: page 186

The Company maintained structured waste management across operations, with non-hazardous waste making up 99.5% and hazardous waste constituting 0.5% of total waste generated. Efforts to reprocess refuse tea and reduce landfill waste continued.

Reporting Methodology

Each estate maintains a waste logbook covering quantity, category, disposal methods, and related costs. Internal audits verify the completeness and consistency of entries.

2.6 Emission

Refer: page 183

Total GHG emissions for FY 2024/25 stood at 23,431 tCO_2e, an increase/decrease of 25,194 over FY 2023/24. This includes:

- **Scope 1** (Direct): 8,160 tCO_2e
- **Scope 2** (Indirect – energy): 1,703 tCO_2e
- **Scope 3** (Indirect – other): 13,568 tCO_2e

FLAG emissions were also disclosed for the first time in line with updated GHG Protocol Land Sector Guidance, enhancing alignment with SBTi targets.

Reporting Methodology

Emissions were calculated using ISO 14064-1:2018, the GHG Protocol, and IPCC AR5 emission factors. Scope 3 coverage includes purchased goods, logistics, employee commuting, business travel, and waste. Estimations were applied where primary data was unavailable.

Emission Factor Sources

- Energy: IPCC AR5, 2006
- GWP: IPCC 6th Assessment Report (2020)

Scope 3 Categories Included

#	Category	Method
1	Purchased goods and services	Screening + Quantification
2	Capital goods	Screening only
3	Fuel- and energy-related activities	Screening + Quantification
4	Upstream transport and distribution	Screening + Quantification
5	Waste in operations	Screening + Quantification
6	Business travel	Calculation
7	Employee commuting	Screening + Quantification
8	Upstream leased assets	N/A
9	Downstream transport and distribution	Screening + Quantification
10	Processing of sold products	N/A
11	Use of sold products	Quantification
12	End-of-life treatment of sold products	Screening
13	Downstream leased assets)	Screening
14	Franchises	N/A
15	Investments	N/A

2.7 Environment and Biodiversity Conservation

Refer: page 189

In FY 2024/25, the Company invested Rs. 58.3 million, a 24%% increase from FY 2023/24, toward biodiversity protection, ecosystem restoration, and regenerative agriculture. Projects aligned with TNFD-aligned scenario analysis and TTE's nature-positive pathway.

Reporting Methodology

Estate and central finance teams report conservation expenditures. Verified through financial records and linked to specific project outcomes (e.g., restoration acreage, corridor connectivity).

Notes to the Consolidated ESG Statement

2.8 Environmental compliance

Refer: page 241

No breaches of environmental laws and regulations were reported in FY 2024/25. Independent audits and regulatory inspections confirmed full compliance across operational locations.

Reporting Methodology

Reported incidents are verified against records from the Central Environmental Authority (CEA) and other local bodies. Internal audits supplement formal inspection outcomes.

Section 03 – Social Performance

3.1 Employees

Refer: page 166

As at 31 March 2025, the total employee strength stood at 5,247, reflecting a 22% (increase) compared to 2023/24. Workforce stability remained a priority amidst sector-wide labour pressures.

Reporting Methodology

Headcount includes all full-time employees and excludes contract labour, outsourced personnel, and interns. Verified against HRIS and payroll data.

3.2 Employee Turnover

Refer: page 167

Employee turnover rate for FY 2024/25 stood at 3.4%, versus 11.2% in 2023/24. Retention efforts focused on housing, welfare improvements, and leadership pipeline development.

Reporting Methodology

Turnover rate = (Number of voluntary separations ÷ Average annual headcount) × 100. Temporary employees excluded.

3.3 Employee Trust Index

Refer: page 176

The Great Place to Work® survey conducted independently during the year reported a Trust Index of 99%, reaffirming TTE's standing among Sri Lanka's most employee-trusted workplaces.

Reporting Methodology

Survey conducted across job categories, capturing anonymised feedback. GPTW Global Model used to benchmark results against international standards.

3.4 Occupational Accidents

Refer: page 175

In FY 2024/25, there were 56 occupational incidents resulting in 62 lost workdays reflecting a 9.6% change from the previous year. A zero-fatality target was maintained.

Reporting Methodology

Reported using the Lost Time Injury Frequency Rate (LTIFR) per million hours worked. Includes estate operations but excludes contractors and interns.

3.5 Training Hours

Refer: page 170

Average training hours per employee Reduced to 1.91 hours in 2024/25, representing a 17% reduction over the previous year, driven by new digital tools, ESG awareness, and productivity upskilling.

Reporting Methodology

Training logs were compiled from HR records and verified against training plans. Average is computed as: total training hours ÷ average headcount.

3.6 Training Investment

Refer: page 171

Training investment dropped by 23.6% to Rs. 11 million in 2024/25, with emphasis on ESG compliance, regenerative agriculture, and managerial development.

Reporting Methodology

Capex and Opex allocated to training were extracted from estate accounts and consolidated into corporate-level reporting. Third-party invoices included for audit trail.

3.7 Gender Diversity

Refer: page 19

In 2024/25, the gender ratio in leadership stood at 55:8 (M:F), and at board level at 10:1, reflecting ongoing gaps. The company reaffirmed its commitment to the 2030 Gender Equality Agenda through targeted leadership mentoring for women.

Reporting Methodology

Based on year-end employee list for those in leadership roles (Assistant Manager and above). Board gender ratio computed from director register.

3.8 Community Development

Refer: page 160

Community development investment reached Rs. 119 million in 2024/25 (14.8% increase vs 2023/24), under the "Home for Every Plantation Worker" programme. Key projects focused on:

- New housing units and sanitation infrastructure
- School support and digital education initiatives
- Nutrition and maternal health campaigns
- Youth skills development and entrepreneurship

Reporting Methodology

Investment records compiled from estate-level community development plans. Contributions from government/NGOs accounted separately. Verified against audited accounts.

3.9 Customer Satisfaction

Refer: page 156

Customer satisfaction reached 92% in 2024/25, reflecting proactive engagement and low complaint ratios. Product complaints/rejections dropped to 11 cases (vs 5 in 2023/24), driven by process automation and compliance to MRLs.

Reporting Methodology

Customer feedback collected bi-annually via digital platforms in line with ISO 9001:2015. Complaints and rejections tracked through a central quality control registry.

3.10 Supplier Assessment

Refer: page 159

2,157 supplier assessments were conducted in FY 2024/25, covering 80% of the supplier base. ESG-aligned assessment criteria were fully operationalised, with emphasis on:

- Human rights and wage compliance
- Environmental footprint of inputs
- Responsiveness to climate-related risks

Reporting Methodology

Assessments conducted jointly by Head Office and estate teams. Templates aligned to Hayleys Supplier Code and ESG KPIs. Evidence is documented and reviewed annually.

3.11 Laws and Regulations

Refer: page 174

No breaches of labour or social-related laws were recorded in FY 2024/25. All estates maintained compliance with wage board decisions, union agreements, and national employment regulations.

Reporting Methodology

Compliance tracked via internal audits, regulatory notifications, and statutory inspection reports. External legal counsel is consulted for incident classification when required.

Section 04 – Governance Performance

4.1 Board Quality

Refer: page 210

The Board structure as at 31 March 2025 maintained a balanced 4:7 ratio of Independent to Non-Independent Directors, consistent with previous years. Diversity of expertise across finance, sustainability, and operational domains strengthened oversight over ESG matters, including SLFRS S1/S2 compliance.

Reporting Methodology

Board profiles and independence classifications are reviewed against regulatory guidelines and company records. Attendance, committee participation, and ESG oversight responsibilities are also considered.

4.2 Training on Code of Conduct

Refer: page 213

In FY 2024/25, a total of 1,139 training hours were conducted across all divisions to internalise the updated Code of Business Conduct and Ethics, including additions relating to climate governance, biodiversity responsibility, and supplier due diligence.

Reporting Methodology

Training hours tracked through attendance logs and HR reports. The rollout schedule is aligned with the governance calendar and risk review cycles.

4.3 Whistle-blower Cases

Refer: page 214

No whistle-blower cases were recorded in FY 2024/25. Continuous awareness campaigns and assurance of confidentiality under the Group's Whistle-blower Policy contributed to an open reporting culture.

Reporting Methodology

Cases (if any) are logged confidentially through a third-party platform and reviewed by the Group's Internal Audit Division. Documentation is secured in a central compliance register.

4.4 Management Systems

Refer: page 75

All 7 core management systems remained certified under internationally accredited bodies. Certifications included ISO 14001, ISO 45001, Rainforest Alliance, and ISO 9001, supporting the company's integrated ESG assurance framework.

Reporting Methodology

Total certified systems reported against the total number of implemented systems across estates, factories, and corporate divisions. Audit certificates are retained and verified annually.

4.5 System Failure

Refer: page 148

No major system non-conformities were identified in FY 2024/25. This outcome reflects rigorous internal audits, digital monitoring through Hayleys Cube, and enhanced estate-level accountability mechanisms.

Reporting Methodology

Non-conformities identified in internal/external audits are captured in a centralised audit register. Severity and recurrence are reviewed by the management committee.

4.6 ESEG Meetings

Refer: page 19

The ESEG (Economic, Social, Environmental, and Governance) Steering Committee held 4 meetings during FY 2024/25. Discussions focused on:

- SBTi re-verification and FLAG emissions integration
- SLFRS S1/S2 implementation and external assurance readiness
- TNFD-aligned biodiversity scenario planning Stakeholder grievance response monitoring

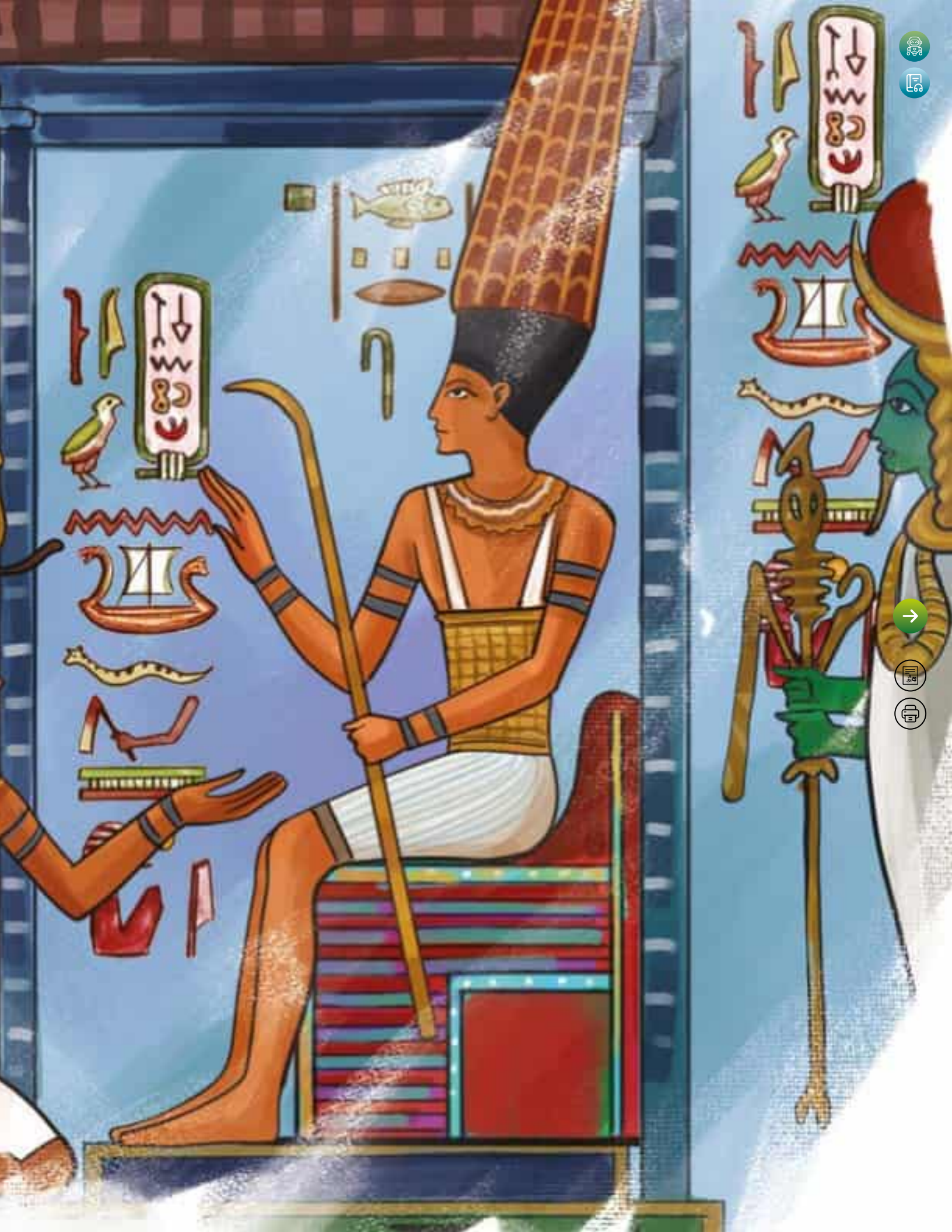
Reporting Methodology

Meeting frequency and agenda compliance verified against the ESEG Steering Committee Charter. Minutes are documented and reviewed quarterly by the Sustainability and Risk Management Committees.

Amun

The Hidden Force of Regeneration

Invisible yet powerful, our innovations echo Amun's spirit as we renew the land through sustainable change.



FINANCIAL CALENDAR–2024/2025

Dividend Calender	Rs. Per Share	Date of Recommended	Date of Payments
First Interim Dividend for 2024/25	2.25	September 30, 2024	October 21, 2024
Second Interim Dividend for 2024/25	2.50	December 30, 2024	January 22,2025
Third Interim Dividend for 2024/25	2.40	March 27, 2025	April 22, 2025

Annual General Meeting (AGM) Calender	2024/2025	2025/2026
Annual Report and Accounts for the year signed/to be signed	On May 05, 2025	in May 2026
Annual General Meeting to be held	On June 23, 2025	in June 2026

Interim Financial Statements Calendar-Submission to the Colombo Stock Exchange (CSE)

Submission of unaudited consolidated financial statements to the CSE in accordance with Listing Rule 7.4(a)(i)(1).

Period	Listing Rules	2024/2025 Submitted on	2025/2026 To be submitted on or before
Interim Financial Statement for the 3 months ended 30th June 2024	within 45 days of the end of quarter	July 25,2024	August 15, 2025
Interim Financial Statement for the 6 months ended 30th September 2024	within 45 days of the end of quarter	November 05, 2024	November 15, 2025
Interim Financial Statement for the 9 months ended 31st December 2024	within 45 days of the end of quarter	February 03, 2025	Febuary 15, 2026
Interim Financial Statement for the 12 months ended 31st March 2025	within 60 days of the end of quarter	May 05, 2025	May 31, 2026

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Independent Auditors' Report

[redacted]

RdeS/VM/WAD

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, 2025, 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 a summary of significant accounting policies.

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, 2025, 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 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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.

[redacted]

Key audit matter	How our audit addressed the key audit matter
1. Measurement of Bearer Biological Assets As of 31 March 2025, the Group's bearer biological assets amounted to Rs. 2,205 Mn and represented 20% of the Group's total assets. Bearer Biological Assets comprised of Rs 659 Mn Immature Plantations and Rs 1,546 Mn of Mature plantations, as disclosed in Note 13B. to the financial statements. Measurement of Bearer Biological assets in the financial statements was a key audit matter due to following: • The materiality of the reported bearer biological asset balance; and • The degree of management's judgement involved in identification of costs to be capitalized as immature plantations, point at which transfers are to be made from immature plantations to mature plantations and identification of possible indicators of impairment, as disclosed in Note 3.7.7.1 to the financial statements.	Our audit procedures included the following key procedures: • Obtained an understanding of management's expense allocation process and the identification of expenses to be capitalized in relation to immature plantations. • Tested the significant expenses incurred by capital expenditure authorizations and other corroborative evidence. • 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 impairment charges/ losses accounted for in the financial statements. We also assessed the adequacy of the disclosures made in notes 3.7.7.1 and 13B to the financial statements.
2. Retirement Benefit Obligation As disclosed in Note 22 to the financial statements, the Group's retirement benefit obligation amounted to Rs. 1,182 Mn and represented 31% of the Group's total liabilities as of 31 March 2025. 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 assumptions, judgements 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 Notes 3.14 and 22 to the financial statements.	Our audit procedures included the following key procedures: • Assessed the competence, capability and objectivity of the external actuary engaged by the Group • Tested 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. • 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. We also assessed the adequacy of the disclosures made in notes 3.14 and 22 to the financial statements.

Independent Auditors' Report

Other information included in The Company's 2025 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 ethical requirements in accordance with the Code of Ethics 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, related safeguards.

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.

05 May 2025
Colombo

Statement of Profit or Loss

For the year ended 31 March	Notes	Group		Company	
		2025	2024	**2025**	2024
		Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Revenue	6.1	**7,805,693**	7,763,611	**7,711,657**	7,694,650
Cost of Sales		**(5,987,638)**	(5,988,421)	**(5,939,601)**	(5,954,538)
Gross Profit		**1,818,055**	1,775,190	**1,772,056**	1,740,112
Change in Fair Value of Biological Assets	13 C.1	**24,011**	171,781	**24,011**	171,781
Other Income And Gains	7	**83,384**	46,195	**105,128**	48,976
Administrative Expenses		**(471,640)**	(421,708)	**(456,485)**	(406,771)
Results from Operating Activities		**1,453,810**	1,571,458	**1,444,710**	1,554,098
Finance Income	8.1	**384,380**	620,830	**376,528**	619,010
Finance Expenses	8.2	**(184)**	(627)	**(184)**	(627)
Interest Paid to Government and Other on Leases	8.3	**(67,423)**	(57,013)	**(67,423)**	(57,013)
Net Finance Income		**316,773**	563,190	**308,921**	561,370
Profit Before Tax	9	**1,770,583**	2,134,648	**1,753,631**	2,115,468
Income Tax Expense	10.1	**(535,745)**	(491,196)	**(522,387)**	(483,119)
Profit for the Year		**1,234,838**	1,643,452	**1,231,244**	1,632,349
Attributable To:					
Equity holders of the Parent		**1,234,838**	1,644,741	**1,231,244**	1,632,349
Non- Controlling Interest		**-**	(1,289)	**-**	-
		1,234,838	1,643,452	**1,231,244**	1,632,349
Basic/Diluted Earnings Per Share (Rs.)	11	**26.00**	34.63	**25.92**	34.37

The Accounting Policies and Notes on pages 260 to 305 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Statement of Comprehensive Income

For the year ended 31 March	Notes	Group		Company	
		2025	2024	**2025**	2024
		Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Profit for the Year		**1,234,838**	1,643,452	**1,231,244**	1,632,349
Other Comprehensive Income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial Gain/(Loss) on Retirement Benefit Obligations	21	**(232,021)**	(124,830)	**(231,894)**	(124,996)
Income Tax Effect	10.2	**69,594**	37,466	**69,568**	37,499
Other Comprehensive Income for the year, net of tax		**(162,427)**	(87,364)	**(162,326)**	(87,497)
Total comprehensive income for the year, net of tax		**1,072,411**	1,556,088	**1,068,918**	1,544,852
Attributable to:					
Equity holders of the Parent		**1,072,411**	1,557,377	**1,068,918**	1,544,852
Non- Controlling Interest		**-**	(1,289)	**-**	-
		1,072,411	1,556,088	**1,068,918**	1,544,852

The Accounting Policies and Notes on pages 260 to 305 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Statement of Financial Position

As at 31 March	Notes	Group		Company	
		2025	2024	2025	2024
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
ASSETS					
Non Current Assets					
Right-of-use Assets	12	**455,855**	404,089	**455,794**	404,024
Tangible assets other than Immature/Mature Plantations	13A	**1,765,364**	1,539,864	**1,547,392**	1,305,632
Bearer Biological Assets	13B	**2,205,728**	2,048,227	**2,205,728**	2,048,227
Consumable Biological Assets	13C	**678,715**	664,576	**678,715**	664,576
Intangible Assets	13D	**9,309**	11,651	**9,309**	10,776
Investments in Subsidiaries	14	**-**	-	**225,792**	225,792
Deferred Tax Asset	10.4	**461**	601	**-**	-
		5,115,432	4,669,008	**5,122,730**	4,659,027
Current Assets					
Produce on Bearer Biological Assets	15	**32,049**	22,598	**32,049**	22,598
Inventories	16	**889,048**	749,802	**889,048**	749,802
Trade and Other Receivables	17	**434,537**	453,856	**422,983**	442,914
Amounts due from Related Companies	18	**10,178**	5,528	**12,041**	8,447
Short Term Investments	19	**4,346,278**	3,849,257	**4,234,419**	3,776,923
Cash and Bank Balances		**62,984**	107,716	**60,932**	94,509
		5,775,074	5,188,757	**5,651,472**	5,095,194
TOTAL ASSETS		**10,890,506**	9,857,765	**10,774,202**	9,754,221
EQUITY AND LIABILITIES					
Equity					
Stated Capital	20	**350,000**	350,000	**350,000**	350,000
Revenue Reserves		**6,752,320**	6,019,537	**6,645,218**	5,915,925
Total Equity		**7,102,320**	6,369,537	**6,995,218**	6,265,925
Non Current Liabilities & Deferred Income					
Retirement Benefit Obligations	22	**1,182,334**	932,949	**1,179,084**	928,821
Deferred Tax Liability	10.4	**635,269**	645,084	**635,269**	645,084
Deferred Income	23	**136,216**	132,040	**136,216**	132,040
Lease Liability	24.3	**454,923**	392,831	**454,844**	392,753
		2,408,742	2,102,904	**2,405,413**	2,098,698
Current Liabilities					
Trade and Other Payables	25	**1,043,764**	992,916	**1,043,994**	996,589
Interest Bearing Loans & Borrowings	21	**-**	2,619	**-**	2,619
Lease Liability	24.3	**21,413**	14,055	**21,408**	14,050
Amounts due to Related Companies	26	**145,951**	218,665	**150,615**	225,808
Income Tax Payable		**153,215**	118,341	**142,453**	111,804
Bank Overdraft		**15,101**	38,728	**15,101**	38,728
		1,379,444	1,385,324	**1,373,571**	1,389,598
TOTAL LIABILITIES		**3,788,186**	3,488,228	**3,778,984**	3,488,296
TOTAL EQUITY AND LIABILITIES		**10,890,506**	9,857,765	**10,774,202**	9,754,221
Net Assets Per Share (Rs.)		**149.52**	134.10	**147.27**	131.91

The Accounting Policies and Notes on pages 260 to 305 form an integral part of the Financial Statements. Figures in brackets indicate deductions. These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Vindya Perera
Director-Finance

The Board of Directors is responsible for these Financial Statements.
Signed for and on behalf of the Board by,

Mohan Pandithage
Chairman/Director

Roshan Rajadurai PhD, DSc.
Managing Director

05th May 2025
Colombo.

Statement of Changes in Equity

For the year ended 31 March	Attributable to equity holders of the parent						
		Revenue Reserves					
Group	Stated Capital	Retained Earnings	Biological Crop Reserve	Timber Reserve	Total	Non Controlling Interest	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April 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
Other Comprehensive Income	-	(87,364)	-	-	(87,364)	-	(87,364)
Transferred to the Timber Reserve	-	(172,114)	-	172,114	-	-	-
Transferred to Biological Crop Reserve	-	333	(333)	-	-	-	-
Realised Gain on Timber Sales	-	6,711	-	(6,711)	-	-	-
Adjustments on change to non-controlling interest in Subsidiary	-	55,780	-	-	55,780	(146,559)	(90,779)
Distributed Dividend Write-Off	-	12,443	-	-	12,443	-	12,443
					-		-
Dividend	-	(1,275,375)	-	-	(1,275,375)	-	(1,275,375)
Balance as at 31 March 2024	350,000	5,520,526	22,598	476,411	6,019,537	-	6,369,537
Profit for the Year	-	1,234,835	-	-	1,234,835	-	1,234,835
Other Comprehensive Income	-	(162,427)	-	-	(162,427)	-	(162,427)
Transferred to the Timber Reserve	-	(14,561)	-	14,561	-	-	-
Transferred to Biological Crop Reserve	-	(9,450)	9,450	-	-	-	-
Realised Gain on Timber Sales	-	23,810	-	(23,810)	-	-	-
Dividends	-	(339,625)	-	-	(339,625)	-	(339,625)
Balance as at 31 March 2025	350,000	6,253,108	32,048	467,162	6,752,320	-	7,102,320

		Revenue Reserves				
Company	Stated Capital	Retained Earnings	Biological Crop Reserve	Timber Reserve	Total	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April 2023	350,000	5,312,508	22,931	311,009	5,646,448	5,996,448
Profit for the year	-	1,632,349	-	-	1,632,349	1,632,349
Other Comprehensive Income	-	(87,497)	-	-	(87,497)	(87,497)
Transferred to the Timber Reserve	-	(172,114)	-	172,114	-	-
Transferred to Biological Crop Reserve	-	333	(333)	-	-	-
Realised Gain on Timber Sales	-	6,711	-	(6,711)	-	-
					-	-
Dividends	-	(1,275,375)	-	-	(1,275,375)	(1,275,375)
Balance as at 31 March 2024	350,000	5,416,915	22,598	476,412	5,915,925	6,265,925
Profit for the year	-	1,231,244	-	-	1,231,244	1,231,244
Other Comprehensive Income	-	(162,326)	-	-	(162,326)	(162,326)
Transferred to the Timber Reserve	-	(14,561)	-	14,561	-	-
Transferred to Biological Crop Reserve	-	(9,450)	9,450	-	-	-
Realised Gain on Timber Sales	-	23,810	-	(23,810)	-	-
					-	-
Dividend	-	(339,625)	-	-	(339,625)	(339,625)
Balance as at 31 March 2025	350,000	6,146,007	32,048	467,163	6,645,218	6,995,218

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 260 to 305 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Statement of Cash Flows

For the year ended 31 March	Notes	Group		Company	
		2025	2024	2025	2024
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Profit Before Taxation		**1,770,583**	2,134,647	**1,753,631**	2,115,468
ADJUSTMENTS FOR					
Provision for Retirement Benefit Obligations	22	**179,857**	203,319	**179,084**	202,380
Depreciation/Amortisation	9	**261,161**	226,087	**244,025**	210,779
Amortisation of Grants	23	**(9,046)**	(5,634)	**(9,046)**	(5,634)
Dividend Income	7	**-**	-	**(24,894)**	(3,741)
Finance Costs	8.2	**183**	627	**183**	627
Government & Other Lease Interest	8.3	**67,423**	57,013	**67,423**	57,013
Profit on disposal of Property, Plant & Equipments	7	**(7,016)**	-	**(7,016)**	-
Profit on Sale of Trees	7	**(26,159)**	(9,301)	**(26,159)**	(9,301)
Debtors/Stocks write off		**5,682**	12,443	**5,682**	-
Gains on Fair Value of Biological Assets	13C.1	**(24,011)**	(171,781)	**(24,011)**	(171,781)
Operating Profit before Working Capital Changes		**2,218,657**	2,447,421	**2,158,902**	2,395,810
(Increase)/Decrease in Inventories		**(141,151)**	81,024	**(141,151)**	80,985
(Increase)/Decrease in Trade and Other Receivables		**16,561**	35,978	**19,932**	(12,639)
Increase/(Decrease) in Trade and Other Payables		**227,642**	(62,844)	**222,925**	(39,685)
(Increase)/Decrease in Amounts due from Related Companies		**(4,650)**	19,100	**(3,595)**	4,120
Increase/(Decrease) in Amounts due to Related Companies		**(72,714)**	134,920	**(75,193)**	143,826
Cash Generated from Operations		**2,244,345**	2,655,599	**2,181,820**	2,572,417
Finance Costs Paid	8.2	**(183)**	(627)	**(183)**	(627)
Payment of Income Tax/VAT		**(568,794)**	(461,554)	**(561,263)**	(461,554)
Retirement Benefit Obligations Paid	22	**(162,443)**	(196,295)	**(160,714)**	(196,058)
Net Cash from Operating Activities		**1,512,925**	1,997,123	**1,459,660**	1,914,178
CASH FLOWS FROM INVESTING ACTIVITIES					
Grant Received	23	**13,222**	975	**13,222**	975
Proceeds from Sale of Trees		**49,969**	16,012	**49,969**	16,012
Proceeds from Disposal of Property, Plant & Equipments		**8,112**	-	**8,112**	-
Field Development Expenditure (Note A)	13B/13C	**(271,116)**	(239,897)	**(271,116)**	(239,897)
Purchase of Property, Plant & Equipment (Note B)		**(362,486)**	(256,816)	**(362,486)**	(256,623)
Dividend Income Received	7	**-**	-	**24,894**	3,741
Investment of Subsidiary Companies		**-**	(90,859)	**-**	(90,859)
Net Cash used in Investing Activities		**(562,299)**	(570,585)	**(537,405)**	(566,651)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend Paid		**(387,125)**	(1,085,375)	**(387,125)**	(1,085,375)
Payment of Government lease rentals		**(68,528)**	(53,540)	**(68,528)**	(53,540)
Payment of Other lease rentals		**(16,438)**	(15,161)	**(16,438)**	(15,161)
Repayment of loans		**(2,619)**	(3,492)	**(2,619)**	(3,492)
Net Cash used in Financing Activities		**(474,710)**	(1,157,568)	**(474,710)**	(1,157,568)
Net Increase in Cash & Cash Equivalents		**475,916**	268,970	**447,546**	189,959
Cash & Cash Equivalents at the beginning of the year (Note C)		**3,918,245**	3,649,275	**3,832,705**	3,642,746
Cash & Cash Equivalents at the end of the year (Note D)		**4,394,161**	3,918,245	**4,280,251**	3,832,705

The Accounting Policies and Notes on pages 260 to 305 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

For the year ended 31 March	Group					
	Tea	Rubber	Cinnamon	Others	Hydro	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
NOTE A: Investment in Field Development Expenditure						
Investment in Immature Plantations 2025	174,876	2,150	53,312	40,778	-	271,116
Investment in Immature Plantations 2024	147,636	2,506	49,808	39,947	-	239,897
NOTE B: Investment in Property, Plant & Equipment						
Investment in Property, Plant & Equipment 2025	362,486	-	-	-	-	362,486
Investment in Property, Plant & Equipment 2024	256,623	-	-	-	193	256,816

For the year ended 31 March	Company					
	Tea	Rubber	Cinnamon	Others	Hydro	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
NOTE A: Investment in Field Development Expenditure						
Investment in Immature Plantations 2025	174,876	2,150	53.312	40,778	-	271,116
Investment in Immature Plantations 2024	147,636	2,506	49,808	39,947	-	239,897
NOTE B: Investment in Property, Plant & Equipment						
Investment in Property, Plant & Equipment 2025	362,486	-	-	-	-	362,486
Investment in Property, Plant & Equipment 2024	256,623	-	-	-	-	256,623

For the year ended 31 March	Notes	Group		Company	
		2025	2024	**2025**	2024
		Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
NOTE C					
Cash & Cash Equivalents at the beginning of the year					
Cash & Bank Balances		**32,082**	173,005	**18,876**	166,475
Short Term Investments		**3,924,891**	3,513,695	**3,852,557**	3,513,695
Bank Overdrafts		**(38,728)**	(37,424)	**(38,728)**	(37,424)
		3,918,245	3,649,275	**3,832,705**	3,642,746
NOTE D					
Cash & Cash Equivalents at the end of the year					
Cash & Bank Balances		**62,984**	32,082	**60,932**	18,876
Short Term Investments		**4,346,278**	3,924,891	**4,234,420**	3,852,557
Bank Overdrafts		**(15,101)**	(38,728)	**(15,101)**	(38,728)
		4,394,161	3,918,245	**4,280,251**	3,832,705

The Accounting Policies and Notes on pages 260 to 305 form an integral part of the Financial Statements. Figures in brackets indicate deductions.

Significant Accounting Policies

GRI 2-1

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 cultivation and manufacturing of Tea, Rubber and Cinnamon. 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 2025 were authorized for issue by the Board of Directors on 05 May 2025.

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.

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.
- Defined Benefit Obligation is measured using projected unit credit method.
- 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

No significant impact resulted on the financial statements of the Group due to changes in Accounting Standards and disclosures during the year.

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 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

At the Company level investments in subsidiaries are recognized at cost.

3.2.1 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any Non-Controlling Interest in the acquiree. For each business combination, the Group elects whether it measures the Non-Controlling Interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition - related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.3 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/ non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period.

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period.

Or

- It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.4 Fair Value Measurement

The Group measures financial instruments and non-financial assets at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the following notes:

- Managed Consumable Biological Assets Note 13C
- Produce Growing on Bearer Biological Assets Note 15

Significant Accounting Policies

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as managed biological assets. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.5 Foreign Currencies

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.6 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

3.7 Property, Plant & Equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its assets which are held for and use in the provision of the services, for rental to other or for administration purpose and are expected to be used for more than one year.

3.7.1 Basis of Recognition

Property Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.7.2 Measurement

Items of Property, Plant & Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

3.7.2.1 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get 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 capitalization will cease when the crops are ready for commercial harvest. During the year company has not capitalized borrowing cost to the bearer plants.

3.7. 3 Owned Assets

The cost of Property, Plant & Equipment includes expenditures that are directly attributable to the acquisition of the asset. Such costs includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalized as a part of that equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual assets (major components) with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statements of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

3.7.4 Leases

The Group assesses at the contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Group recognises lease liability to make lease payments and right to use of assets representing the right to use the underlying assets.

3.7.4.1 Right of Use Assets

The Group recognises right to use of assets at the commencement date of a lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right to use of assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentive received.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transferred to the Group at the end of the lease period or the cost reflect the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3.7.4.2 Lease Liabilities

At the commencement date of the lease, the Group recognises lease liability measured at the present value of lease payment to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payment also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflect the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because of the interest rate implicit in the lease is not readily determinable. After the commencement date, amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

3.7.5 Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit or loss when the asset is derecognized.

3.7.6 Land Development Cost

Permanent land development costs are those costs incurred in making major infrastructure development and building new access roads on leasehold lands.

These costs have been capitalised and amortized over the remaining lease period.

Permanent impairments to land development costs are charged to the Statement of Profit or Loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.7.7 Biological assets

Biological assets are classified in to mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specification. Tea, rubber, other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets includes tea and rubber plants, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognize the biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

3.7.7.1 Bearer Biological Asset

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – "Property, Plant & Equipment".

Significant Accounting Policies

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea, Rubber, Cinnamon etc) which comes into bearing during the year, is transferred to mature plantations.

3.7.7.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Statement of profit or loss in the year in which they are incurred

3.7.7.3 Consumable Biological Asset

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 13C.

The main variables in DCF model concerns

Variable	Comment
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfill in bringing the trees in to saleable condition.
Planting cost	Estimated costs for the further development of immature areas are deducted.

The gain or loss arising on initial recognition of consumable biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in profit or loss for the period in which it arises.

Permanent impairments to Biological Asset are charged to the Statement of profit or loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.7.7.4 Nursery Plants

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

3.7.8 Depreciation and Amortization

(a) Depreciation

Depreciation is recognised in the Statement of profit or loss or on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this is most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets held under leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

	No. of Years
Buildings	21.25 (Over the remaining lease period)
Roads	5
Plant & Machinery	20
Electronic Machinery	13
Solar System	15
Hydro Power Plant	30
Motor Vehicles-Utility	10
Motor Vehicles-Supervisory	5
Green House	5
Equipment	4
Furniture & Fittings	10
Computer Accessories	4

	No. of Years
Mature Plantations Tea	21.25 (Over the remaining lease period)
Rubber	20
Cinnamon	20
Coconut	06

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	21.25 (Over the remaining lease period)
Improvements to land	21.25 (Over the remaining lease period)
Right of Use Building	05
Buildings	21.25 (Over the remaining lease period)
Machinery	20
Development Cost	15
ERP System	10

3.7.9 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

3.7.9.1 Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

A summary of the policy applied to the Group

Development Cost

Useful lives	Finite
Amortisation Method Used	Amortised Straight line over the right to generate hydro power.
Period of amortisation	15 Years
Internally generated or acquired	Acquired

3.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.8.1 Financial Assets

3.8.1.1 Initial Recognition & Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, (i.e., the date that the Group commits to purchase or sell the asset).

The Group's financial assets include cash and short-term deposits, investments and trade and other receivables.

3.8.1.2 Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Significant Accounting Policies

- 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

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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

GRI 201- 3

(a) Defined Contribution Plans - Provident Funds and Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/Estate Staff Provident Society (ESPS)/ Employees' Provident Fund (EPF).

All the employees of the Company are members of the Employees'Trust Fund, to which the Company contributes 3% on the consolidated salary of such employees.

(b) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as in retained earnings through other comprehensive income. Past service costs are recognised immediately in statement of profit or loss. The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19, Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 23.

3.15 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group have been disclosed in the respective Notes to the Financial Statements.

3.16 Events Occurring after the Reporting Date

All material events after the Statement of Financial Position Date have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

3.17 Earnings per Share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.18 Deferred Income

3.18.1 Grants and Subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Statement of profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant. Assets are amortised over their useful lives as follows.

Grants related to Property, Plant & Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the

related Property, Plant & Equipment as follows: Assets are amortised over their useful lives or unexpired lease period, whichever is less.

Buildings	21.25 years (Over the remaining lease period)
Roads	5 Years
Glamping Site	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 of 7 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

GRI 207- 2 ,3

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:

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- 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, 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.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income 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.

4.2 Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date Significant judgement was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements. The Group

recognized assets and liabilities for current deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

4.3 Measurement of Retirement Benefit Obligation

The present value of the retirement benefit obligation determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rate and expected future salary increase rates of the Company.

Further details about Retirement benefit obligations are provided in Note 23.

4.4 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. It assessed whether the Interpretation had an impact on its financial statements. The Company determined that it is probable that its tax treatments will be accepted by the taxation authorities.

4.5 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted method using various financial and nonfinancial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the Note 13C.

4.5.1 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.

4.6 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the company's stand-alone credit rating).

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5.1 SLFRS 17 – Insurance contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.
The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.
The amendments are not expected to have a material impact on the Group financial statement.

5.2 Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Group financial statement.

Notes to the Financial Statements

6. REVENUE

For the year ended 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
6.1 Summary				
Sale of Goods				
Tea	**7,436,395**	7,414,949	**7,436,395**	7,414,949
Rubber	**31,960**	29,593	**31,960**	29,593
Cinnamon	**36,308**	28,856	**36,308**	28,856
Mini Hydro Power	**94,036**	68,961	**-**	-
Others	**206,994**	221,252	**206,994**	221,252
	7,805,693	7,763,611	**7,711,657**	7,694,650
6.2 Segment Information				
a) Segment Revenue				
Tea				
Revenue	**7,436,395**	7,414,949	**7,436,395**	7,414,949
Revenue Expenditure	**(5,393,521)**	(5,434,895)	**(5,393,521)**	(5,434,895)
Depreciation	**(210,179)**	(172,498)	**(210,179)**	(172,498)
Other Non Cash Expenditure	**(179,084)**	(202,380)	**(179,084)**	(202,380)
Segment Results	**1,653,611**	1,605,176	**1,653,611**	1,605,176
Rubber				
Revenue	**31,960**	29,593	**31,960**	29,593
Revenue Expenditure	**(44,636)**	(51,315)	**(44,636)**	(51,315)
Depreciation	**(5,904)**	(6,384)	**(5,904)**	(6,384)
Other Non Cash Expenditure	**-**	-	**-**	-
Segment Results	**(18,580)**	(28,106)	**(18,580)**	(28,106)
Cinnamon				
Revenue	**36,308**	28,856	**36,308**	28,856
Revenue Expenditure	**(23,268)**	(17,477)	**(23,268)**	(17,477)
Depreciation	**(2,003)**	(1,748)	**(2,003)**	(1,748)
Other Non Cash Expenditure	**-**	-	**-**	-
Segment Results	**11,037**	9,631	**11,037**	9,631
Mini Hydro Power				
Revenue	**94,036**	68,961	**-**	-
Revenue Expenditure	**(30,128)**	(17,635)	**-**	-
Depreciation	**(17,136)**	(15,308)	**-**	-
Other Non Cash Expenditure	**(772)**	(939)	**-**	-
Segment Results	**46,000**	35,079	**-**	-
Others				
Revenue	**206,994**	221,252	**206,994**	221,252
Revenue Expenditure	**(81,005)**	(67,841)	**(81,005)**	(67,841)
Depreciation	**-**	-	**-**	-
Other Non Cash Expenditure	**-**	-	**-**	-
Segment Results	**125,989**	153,411	**125,989**	153,411
Total				
Revenue	**7,805,693**	7,763,611	**7,711,657**	7,694,650
Revenue Expenditure	**(5,572,559)**	(5,589,163)	**(5,542,431)**	(5,571,528)
Depreciation	**(235,222)**	(195,938)	**(218,086)**	(180,630)
Other Non Cash Expenditure	**(179,857)**	(203,319)	**(179,084)**	(202,380)
Segment Results	**1,818,055**	1,775,191	**1,772,056**	1,740,112

For the year ended 31 March	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Change in Fair Value of Biological Assets	**24,011**	171,781	**24,011**	171,781
Other Income & Gains	**83,384**	46,194	**105,128**	48,976
Administrative Expenses	**(471,640)**	(421,708)	**(456,485)**	(406,771)
Finance Income	**384,380**	620,830	**376,527**	619,010
Finance Expense	**(183)**	(627)	**(183)**	(627)
Interest Paid to Government and Other Leases	**(67,423)**	(57,013)	**(67,423)**	(57,013)
Profit Before Tax	**1,770,584**	2,134,648	**1,753,631**	2,115,468
b) Segment Assets				
Non Current Assets				
Tea	**3,989,043**	3,586,978	**3,989,043**	3,586,978
Rubber	**79,951**	83,761	**79,951**	83,761
Cinnamon	**149,229**	97,920	**149,229**	97,920
Mini Hydro Power	**218,494**	235,774	**-**	-
Investment	**-**	-	**225,792**	225,792
Consumable Biological Asset	**678,715**	664,576	**678,715**	664,576
	5,115,432	4,669,009	**5,122,730**	4,659,027
Current Assets				
Tea	**5,643,752**	5,088,300	**5,643,752**	5,088,300
Rubber	**7,720**	6,893	**7,720**	6,893
Mini Hydro Power	**123,621**	93,564	**-**	-
	5,775,073	5,188,757	**5,651,452**	5,095,193
Total Assets	**10,890,505**	9,857,766	**10,774,182**	9,754,220
c) Segment Liabilities				
Non Current Liabilities and Deferred Income				
Tea	**2,405,413**	2,098,698	**2,405,413**	2,098,698
Mini Hydro Power	**3,328**	4,207	**-**	-
	2,408,741	2,102,905	**2,405,413**	2,098,698
Current Liabilities				
Tea	**1,362,038**	1,389,598	**1,373,571**	1,389,598
Mini Hydro Power	**17,406**	(4,270)	**-**	-
	1,379,444	1,385,328	**1,373,571**	1,389,598
Total Liabilities	**3,788,185**	3,488,233	**3,778,984**	3,488,296
d) Segment Capital Expenditure - Addition during the Year				
Cost				
Tea	**537,362**	404,259	**537,362**	404,259
Rubber	**2,150**	2,506	**2,150**	2,506
Cinnamon	**53,312**	49,808	**53,312**	49,808
Others	**40,778**	39,947	**40,778**	39,947
Mini Hydro Power	**-**	193	**-**	-
	633,602	496,713	**633,602**	496,520

Notes to the Financial Statements

7. OTHER INCOME AND GAINS

For the year ended 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit on Sale of Trees	**26,159**	9,301	**26,159**	9,301
Amortisation of Capital Grants	**9,046**	5,634	**9,046**	5,634
Profit on Disposal of Property,Plant & Equipments	**7,016**	-	**7,016**	-
Dividend Income	**-**	-	**24,894**	3,741
Lease of Land for Towers	**6,677**	4,520	**6,677**	4,520
Lease of Land for Vegetable Cultivation	**14,342**	14,090	**14,342**	14,090
Profit/(Loss) on Strawberry & Other Projects	**7,139**	(619)	**3,989**	(1,579)
Solar Income	**13,005**	13,269	**13,005**	13,269
	83,384	46,195	**105,128**	48,976

8. FINANCE INCOME/ EXPENSE

For the year ended 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
8.1 Finance Income				
Interest Income	**384,376**	620,830	**376,524**	619,010
Exchange Gain	**4**	-	**4**	-
	384,380	620,830	**376,528**	619,010
8.2 Finance Expenses				
Overdraft Interest	**(72)**	(269)	**(72)**	(269)
Exchange Loss	**(43)**	(73)	**(43)**	(73)
Term Loan Interest	**(69)**	(285)	**(69)**	(285)
	(184)	(627)	**(184)**	(627)
8.3 Interest Paid To Government and Other Leases				
Interest paid to Government on Lease	**(61,765)**	(50,542)	**(61,765)**	(50,542)
Interest paid on Other Lease	**(5,658)**	(6,471)	**(5,658)**	(6,471)
	(67,423)	(57,013)	**(67,423)**	(57,013)
Net Finance Income	**316,773**	563,190	**308,921**	561,370

9. PROFIT BEFORE TAX IS STATED AFTER CHARGING

year ended	Group		Company	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Directors Emoluments	**53,594**	57,976	**53,594**	57,976
Emoluments of Other Key Management	**35,760**	30,504	**35,760**	30,504
Auditors Remuneration				
Audit Service	**7,269**	5,974	**6,762**	4,439
Non-Audit Service	**1,419**	1,967	**1,016**	1,967
Depreciation and Lease Amortisation	**261,161**	226,088	**244,025**	210,779
- Right-of-use asset-land	**18,585**	14,671	**18,581**	14,668
-Right-of-use asset-building	**11,887**	11,225	**11,887**	11,225
- Right-of-use asset-Immovable assets	**2,269**	2,270	**2,269**	2,270
- Intangible assets	**2,342**	1,407	**1,467**	1467
- Tangible property, plant & equipment	**135,855**	112,179	**119,594**	95,931
- Bearer Biological Assets	**89,804**	84,799	**89,804**	48,799
Staff Costs				
Defined Benefit Plan Costs	**179,856**	203,319	**179,084**	202,380
Worker Related Other Costs	**1,198,418**	1,446,397	**1,198,418**	1,446,397
Defined Contributions Plan Costs - EPF & ETF	**226,889**	190,592	**225,729**	190,592
Workers/Staff Costs	**2,003,088**	1,755,108	**1,988,765**	1,755,108

10. INCOME TAX EXPENSE

The major component of income tax expenses for the period are as follows :

year ended	Group		Company	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
10.1 Income Statement				
Income Tax Expense				
Current Income Tax Charge	**473,032**	364,513	**459,839**	356,839
Under/(over) provision in respect of previous year	**2,795**	(11,970)	**2,795**	(11,970)
	475,827	352,543	**462,634**	344,869
Deferred Tax Expense				
Deferred Taxation Charge/(Reversal)	**59,918**	138,653	**59,753**	138,250
	59,918	138,653	**59,753**	138,250
Total Tax Expense	**535,745**	491,196	**522,387**	483,119
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	**69,594**	(37,466)	**69,568**	(37,499)
Income tax charged directly to other comprehensive income	**69,594**	(37,466)	**69,568**	(37,499)

Notes to the Financial Statements

10. INCOME TAX EXPENSE (Contd.)

10.3 Reconciliation Between Tax Expenses and the Product Of Accounting

Profit multiplied by the Statutory Effective tax rates are as follows:

year ended	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Profit Before Tax	**1,770,584**	2,134,647	**1,753,631**	2,115,468
Aggregate Disallowable Expenses	**511,076**	471,993	**511,076**	471,993
Aggregate Tax deductible Expenses	**(730,084)**	(734,844)	**(730,084)**	(734,844)
Total statutory income	**1,551,576**	1,871,796	**1,534,623**	1,852,617
Tax exempt income from Agro Farming	**-**	663,153	**-**	663,153
Taxable income from Plantation Business	**1,110,922**	551,844	**1,110,922**	551,844
Taxable income from subsidiaries	**62,036**	37,555	**-**	-
Other sources of Income	**423,701**	637,620	**423,701**	637,620
Total statutory income	**1,596,659**	1,892,082	**1,534,623**	1,852,617
Qualifying Payments	**(1,826)**	-	**(1,826)**	-
Tax losses Claimed during the year	**-**	(2,094)	**-**	-
Tax excempt Income	**-**	(663,153)	**-**	(663,153)
Total Taxable Income	**1,594,833**	1,226,835	**1,532,797**	1,189,464
Income Tax @ 14%	**-**	-	**-**	-
Income Tax @ 20%	**10,837**	6,895	**-**	-
Income Tax @ 22.5%	**-**	-	**-**	-
Income Tax @ 24%	**-**	-	**-**	-
Income Tax @ 30%	**462,195**	357,618	**459,839**	356,839
Income tax on current year profit	**473,032**	364,513	**459,839**	356,839

Effect of Changes in Tax Rate in Current Year

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, Agro Farming is exempt from income tax for a period of 5 years effective from Y/A 2019/20 to 2023/24.

Herewith mentioned the applied tax rates of the company.

Taxable Income Source	Description	Effective tax rate (%)
Agro farming	Tax on taxable income at normal rate	30.00%
Agro processing	Tax on taxable income at normal rate	30.00%
Dividend Income	Tax on taxable income at normal rate	15.00%
Other Investment Income	Tax on balance taxable income at normal rate	30.00%

10.4 Deferred Tax (Assets) and Liabilities

Group	2025		2024	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
As at 1 April	**2,147,274**	**644,483**	1,810,332	543,118
Amount originating during the year	**(32,015)**	**(9,675)**	336,942	101,365
As at 31 March	**2,115,259**	**634,808**	2,147,274	644,483
Temporary difference of Right-of-use asset	**455,855**	**136,750**	404,089	121,220
Temporary difference of Property, Plant and Equipment	**546,543**	**164,332**	484,254	144,951
Temporary difference of Bearer Biological Assets	**2,205,728**	**661,069**	2,048,227	614,468
Temporary difference of Consumable Biological Assets	**678,715**	**203,615**	664,576	199,373
Temporary difference of Produce on Bearer Biological Assets	**32,049**	**9,615**	22,598	6,779
Temporary difference of Unrealized Exchange Gain	**(40)**	**(12)**	-	-
Temporary difference of Inventory	**(6,352)**	**(1,694)**	(2,113)	(423)
Temporary difference of Bad Debt Provisions	**(2,344)**	**(703)**	(2,437)	(731)
Temporary difference of Retirement Benefit Obligation	**(1,182,334)**	**(354,375)**	(932,949)	(279,472)
Temporary difference of Deferred Income	**(136,216)**	**(40,865)**	(132,040)	(39,612)
Temporary difference of Lease Liability	**(476,345)**	**(142,924)**	(406,931)	(122,070)
As at 31 March	**2,115,259**	**634,808**	2,147,274	644,483
Company				
As at 1 April	**2,150,281**	**645,084**	1,814,443	544,333
Amount originating during the year	**(32,717)**	**(9,815)**	335,838	100,751
As at 31 March	**2,117,564**	**635,269**	2,150,281	645,084
Temporary difference of Right-of-use asset	**455,794**	**136,738**	404,025	121,207
Temporary difference of Property, Plant and Equipment	**543,453**	**163,036**	480,991	144,297
Temporary difference of Bearer Biological Assets	**2,205,728**	**661,718**	2,048,227	614,468
Temporary difference of Consumable Biological Assets	**678,715**	**203,615**	664,576	199,373
Temporary difference of Produce on Bearer Biological Assets	**32,049**	**9,615**	22,598	6,779
Temporary difference of Unrealized Exchange Gain	**(40)**	**(12)**	-	-
Temporary difference of Inventory	**(4,239)**	**(1,272)**	-	-
Temporary difference of Bad Debt Provisions	**(2,344)**	**(703)**	(2,437)	(731)
Temporary difference of Retirement Benefit Obligation	**(1,179,084)**	**(353,725)**	(928,821)	(278,646)
Temporary difference of Deferred Income	**(136,216)**	**(40,865)**	(132,040)	(39,612)
Temporary difference of Lease Liability	**(476,252)**	**(142,876)**	(406,838)	(122,051)
As at 31 March	**2,117,564**	**635,269**	2,150,281	645,084

Notes to the Financial Statements

10. INCOME TAX EXPENSE (Contd.)

10.4 Deferred Tax (Assets) and Liabilities (Contd.)

year ended	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Deferred Tax Assets	**(461)**	(601)	**-**	-
Deferred Tax Liabilities	**635,269**	645,084	**635,269**	645,084
	634,808	644,483	**635,269**	645,084

The Inland Revenue (Amedment) Act no 45 of 2022 was certified by the speaker on 19th December 2022.The Standard rate of Income tax has been increased to 30% from 24% w.e.f 1st October 2022. Accordingly, deffered tax asset & liability have been computed at 30%.

11. EARNINGS PER SHARE

11.1 Basic Earnings Per Share

The calculation of the basic earnings per share is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the year.

11.2 Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year.

Basic/diluted earning per share calculated as follows.

year ended	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Amounts used as the Numerator :				
Net profit attributable to equity holders of the parent	**1,234,839**	1,644,739	**1,231,244**	1,632,348
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.)	**26.00**	34.63	**25.92**	34.37

12. RIGHT OF USE ASSETS

	Notes	Group		Company	
		2025	2024	**2025**	2024
		Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Right-of-use asset-Land	12.1	**376,335**	311,758	**376,274**	311,693
Right-of-use asset-Building	12.2	**33,580**	44,122	**33,580**	44,122
Right-of-use asset-Immovable estate assets	12.3	**45,940**	48,209	**45,940**	48,209
		455,855	404,089	**455,794**	404,024

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 21.25 years.

year ended	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Cost				
As at 1st April	**326,441**	236,929	**326,361**	236,849
Transferred in Due to Reassessment of Lease Liability	**(14,668)**	(10,165)	**(14,668)**	(10,165)
Adjustment on Reassessment of lease Liability as at 01st April	**83,162**	99,677	**83,162**	99,677
As at 31st March	**394,935**	326,441	**394,855**	326,361
Amortisation				
As at 1st April	**14,683**	10,177	**14,668**	10,165
Transferred in Due to Reassessment of Lease Liability	**(14,668)**	(10,165)	**(14,668)**	(10,165)
Amortisation charge for the year	**18,585**	14,671	**18,581**	14,668
As at 31st March	**18,600**	14,683	**18,581**	14,668
Written Down Value	**376,335**	311,758	**376,274**	311,693

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 2025 are as follows:

year ended	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Cost				
As at 1st April	**55,347**	49,937	**55,347**	49,937
Transferred in Due to reassessment of lease liability	**(11,225)**	(38,869)	**(11,225)**	(38,869)
Adjustment on Reassessment of Lease Liability as at 01st April	**1,345**	44,279	**1,345**	44,279
As at 31st March	**45,467**	55,347	**45,467**	55,347
Depreciation				
As at 1st April	**11,225**	38,869	**11,225**	38,869
Transferred in Due to reassessment of lease liability	**(11,225)**	(38,869)	**(11,225)**	(38,869)
Depreciation charge for the year	**11,887**	11,225	**11,887**	11,225
As at 31st March	**11,887**	11,225	**11,887**	11,225
Written Down Value	**33,580**	44,122	**33,580**	44,122

Notes to the Financial Statements

12. RIGHT OF USE ASSETS (Contd.)

12.3 Right-of-use assets-Immovable Estate Assets

	Group/Company					
	Improvement to Land Rs.'000	Mature Plantations Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	**2025 Total Rs.'000**	2024 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	7,773	196,940	63,826	12,007	**280,546**	278,276
Amortisation charge for the year	62	2,207	-	-	**2,269**	2,270
As at 31 March	7,835	199,147	63,826	12,007	**282,815**	280,546
Written Down Value	1,249	44,691	-	-	**45,940**	48,209

*Revaluation amount is arrived at after adjusting for assets handed over to Tea Smallholdings Development Authority.

13. A. TANGIBLE ASSETS OTHER THAN IMMATURE / MATURE PLANTATIONS

	Group				Company			
	Balance as at 01.04.2024 Rs.'000	Additions for the Year Rs.'000	Disposals during the Year Rs.'000	**Balance as at 31.03.2025 Rs.'000**	Balance as at 01.04.2024 Rs.'000	Additions for the Year Rs.'000	Disposals during the Year Rs.'000	**Balance as at 31.03.2025 Rs.'000**
Cost								
Buildings	509,738	599,481	(126)	**1,109,093**	509,738	599,481	(126)	**1,109,093**
Motor Vehicles	408,557	69,468	(8,996)	**469,029**	408,556	69,468	(8,996)	**469,028**
Plant & Machinery	1,255,036	257,739	(22,089)	**1,490,686**	769,335	257,739	(22,089)	**1,004,985**
Furniture & Fittings	21,566	6,371	(2,576)	**25,361**	21,567	6,371	(2,576)	**25,362**
Equipment & Tools	215,046	19,361	(48,380)	**186,027**	213,892	19,361	(48,380)	**184,873**
	2,409,943	952,420	(82,167)	**3,280,196**	1,923,088	952,420	(82,167)	**2,793,341**

	Group				Company			
	Balance as at 01.04.2024 Rs.'000	Charge for the Year Rs.'000	Accumulated depreciation on disposals Rs.'000	**Balance as at 31.03.2025 Rs.'000**	Balance as at 01.04.2024 Rs.'000	Charge for the Year Rs.'000	Accumulated depreciation on disposals Rs.'000	**Balance as at 31.03.2025 Rs.'000**
Accumulated Depreciation								
Buildings	228,371	28,808	(72)	**257,107**	222,156	28,808	(72)	**250,892**
Motor Vehicles	300,813	37,483	(8,996)	**329,300**	300,813	37,483	(8,996)	**329,300**
Plant & Machinery	797,514	52,122	(21,086)	**828,550**	552,072	35,934	(21,086)	**566,920**
Furniture & Fittings	11,647	1,555	(2,518)	**10,684**	11,647	1,555	(2,518)	**10,684**
Equipment & Tools	176,807	15,887	(48,364)	**144,330**	175,842	15,814	(48,364)	**143,292**
	1,515,152	135,855	(81,036)	**1,569,971**	1,262,530	119,594	(81,036)	**1,301,088**
Written Down Value	894,791			**1,710,225**	660,558			**1,492,253**

	Group				Company			
	Balance as at 01.04.2024 Rs.'000	Additions for the Year Rs.'000	Capitalised during the Year Rs.'000	**Balance as at 31.03.2025 Rs.'000**	Balance as at 01.04.2024 Rs.'000	Additions for the Year Rs.'000	Capitalised during the Year Rs.'000	**Balance as at 31.03.2025 Rs.'000**
Capital Work in Progress	645,074	148,728	(738,663)	**55,139**	645,074	148,728	(738,663)	**55,139**
Total Written Down Value	1,539,865	-		**1,765,364**	1,305,632			**1,547,392**

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.762.5 Mn (2023/24-Rs.741.7 Mn).

FULLY DEPRECIATED PROPERTY, PLANT & EQUIPMENT

year ended	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Motor Vehicles	**217,629**	210,049	**217,629**	210,049
Plant & Machinery	**372,753**	351,888	**372,753**	351,888
Furniture & Fittings	**9,243**	9,343	**9,243**	9,343
Equipment & Tools	**162,899**	170,441	**162,884**	170,441
	762,524	741,721	**762,509**	741,721

13. B. BEARER BIOLOGICAL ASSETS

	Group/Company					
	Permanent Land Development Cost Rs.'000	Roads Rs.'000	Immature Plantations Rs.'000	Mature Plantations Rs.'000	**2025 Total Rs.'000**	2024 Total Rs.'000
Cost						
*As at 1st April	23,172	83,025	541,664	2,569,138	**3,216,999**	2,992,356
Additions	-	2,705	245,539	-	**248,244**	224,643
Transfers to Mature			(127,644)	127,644	**-**	-
Transfers to consumable			(518)	-	**(518)**	-
As at 31st March	23,172	85,730	659,041	2,696,782	**3,464,725**	3,216,999
Accumulated Amortisation						
As at 1st April	14,238	83,025	-	1,071,509	**1,168,772**	1,083,554
Amortisation charge for the year	420	1	-	89,804	**90,225**	85,219
As at 31st March	14,658	83,026	-	1,161,313	**1,258,997**	1,168,773
Carrying Amount	8,514	2,704	659,041	1,535,469	**2,205,728**	2,048,227

Notes to the Financial Statements

13.B.1. IMMATURE PLANTATIONS

	Tea	Rubber	Cinnamon	Diversification	2025 Total	2024 Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost						
At the beginning of the year	383,835	7,687	67,427	82,715	**541,664**	398,996
Additions	172,171	2,150	53,312	17,906	**245,539**	224,643
Transfers to Mature	(120,853)	-	(6,791)	-	**(127,644)**	(81,975)
Transfers from/(to)	-	-	-	(518)	**(518)**	-
At the end of the year	435,153	9,837	113,948	100,103	**659,041**	541,664

13.B.2. MATURE PLANTATIONS

	Tea	Rubber	Cinnamon	Diversification	2025 Total	2024 Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost						
At the beginning of the year	2,393,979	140,192	34,967	-	**2,569,138**	2,487,163
Transfers from Immature	120,853	-	6,791	-	**127,644**	81,975
Transfers from/(to)	-	-	-	-	**-**	-
At the end of the year	2,514,832	140,192	41,758	-	**2,696,782**	2,569,138
Amortisation						
At the beginning of the year	1,002,915	64,119	4,475	-	**1,071,509**	986,710
Charge for the year	81,841	5,960	2,003		**89,804**	84,799
At the end of the year	1,084,756	70,079	6,478	-	**1,161,313**	1,071,509
Carrying Amount	1,430,076	70,113	35,280	-	**1,535,469**	1,497,629

*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 (2023/2024- Nil).

The addition of Rs. 245 mn (2023/24 - Rs. 224 mn) shown above includes the following costs among other costs incurred during the year in respect of Uprooting and Planting of Tea, Rubber, Cinnamon and Others.

	Group/Company			
	2025		2024	
	Extent - ha	Rs.'000	Extent - ha	Rs.'000
Planted during the Year				
- Tea	**29**	**73,165**	29	62,198
- Cinnamon	**18**	**30,019**	22	40,367
- Coconut	**-**	**-**	3	2,740
	52	**103,230**	54	105,305

13. C. CONSUMABLE BIOLOGICAL ASSETS

Timber Plantations - Managed Trees

As at 31 March	Group/Company	
	2025	2024
	Rs.'000	Rs.'000
As at 1 April	**664,576**	483,919
Increase due to development	**22,871**	15,254
Transfer From Immature Plantation	**517**	-
Gain/(loss) arising from changes in fair value less cost to sell attributable to physical change	**14,561**	172,114
Decrease due to harvest	**(23,810)**	(6,711)
As at 31 March	**678,715**	664,576

13. C.1 BASIS OF VALUATION

Under LKAS 41 - Agriculture the company has valued its managed plantations at fair value less cost to sell. Managed timber plantations as at 31st March 2025 comprised approximately 627.81 hectares

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 (2023/2024 - nil).

The fair value of matured managed trees were ascertained in accordance with SLFRS 13.The valuation was carried by Messer's KPMG Real Estate & Valuation Services (Pvt) Ltd, chartered valuation surveyors, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber, a physical verification was carried out covering all the estates.

13. C.1. CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS

As at 31 March	Group/Company	
	2025	2024
	Rs.'000	Rs.'000
Change in fair value of consumable biological assets (Note 13 C)	**14,561**	172,114
Change in fair value of produce on bearer biological assets (Note 15)	**9,450**	(333)
	24,011	171,781

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
			2025	2024	
Consumable Managed Biological Assets	DCF	Discounting Rate	**13.00%**	15.00%	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**	25-190 cu.ft	The higher the volume, the higher the fair value
		Price per cu.ft.	**Rs. 60/- to Rs. 2,300/-**	Rs. 60/- to Rs. 2,300/-	The higher the price per cu. ft., the higher the fair value

Notes to the Financial Statements

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.

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.

The biological assets of the Company are mainly cultivated in leased lands. When measuring the fair value of the biological assets it was assumed that these concession can and will be renewed at normal circumstances. Timber content expects to be realized in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

3. Though the replanting is a condition precedent for harvesting yet the costs are not taken in to consideration.

13. C.3. THE COMPANY IS EXPOSED TO THE FOLLOWING RISKS RELATING TO ITS LIVE TREE PLANTATION:-

13.C.3.1 Regulatory and Environmental Risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

13.C.3.2 Supply and Demand Risks

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

13.C.3.3 Climate and Other Risks

The Company's live tree plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

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 2025	**57,456**	**(57,456)**
As at 31 March 2024	57,334	(57,334)

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 2025	**3,225**	**3,478**
As at 31 March 2024	(4,176)	4,489

13.D. INTANGIBLE ASSETS

Group	Development Cost Rs.'000	ERP System Rs.'000	**2025 Total Rs.'000**	2024 Total 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	17,421	3893	**21,314**	19,907
Amortization charge for the year	876	1,466	**2,342**	1,407
As at 31 March	18,297	5,359	**23,656**	21,314
Written Down Value	-	9,309	**9,309**	11,651

Company	Development Cost Rs.'000	ERP System Rs.'000	**2025 Total Rs.'000**	2024 Total 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	-	3892	**3892**	2425
Amortization charge for the year	-	1,467	**1,467**	1467
As at 31 March	-	5,359	**5,359**	3,892
Written Down Value	-	9,309	**9,309**	10,776

Notes to the Financial Statements

14. INVESTMENTS IN SUBSIDIARIES

Talawakelle Tea Estates PLC helds 6,900,000 (100%) ordinary shares of TTEL Hydro Power Company (Pvt) Ltd, and 6,000,000 (100%) 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. 53,109,300/= and Rs. 16,035,400/= respectively redeemable at the option of the investee.

As at 31 March	Company		Company	
	2025	**2025**	2024	2024
	Number of Shares	**Rs.'000**	Number of Shares	Rs.'000
Ordinary Shares				
TTEL Hydro Power Company (Pvt) Ltd	**6,900,000**	**74,556**	3,519,000	35,190
Acquistion during the year	**-**	**-**	3,381,000	39,366
	6,900,000	**74,556**	6,900,000	74,556
TTEL Somerset Hydro Power (Pvt) Ltd	**6,000,000**	**82,092**	3,060,000	30,600
Acquistion during the year	**-**	**-**	2,940,000	51,492
	6,000,000	**82,092**	6,000,000	82,092
		156,648		156,648
Preference Shares				
TTEL Hydro Power Company (Pvt) Ltd	**8,887,830**	**53,109**	5,310,830	53,108
Acquistion during the year	**-**	**-**	3,577,000	1
	8,887,830	**53,109**	8,887,830	53,109
TTEL Somerset Hydro Power (Pvt) Ltd	**3,144,000**	**16,035**	1,603,440	16,034
Acquistion during the year	**-**	**-**	1,540,560	1
	3,144,000	**16,035**	3,144,000	16,035
		69,144		69,144
Total Investment		**225,792**		225,792

Subsidiaries	Principle Activity
TTEL Hydro Power Company (Pvt) Ltd	Generates Hydro Power
TTEL Somerset Hydro Power (Pvt) Ltd	Generates Hydro Power

Summarised financial information of fully-owned subsidiaries, reflecting amounts before intercompany eliminations, is set out below.

Summarised statement of profit or loss for the year ended 31 March	TTEL Hydro Power Company (Pvt) Ltd		TTEL Somerset Hydro Power (Pvt) Ltd	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Revenue	**48,765**	36,049	**45,271**	32,912
Cost of sales	**(25,243)**	(20,068)	**(21,918)**	(14,754)
Other Income	**721**	-	**2,429**	-
Administrative expenses	**(9,167)**	(6,913)	**(5,988)**	(8,024)
Finance Income	**3,794**	1,693	**4,059**	1,127
Finance Cost	**-**	-	**-**	-
Profit/(loss) before tax	**18,870**	10,720	**23,853**	11,261
Income Tax	**(6,535)**	(6,825)	**(6,823)**	(3,656)
Profit/(loss) after tax	**12,335**	3,894	**17,030**	7,605
Attributable to owners	**12,335**	6,843	**17,030**	8,389
Attributable to non-controlling interests	**-**	(544)	**-**	(745)
Total Comprehensive income	**12,335**	6,299	**17,030**	7,644
Dividend paid to Parent	**24,886**	-	**4,402**	4,402

Summarised statement of financial position as at 31 March	TTEL Hydro Power Company (Pvt) Ltd		TTEL Somerset Hydro Power (Pvt) Ltd	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Current Assets	**59,570**	59,194	**70,611**	52,409
Non Current Assets	**127,960**	137,536	**90,535**	98,244
Current Liabilities	**9,557**	8,801	**7,996**	8,194
Non Current Liabilities	**2,443**	2,396	**886**	1,811
Total Equity	**175,530**	185,534	**152,264**	139,767
Attributable to:				
Equity holders of parent	**175,530**	185,534	**152,264**	139,767
Non-controlling interests	**-**	-	**-**	-

Summarised statement of cash flows for the year ended 31 March	**2025**	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Operating cash flows	**31,487**	42,304	**26,171**	41,302
Investing cash flows	**-**	(97)	**-**	(97)
Financing cash flows	**(4,402)**	-	**(24,886)**	(4,402)
Net increase/(decrease) in cash & cash equivalents	**27,085**	42,208	**1,285**	36,803

Notes to the Financial Statements

15. PRODUCE ON BEARER BIOLOGICAL ASSETS

As at 31 March	Group/Company	
	2025	2024
	Rs.'000	Rs.'000
At the beginning of the year	**22,598**	22,931
Change in fair value less cost to sell	**9,451**	(333)
	32,049	22,598

Level 2 inputs were used when arriving above figures.

16. INVENTORIES

As at 31 March	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Biological Assets - Nurseries	**27,251**	20,738	**27,251**	20,738
Biological Assets -Harvested Crop	**732,502**	480,183	**732,502**	480,183
Input Stocks, Consumables & spares	**131,639**	248,881	**131,639**	248,881
	891,392	749,802	**891,392**	749,802
Less : Provision for Slow Moving Stocks	**(2,344)**	-	**(2,344)**	-
	889,048	749,802	**889,048**	749,802

16.1 Movement in the provision for Inventories

As at 31 March	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
As at 01 April	**-**	-	**-**	-
Charge for the period	**(2,344)**	-	**(2,344)**	-
Reverse during the period	**-**	-	**-**	-
As at 31 March	**(2,344)**	-	**(2,344)**	-

17. TRADE AND OTHER RECEIVABLES

As at 31 March	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Produce Debtors	**163,056**	191,288	**157,231**	184,803
Advances, Prepayments & Deposits	**145,173**	118,997	**141,123**	116,219
Investment Interest Receivables	**61,732**	91,858	**61,732**	91,858
Other Debtors	**67,136**	52,471	**67,136**	52,471
Income Tax Receivable	**1,679**	1,679	**-**	-
	438,776	456,293	**427,222**	445,351
Less: Provision for Doubtful Debt	**(4,239)**	(2,437)	**(4,239)**	(2,437)
	434,537	453,856	**422,983**	442,914

17.1 Movement in the Provision for Trade and Other Receivables

As at 31 March	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
As at 01 April	**(2,437)**	(1,992)	**(2,437)**	(1,992)
Charge for the period	**(1,802)**	(1,421)	**(1,802)**	(1,421)
Reverse during the period	**-**	976	**-**	976
As at 31 March	**(4,239)**	(2,437)	**(4,239)**	(2,437)

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	422,983	157,231	107,284	62,064	96,404	-
Group	434,537	163,055	107,284	73,037	91,161	-

18. AMOUNTS DUE FROM RELATED COMPANIES

As at 31 March	Relationship	Group		Company	
		2025	2024	**2025**	2024
		Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
TTEL Hydro Power Company (Pvt) Ltd	Subsidiary Company	**-**	-	**1,209**	1,500
TTEL Somerset Hydro Power Company (Pvt) Ltd	Subsidiary Company	**-**	-	**-**	1,419
Horana Plantations PLC	Related Company	**3,894**	883	**3,894**	883
Kelani Valley Plantations PLC	Related Company	**4,759**	4,645	**5,413**	4,645
Hayleys Agro Biotech (Pvt) Ltd	Related Company	**1525**	-	**1525**	-
		10,178	5,528	**12,041**	8,447

19. SHORT TERM INVESTMENT

For the year ended 31 March	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Unit Trust	**992,001**	936,458	**992,001**	936,458
Repo	**805,579**	125,334	**693,720**	53,000
Fixed Deposits	**1,801,500**	1,493,967	**1,801,500**	1,493,967
Treasury Bills and Bonds	**747,198**	1,293,498	**747,198**	1,293,498
	4,346,278	3,849,257	**4,234,419**	3,776,923

Notes to the Financial Statements

20. STATED CAPITAL

As at 31 March	Group/Company 2025 No. of Shares	Group/Company 2024 No. of Shares
Issued and Fully Paid Ordinary Shares		
Number of ordinary shares including one golden share held by the Treasury which has special rights	**47,500,001**	47,500,001

	Rs.'000	Rs.'000
Stated Capital including one Golden Share held by the Treasury which has special rights	**350,000**	350,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Special rights of the Golden share are given in the Annual Report to the Board of Directors on the Affairs of the Company.

21. INTEREST BEARING LOANS AND BORROWINGS

Group/Company	2025 Repayable within 1 year Rs.'000	2025 Repayable after one year less than five years Rs.'000	2025 Repayable after five years Rs.'000	2025 Sub Total over one year Rs.'000	2025 Total as at 31.03.2025 Rs.'000	2024 Repayable within 1 year Rs.'000	2024 Repayable after one year less than five years Rs.'000	2024 Repayable after five years Rs.'000	2024 Sub Total over year Rs.'000	2024 Total as at 31.03.2024 Rs.'000
21.1 National Development Bank PLC	-	-	-	-	-	2,619	-	-	-	2,619
	-	-	-	-	-	2,619	-	-	-	2,619

21.1 National Development Bank PLC

Group/Company	Repayable within one year Rs.'000	Repayable after one year less than five years Rs.'000	Repayable after five years Rs.'000	Sub Total over one year Rs.'000	Total as at 2025 Rs.'000	Total as at 2024 Rs.'000	Rate of Interest %	Terms of Repayment
Solar Project	-	-	-	-	-	2,619	6.3	72 Monthly installments commencing from April-2019
	-	-	-	-	-	2,619		

22. RETIREMENT BENEFIT OBLIGATIONS

As at 31 March	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Provision for Retirement Benefit Obligations				
At the beginning of the year	**932,949**	801,095	**928,821**	797,503
Interest Cost	**111,954**	160,147	**111,458**	159,500
Current Service Cost	**67,853**	43,172	**67,626**	42,880
Gratuity Payments for the year	**(162,443)**	(196,295)	**(160,714)**	(196,058)
Actuarial (Gain) / Loss due to changes in experience	**10,520**	(17,574)	**10,581**	(17,408)
Actuarial (Gain) / Loss due to changes in financial assumptions	**221,501**	142,404	**221,312**	142,404
At the end of the year	**1,182,334**	932,949	**1,179,084**	928,821

According to the actuarial valuation report issued by the Actuarial & Management Consultants (Pvt) Ltd As at 31 March 2025, the actuarial present value of promised retirement benefits amounted to Rs. 1,182,333,796/-. 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. 1,316,484,011 /-.

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.

		2025	2024
(i)	Rate of Discount	10.5% (per annum)	12% (per annum)
	One of the principal assumptions is the discount rate, which should be based upon the yields available on government bonds or high quality corporate bonds at the accounting date with a term that matches that of the liabilities. LKAS 19 does not define "High quality", but this is generally taken to mean a security rating least AA.		
(ii)	Rate of Salary Increase		
	Workers	9% (per annum)	10% (per annum)
	Staff	10% (per annum)	11% (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 5.1 years and 6.0 years for staff and workers respectively.

Notes to the Financial Statements

22. RETIREMENT BENEFIT OBLIGATIONS (Contd.)

The following payments are expected from the Retirement Benefit Obligation in future years.

	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Within the next 12 months	**186,254**	124,479	**185,623**	123,686
Between 1-5 years	**463,697**	358,182	**461,947**	356,137
Between 5-10 years	**308,684**	240,099	**308,144**	239,362
Beyond 10 years	**223,699**	210,189	**223,370**	209,636
Total	**1,182,334**	932,949	**1,179,084**	928,821

Sensitivity Analysis

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used. The sensitivity was carried out as follows.

Group	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
A one percentage point change in the salary/wage increment rate	-1%	1%	-1%	1%
As at 31 March 2025	(11,702)	12,660	(44,788)	48,740
As at 31 March 2024	(37,209)	40,762	(11,416)	12,427

Group	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
A one percentage point change in the discount rate	-1%	1%	-1%	1%
As at 31 March 2025	12,361	(11,211)	53,251	(48,059)
As at 31 March 2024	44,080	(39,546)	12,210	(11,019)

Company	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
A one percentage point change in the salary/wage increment rate	-1%	1%	-1%	1%
As at 31 March 2025	(11,702)	12,660	(44,644)	48,585
As at 31 March 2024	(37,209)	40,762	(11,216)	12,209

Company	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
A one percentage point change in the discount rate	-1%	1%	-1%	1%
As at 31 March 2025	12,361	(11,211)	53,111	(47,931)
As at 31 March 2024	44,080	(39,546)	12,010	(10,838)

23. DEFERRED INCOME

As at 31 March	Group/Company	
	2025	2024
	Rs.'000	Rs.'000
Deferred Grants and Subsidies		
Balance at the beginning of the year	**132,040**	136,699
Add : Grants received during the year	**13,222**	975
Less : Amortisation for the year	**(9,046)**	(5,634)
Balance at the end of the year	**136,216**	132,040

The Company has received funding from Tea Board and Peko Trail 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.

24. LEASE LIABILITY

As at 31 March	Notes	Group		Company	
		2025	2024	**2025**	2024
		Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Lease liability on Right-of-Use asset- Land	24.1	**437,052**	358,089	**436,969**	358,018
Lease liability on Right-of-Use asset- Building	24.2	**39,284**	48,785	**39,284**	48,785
		476,336	406,874	**476,253**	406,803
24.1 Lease liability on Right-of-Use asset-Land					
Balance at the beginning of the year		**358,089**	261,422	**358,018**	261,338
Reassessment Adjustment		**83,162**	99,677	**83,162**	99,677
Accretion of Interest		**61,791**	50,542	**61,765**	50,542
Transferred to accrued Liability		**(14)**	(12)	**-**	-
Repayment during the year		**(65,976)**	(53,540)	**(65,976)**	(53,540)
Balance as at end of the year		**437,052**	358,089	**436,969**	358,018

Notes to the Financial Statements

24. LEASE LIABILITY (Contd.)

24.1 Lease liability on Right-of-Use asset-Land (Contd.)

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Liability				
Balance as at the 31st March	**1,124,590**	885,241	**1,124,334**	884,973
Reassessment Adjustment as at 01st April	**261,165**	292,901	**261,165**	292,901
Repayment during the year	**(65,976)**	(53,540)	**(65,976)**	(53,540)
Transferred to accured Liability	**(14)**	(12)	**-**	-
Gross Liability as at 31st March	**1,319,765**	1,124,590	**1,319,523**	1,124,334
Finance cost allocated to future periods				
Balance as at the 31st March	**(766,501)**	(623,819)	**(766,316)**	(623,635)
Reassessment Adjustment as at 01st April	**(178,003)**	(193,224)	**(178,003)**	(193,224)
Accretion of Interest during the year	**61,791**	50,542	**61,765**	50,542
Finance cost allocated to future periods as at 31st March	**(882,713)**	(766,501)	**(882,554)**	(766,317)
Net Liability as at 31st March	**437,052**	358,089	**436,969**	358,018

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
24.1.2 Maturity analysis of lease liability as follows,				
Payable within one year				
Gross liability	**65,991**	53,555	**65,976**	53,540
Finance cost allocated to future periods	**(61,186)**	(50,133)	**(61,176)**	(50,122)
Net liability transferred to current liabilities	**4,805**	3,422	**4,800**	3,418
Payable within two to five years				
Gross liability	**197,977**	160,665	**197,928**	160,619
Finance cost allocated to future periods	**(179,147)**	(147,261)	**(179,104)**	(147,220)
Net liability	**18,830**	13,404	**18,824**	13,399
Payable after five years				
Gross liability	**1,055,803**	910,382	**1,055,618**	910,175
Finance cost allocated to future periods	**(642,386)**	(569,107)	**(642,274)**	(568,974)
Net liability	**413,417**	341,275	**413,344**	341,201
Net liability payable after one year	**432,247**	354,679	**432,168**	354,600

The base rental payable per year Rs. 65,976,134/-.

Maturity analysis of Gross lease liability are shown under Note 34.3.

	Group Rs.'000	Company Rs.'000
Gross Liability	1,319,765	1,319,523
Finance Charge	(882,713)	(882,554)
Net Liability	437,052	436,969

24.2 Lease Liability on Right-of-Use asset- Building

	Group/Company	
	2025	2024
	Rs.'000	Rs.'000
As at 01st April	**48,785**	13,196
Reassessment Adjustments	**1,345**	44,279
Accretion of Interest	**5,658**	6,471
Payments during the year	**(16,504)**	(15,161)
Balance as at 31st March	**39,284**	48,785
Current Liability	**16,608**	10,633
Non Current Liability	**22,676**	38,152
Total Lease Liability as at 31st March	**39,284**	48,785

24.3 Lease Liability

	Group 2025 Rs.'000	Company 2024 Rs.'000
Current Liability	**21,413**	**21,408**
Non Current Liability	**454,923**	**454,844**
Total Lease Liability as at 31 March	**476,336**	**476,252**

25. TRADE AND OTHER PAYABLES

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade Creditors	**117,476**	167,316	**117,476**	167,316
Payable to Employees	**208,861**	161,816	**208,861**	161,816
Statutory Payables	**42,279**	18,517	**42,279**	18,517
Provisions	**356,075**	333,783	**356,075**	333,783
Others	**215,718**	161,807	**215,718**	161,807
Accrued Expenses	**103,355**	149,677	**103,585**	153,350
	1,043,764	992,916	**1,043,994**	996,589

Notes to the Financial Statements

26. AMOUNTS DUE TO RELATED COMPANIES

As at 31 March	Relationship	Group		Company	
		2025	2024	2025	2024
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Hayleys PLC	Ultimate Parent	**10,390**	11,398	**10,189**	10,581
Hayleys Plantation Services (Pvt) Ltd	Parent Company	**72,420**	120,700	**72,420**	120,700
TTEL Hydro Power Company (Pvt) Ltd	Subsidiary Company	**-**	-	**4,256**	4,825
TTEL Somerset Hydro Power (Pvt) Ltd	Subsidiary Company	**-**	-	**618**	3,155
Hayleys Business Solutions International (Pvt) Ltd	Related Company	**384**	352	**375**	332
Kelani Valley Plantations PLC	Related Company	**2,371**	2,203	**2,371**	2,203
Logiwiz Ltd	Related Company	**54**	46	**54**	46
Hayleys Agro Fertilizer Limited	Related Company	**22,591**	62,116	**22,591**	62,116
Fentons Limited	Related Company	**36,897**	17,550	**36,897**	17,550
Hayleys Consumer Products Limited	Related Company	**9**	10	**9**	10
Advantis Freight (Pvt) Limited	Related Company	**154**	32	**154**	32
Hayleys Aviation & Projects (Pvt) Limited	Related Company	**-**	1,407	**-**	1,407
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
Innovative Solutions Lanka (Pvt) Ltd	Related Company	**490**	-	**490**	-
Hayleys Agriculture Holdings Limited	Related Company	**191**	-	**191**	-
		145,951	218,665	**150,615**	225,808

27. DIVIDEND PAID

	Company	
	2025	2024
	Rs.'000	Rs.'000
Dividend paid during the year		
Final dividend for 2022/23-Rs 17.35/- 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
Third Interim dividend for 2023/24-Rs 4.00/- per share	**190,000**	-
First Interim dividend for 2024/25-Rs 2.25/- per share	**106,875**	-
Second Interim dividend for 2024/25-Rs 2.50/- per share	**118,750**	-
	566,924	902,500

28. ASSETS PLEDGED

Following assets have been pledged as security for liabilities.

Bank	Nature of Assets	Nature of Liability	2024/2025	
			Facility Amount Rs. Mn	Outstanding Amount Rs. Mn
Sampath Bank PLC	Hypothecation bond over stock for Rs. 45 Mn. Overdraft agreement for Rs.40Mn	Over Draft	40	6.3
The Hongkong & Shanghai Banking Co.Ltd	Concurrent mortgage over stocks and debtors for Rs. 65 Mn.	Over Draft	15	0.3
Commercial Bank of Ceylon PLC	Concurrent mortgage over stocks and debtors for Rs. 165 Mn.	Over Draft	165	8.4

29. CAPITAL COMMITMENTS

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

	Company	
	2025	2024
	Rs. Mn	Rs. Mn
Approved by the Board & Contracted for	-	-
Approved by the Board & not Contracted for	**802**	692
	802	692

30. COMMITMENTS AND CONTINGENCIES

No circumstances have arisen since the Statement of Financial Position date, other than the matters disclosed below in the notes to the Financial Statements.

An assessment for Value Added Tax (VAT) under the Value Added Tax act No 14 of 2002 and its amendments thereto in relation to the taxable period 01st January 2019 to 31st March 2019 was issued by the Commissioner General of Inland Revenue. The Tax Appeals Commission hearing the appeal lodged by us, determined the VAT assessment in favor of the Department of Inland Revenue. The company subsequently appealed against the Determination of the Tax appeals Commission for the opinion of the Court of Appeal of the Democratic Socialist Republic of Sri Lanka.

The estimated Contingent liability to the company is Rs. 28.64 Mn, excluding of any penalties arises for the period.

31. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occuring after the satement of financial position date that require adjustments or disclosure in the financial statements.

Notes to the Financial Statements

32. 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.

32.1 Recurrent Transactions with the Parent and Ultimate Parent Company

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2025	2024
Hayleys PLC	Ultimate Parent	Mr. A M Pandithage	Data Processing Services Secretarial Services , Office Rent & Management Salaries	150,500	164,267
			Settlements	(150,893)	(158,514)
Hayleys Plantation Services (Pvt) Limited	Parent	Mr. A M Pandithage Mr. Malik J Fernando Mr. W G R Rajadurai Mr. S. B. Alawattegama	Reimbursement of Administration Expenses, Dividend	217,487	827,818
			Settlements	(265,767)	(707,118)

The managing agent Hayleys Plantation Services (Pvt) Limited has waived the management fee hereafter with effect from 01/04/2014.

32.2 Transactions with the Subsidiaries

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2025	2024
TTEL Hydro Power Company (Pvt) Limited	Subsidiary	Mr.A M Pandithage Mr. Malik J. Fernando Mr. W. G. R. Rajadurai Mr. S. B. Alawattegama Mrs. V. A. Wijeweera	Preference Share Dividends	21,153	-
			Electricity Capacity Charges	32,920	25,912
			Settlements	(33,489)	(32,010)
TTEL Somerset Hydro Power (Pvt) Limited	Subsidiary	Mr.A M Pandithage Mr. Malik J. Fernando Mr. W. G. R. Rajadurai Mr. S. B. Alawattegama Mrs. V. A. Wijeweera	Preference Share Dividends	3,741	3,741
			Electricity Capacity Charges	42,217	14,900
			Lent Labour Charges	1,419	2,482
			Settlements	(44,755)	(14,900)

32.3 Recurrent Transactions with Other Related Companies

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2025	2024
Innovate Solutions Lanka (Pvt) Ltd	Affiliates	Mr. A. M. Pandithage	Purchase of Mosture Analyser	**490**	-
			Settlements	**-**	-
Hayleys Agriculture Holdings Limited.	Affiliates	Mr. A. M. Pandithage	Purchase of Equipment & Chemicals	**2,696**	1,486
			Settlements	**(2,696)**	(1,486)
Hayleys Agro Fertilizers (Pvt) Limited.	Affiliates	Mr. A. M. Pandithage	Purchase of Fertilizer	**540,893**	494,297
			Settlements	**(580,226)**	(432,181)

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2025	2024
Kelani Valley Plantations PLC	Affiliates	Mr. A. M. Pandithage	Share of Head office maintenance cost		
		Mr. W. G. R. Rajadurai	Receipts	**11,326**	8,304
			Share of Head office maintenance cost		
			Receipts	**19,314**	15,883
			Settlements	**(29,684)**	(10,012)
Hayleys Business Solutions International (Pvt) Ltd.	Affiliates	Mr. A. M. Pandithage	Payroll/ FA processing cost	**4,942**	4,671
			Settlements	**(4,899)**	(4,323)
Logiwiz Ltd	Affiliates	Mr. A. M. Pandithage	Providing of document Storing Service	**610**	643
			Settlements	**(602)**	(626)
Hayleys Consumer (Pvt) Ltd	Affiliates	Mr. A. M. Pandithage Mr. T. M. Hewagama	Purchase of Accessories	**117**	123
			Settlements	**(118)**	(122)
Horana Plantations PLC	Affiliates	Mr. A. M. Pandithage	Reimbursement of Administration Expenses	**11**	403
		Mr. W. G. R. Rajadurai	Receipts	**10,229**	6,577
			Settlements	**(7,218)**	(375)
Hayleys Aventura (Pvt) Ltd	Affiliates	Mr. A. M. Pandithage Mr. T. M. Hewagama	Hydro Share Consideration Charges & Generator Repaire Charges	**-**	343
			Settlements	**-**	(343)
Mabroc Teas (Pvt) Limited	Affiliates	Mr. A. M. Pandithage	Supply of Packing Materials	**56**	968
		Mr. W. G. R. Rajadurai	Settlements	**(56)**	(968)
Hayleys Advantis Freight (Pvt) Limited	Affiliates	Mr. A. M. Pandithage	Freight Charges	**1,230**	193
			Settlements	**(1,108)**	(200)
Hayleys Aviation Projects (Pvt) Limited	Affiliates	Mr. A. M. Pandithage	Project Management Fees (KG Factory)	**3,208**	6,822
			Settlements	(4,615)	(22,228)
Hayleys Fentons Limited	Affiliates	Mr. A. M. Pandithage Mr. T. M. Hewagama	Purchase of Solar Panels	**49,540**	88,976
			Settlements	**(30,193)**	(71,881)
Singer (Sri Lanka) PLC	Affiliates	Mr. A. M. Pandithage	Purchase of Computer Item	**7,394**	6,355
		Mr. M. H. Jamaldeen	Settlements	**(9,023)**	(4,727)
Uni - Dil Packaging Solutions Ltd	Affiliates	Mr. A. M. Pandithage	Purchase of Packing Materials	**13,102**	26,120
			Settlements	**(13,102)**	(26,120)
The Kingsbury PLC	Affiliates	Mr. A. M. Pandithage Mr. T. M. Hewagama	AGM Expenses	**507**	2,639
			Settlements	**(507)**	(2,639)

Notes to the Financial Statements

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amounts (Rs.'000)	
				2025	2024
Puritas Ltd	Affiliates	Mr. A. M. Pandithage	Purchase of Masks	**26**	216
			Settlements	**(26)**	(190)
Advantis Project & Engineering	Affiliates	Mr. A.M. Pandithage	Construction Work	**-**	145
(Pvt) Ltd			Settlements	**-**	(145)
Hayleys Travels (Pvt) Ltd	Affiliates	Mr. A.M. Pandithage	Purchase of Air Tickets & Visa Charges	**10,036**	7,361
			Settlements	**(10,036)**	(7,361)
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	**2,301**	3,562
			Settlements	**3,496**	(2,366)

32.4 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.

33. 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.

34. 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.

34.1 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.

34.2 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.

The Group is exposed to credit risk from its operating activities (primarily trade receivables), other advances including loans and advances to staff/ workers, and from its financing activities, including deposits with banks and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

Risk Exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. The following figures show maximum risk positions.

As at 31 March	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Trade and Other Receivables	**448,775**	456,293	**427,221**	445,351
Related Companies Receivables	**10,178**	5,528	**12,042**	8,446
	458,953	461,821	**439,263**	453,797

Notes to the Financial Statements

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

34.2 Credit Risk (Contd.)

34.2.1 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 from Produce Brokers,as the repayment is guaranteed within seven days by the Tea and Rubber Auction Systems.

Credit Quality of Financial Assets

As analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 31st March 2025 is as follows:

As at 31 March	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Below 30 days	**163,054**	191,288	**157,231**	184,803
30-45 days	**-**	-	**-**	-
46-60 days	**-**	-	**-**	-
61 Over	**-**	-	**-**	-
	163,054	191,288	**157,231**	184,803

The movement in the provision for impairment in respect of other receivables during the year was as follows :

As at 31 March	Group		Company	
	2025	2024	**2025**	2024
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
At the beginning of the year	**(2,437)**	(1,992)	**(2,437)**	(1,557)
Provision for impairment	**(1,802)**	(1,421)	**(1,802)**	(1,421)
Reverse during the year	**-**	977	**-**	542
	(4,239)	(2,436)	**(4,239)**	(2,436)

Impairment Loss Recognized

The Company believes that the unimpaired amounts that are past due by more than 45 days are still to be collected in full. Based on the Group's monitoring of customer credit risk, the Company believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

Amounts due from Related Companies

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each Related Company.

The Company does not require a provision for impairment in respect of Related Companies Receivables.

34.2.2 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 counter parties and within credit limits assigned to them. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counter party's failure.

The Group held short term investments of Rs. 4,346.2 Mn as at 31st March 2025 (2024 – Rs.3,849.2 Mn) which represents the maximum credit exposure on these assets.

Investment portfolio Maturity Aging of TTE PLC as at 31ST March 2025												
Instrument	0-30 Days		31-60 Days		61-90 Days		91-180 Days		181-364 Days		Grand Total	
	Investment (Rs.000')	Interest rate (%)	Investment (Rs.000')	Interest rate (Range)%	Investment (Rs.000')	Interest rate (Range) %	Investment (Rs.000')	Interest rate (Range) %	Investment (Rs.000')	Interest rate (Range) %	Investment (Rs.000')	Interest rate (Range) %
FD	100,000	8.25	485,500	8 - 8.25	-	-	1,066,000	7.75 - 8.50	150,000	8	1,801,500	7.75 - 8.50
TB	-	-	255,627	9.64 - 9.74	197,043	8.99 - 9	294,528	8.72 - 10.38	-	-	747,198	8.72 - 10.38
REPO	137,859	7.30-8.15	-	-	165,200	8.9 - 9	102,520	8.65	400,000	8.33	805,579	7.3 - 9
Unit Trust	992,001	7.8 - 8.54	-		-		-		-		992,001	7.8 - 8.54
Grand Total	1,118,001		741,127		362,243		1,463,048		550,000		4,346.2	

34.2.3 Cash and Cash Equivalents

The Group held cash at bank and in hand of Rs. 62.9 Mn as at 31st March 2025 (2024 – Rs. 107.7 Mn) which represents its maximum credit exposure on these assets.

- Sampath Bank PLC – AA - (lka)
- Hatton National Bank PLC – AA - (lka)
- Bank of Ceylon – AA - (lka)
- Hong Kong and Shanghai Banking Corporation Ltd – AA- (lka)
- Union Bank Colombo PLC – BBB- (lka)
- Seylan Bank PLC – A+ (lka)
- DFCC Bank PLC – A (lka)
- National Development Bank PLC – A (lka)
- Commercial Bank PLC – AA- (lka)

34.3 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.

Notes to the Financial Statements

The Table below summarizes the maturity profile of the Groups financial liabilities based on contractual undiscounted payments.

As at 31st March 2025	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	**-**	**16,494**	**49,482**	**197,928**	**1,055,618**	**1,319,522**
Lease liability on Right-of-Use asset- Building	**-**	**4,152**	**12,456**	**22,676**	**-**	**39,284**
Bank Overdraft	**15,101**	**-**	**-**	**-**	**-**	**15,101**
	15,101	**18,132**	**53,523**	**203,235**	**1,055,618**	**1,223,999**
Company						
Lease liability on Right-of-Use asset- Land	**-**	**16,498**	**49,493**	**197,977**	**1,055,803**	**1,319,771**
Lease liability on Right-of-Use asset- Building	**-**	**4,152**	**12,456**	**22,676**	**-**	**39,284**
Bank Overdraft	**15,101**	**-**	**-**	**-**	**-**	**15,101**
	15,101	**20,650**	**61,949**	**220,653**	**1,055,803**	**1,374,156**

As at 31st March 2024	On Demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	2 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
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

34.4 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.

34.4.1 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 (2024-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. The group does not hold long-term borrowings in this year. With all other variables held constant, the group's Profit Before Tax is affected through the impact on floating rate borrowings of comparative figures as follows:

	Increase/ decrease in Interest rate	Effect on profit before tax Rs.'000
Group		
2025	1%	-
	-1%	-
2024	1%	6,208
	-1%	(6,208)
Company		
2025	1%	-
	-1%	-
2024	1%	6,190
	-1%	(6,190)

34.4.2 Commodity Risk

The Company is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase and manufacturing process. Due to the significantly increased volatility of the price of the underlying, the management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The Company constantly monitor the Tea, Rubber, Cinnamon for downwards trends and invest in bulk purchase when low prices are prevalent. Management may revise the selling price based on the commodity prices whenever possible.

34.4.3 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.

34.4.4 Capital Management

The Group's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retain earning & non-controlling interest of the Group. The Board of Directors monitors the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

	Group		Company	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest bearing borrowings				
Current portion	**-**	2,619	**-**	2,619
Liability to make Lease Payment				
Current portion	**21,413**	14,055	**21,408**	14,050
Payable After one year	**454,923**	392,831	**454,844**	392,753
Bank Overdraft	**15,101**	38,728	**15,101**	38,728
	491,447	448,233	**491,353**	448,150
Equity	**7,102,320**	6,369,534	**6,995,218**	6,265,924
Equity & debts	**7,593,757**	6,817,767	**7,486,571**	6,714,074
Gearing ratio	**6%**	5%	**7%**	5%

Appendices

Shareholder Information	**307**
Code of Best Practice on Corporate Governance and Listing Rules	**310**
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10 Year Summary	**322**
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Notice of Annual General Meeting	**332**

Shareholder Information

Shareholder Information

	12 months ended 31.03.2025	12 months ended 31.03.2024
No. of transactions	**10,432**	16,661
No. of shares traded	**4,732,703**	4,933,032
Value of shares traded (Rs.)	**617,549,269.25**	519,142,635.25

Name of the Director	As At 31.03.2025	As at 31.03.2024
Dr. W. G. R. Rajadurai	**5,000**	5,000
Mr. M. C. B. Talwatte	**1,200**	1,200

Mr. A.M Pandithage, Mr. S.B. Alawattegama, Mr. Malik J. Fernando, Mr. S. L Athukorala, Lt. Col. J.M.Kariapperuma, Mr. N.Ekanayake, Mr. J.D.N.Gunasekera and Ms. H.Randiligama who are directors of the company did not hold any shares of the company as at 31st March 2025.

6. DIVIDEND PAYMENTS 2024/25

	Dividend per share (Rs.)	Date of Payment
First Interim Dividend	2.25	October 21, 2024
Second Interim Dividend	2.50	January 22, 2025
Third Interim Dividend	2.40	April 22, 2025

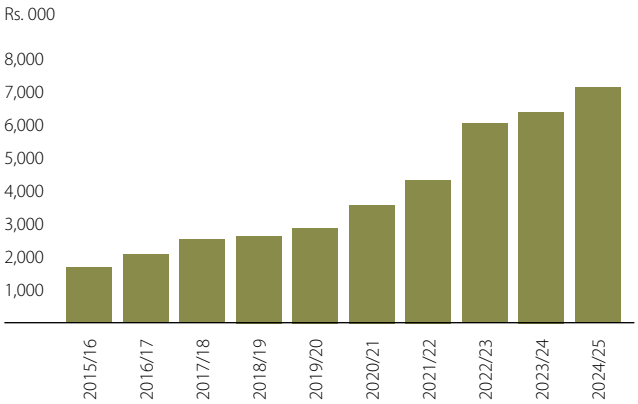
7. TWENTY MAJOR SHAREHOLDERS

	Name of the Shareholder	No.of Shares as at 31.03.2025	%	No.of Shares as at 31.03.2024	%
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	**758,471**	**1.60**	729,826	1.54
4.	Mr. Amila Jeevan Wijayawardhana	**416,773**	**0.88**	5,000	0.01
5.	Miss Senadeera Polwattage Sachini Nishara	**200,000**	**0.42**	-	-
6.	Mr. George Mohan Weerakoon	**185,855**	**0.39**	2	0.00
7.	MSS Investments (Private) Limited	**162,820**	**0.34**	307,328	0.65
8.	Mr. Chandima Bandara Welagedara	**160,485**	**0.34**	146,000	0.31
9.	Dedunu Capital (Private) Limited	**158,000**	**0.33**	142,668	0.30
10.	Cocoshell Activated Carbon Company (Private) Limited	**117,700**	**0.25**	117,700	0.25
11.	Mr. Panagodage Somadasa	**100,122**	**0.21**	83,331	0.18
12.	Macksons Holdings (Pvt) Ltd	**100,000**	**0.21**	-	-
13.	People's Leasing & Finance PLC/Mr. K.K.Shujeevan	**99,945**	**0.21**	-	-
14.	PMF Finance PLC/S. Weerathunga	**96,622**	**0.20**	96,622	0.20
15.	Mr. Ramaiya Senthilnathan	**93,126**	**0.20**	91,496	0.19
16.	Mr. Nihal Parakrama De Alwis Samaranayake	**89,990**	**0.19**	-	-
17.	Mr. Allan Jagath Monesh Jinadasa	**70,000**	**0.15**	70,000	0.15
18.	Dr. Dushyantha Harshin Herath Wariyapola / Mrs. A.D. Wariyapola	**70,000**	**0.15**	-	-
19.	Mr. Weligama Acharige Sugath Nalinda Milton	**64,179**	**0.14**	64,179	0.14
20.	Mr. Herath Mudiyanselage Herath Bandara	**55,000**	**0.12**	50,000	0.11
	Sub total	**40,867,988**	**86.04**	39,773,552	83.73
	Others	**6,632,012**	**13.96**	7,726,448	16.27
	Total issued shares	**47,500,000**	**100.00**	47,500,000	100.00

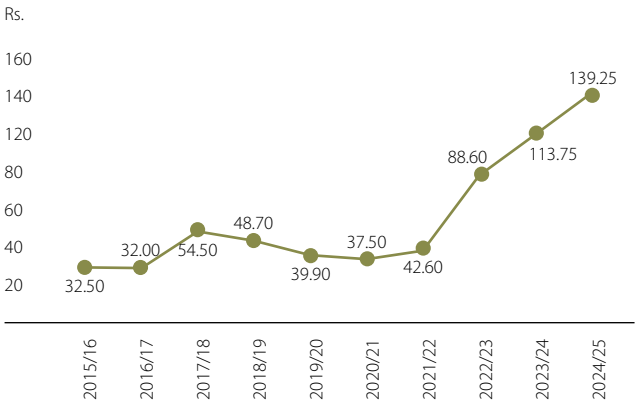
8. INVESTOR RELATIONS

The Board actively strives to keep investors connected with the Company and well-informed about its performance and key developments. Through consistent and transparent communication, the Company has fostered strong and lasting relationships with its shareholders and investors over the years. The following indicators serve as evidence of these effective engagement efforts.

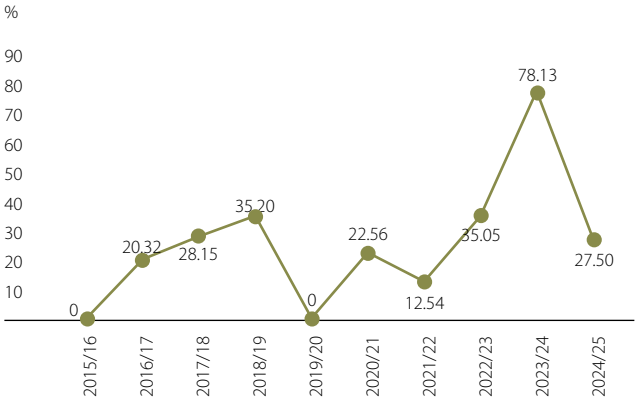
Equity Growth



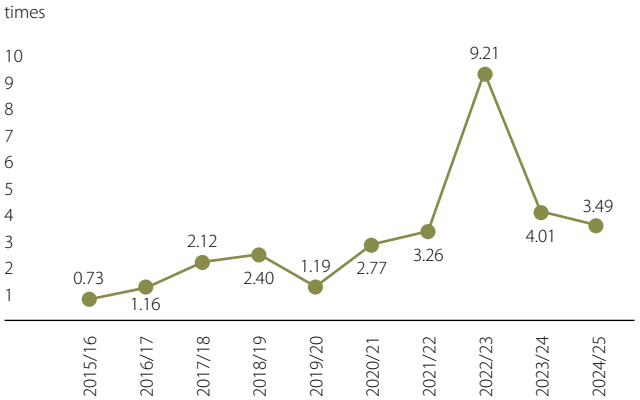
Market Value per Share



Dividend Pay out Ratio



Debt Service Coverage Ratio



Non Voting Shares

There were no non voting shares as at 31st March 2025

Listed Debentures

There were no listed debenture as at 31st March 2025

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	249
168 (1) (c)	Auditors' Report on financial statements	Yes	Independent Auditor's Report	250
168 (1) (d)	Accounting policies and any changes therein	Yes	Note 2.3 to the Financial Statements	260
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors on the Affairs of the Company	230
168 (1) (f)	Remuneration and other benefits paid to Directors of the Group	Yes	Note 9 to the Financial Statements	275
168 (1) (g)	Corporate donations made by the Group	Yes	Annual Report of the Board of Directors	230
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 Our Story of Subsidiaries	230 121
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	275
168 (1) (j)	Auditors' relationship or any interest with the Group and its Subsidiaries	Yes	Report of the Audit Committee	224
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	230

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	230
(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	307
(iv)	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement	Yes	Investor Information	307
(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	230
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk & Opportunity Management	198
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Human Capital Report	164
(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	280
(ix)	Number of shares representing the Entity's stated capital	Yes	Note 20 - Stated Capital to the Financial Statements Investor Information	290 307

Section	Requirement	Complied	Reference (within the Report)	Page
(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	307
(xi)	Financial ratios and market price information	Yes	Ten Year Summary	322
(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	280
(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	207
(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	300

COMPLIANCE WITH SECTION 9 OF THE LISTING RULE OF THE COLOMBO STOCK EXCHANGE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.2.1	Policies	Compliant	The Company has adopted the following policies, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange; • Policy on Matters Relating to The Board of Directors • Policy on Board Committees • Policy on Corporate Governance • Policy on Remuneration • Policy on Corporate Disclosure • Policy on Risk Management and Internal Controls • Policy on Internal Code of Business Conduct and Ethics • Policy on Anti-Bribery and Corruption • Policy on Whistleblowing • Policy on Control and Management of Company Assets and Shareholder Investments • Policy on Environment Social and Governance Sustainability • Policy on Shareholder and Investor Communication The Company will provide any of the above policies to its shareholders upon a written Request.
9.3.1	Board Committees	Compliant	The Company has established Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee
9.3.2	Board sub committees' composition, responsibilities and disclosures	Compliant	All Committees comply with the required rules. Please refer the respective Committee Reports.
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board
9.4.1	Meeting Procedures	Compliant	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with shareholders	Compliant	The Company has a Shareholder and Investor Communication policy, which is published on its corporate website. The contact person is mentioned. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders.

Code of Best Practice on Corporate Governance and Listing Rules

CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.5.	Policy on matters relating to the Board of Directors	Compliant	The Company maintains a Policy on Matters relating to the Board of Directors.
9.6.1	Chairperson and CEO	Compliant	The Chairperson and the CEO of the Company is not the same person.
9.6.3	Senior Independent Director	Compliant	The Company appointed a Senior Independent Director (SID) since the Chairperson is an Executive Director.
9.6.3. (b)	Senior Independent Director	Complaint	The SID holds a meeting once a year with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company.
9.6.3. (c)	Senior Independent Director	Compliant	The SID holds a meeting once a year with the Non-Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3. (e)	Senior Independent Director	Compliant	The SID has made a disclosure demonstrating the effectiveness of duties of the SID in the report of the SID on page 221.
9.6.4	Rationale for appointing Senior Independent Director	Compliant	The rationale is given in the Statement of the Senior Independent Director.
9.7.1 9.7.2	Fitness of Directors and CEO	Compliant	The Company ensures that the persons recommended by the Nominations and Governance Committee fulfill the assessment criteria set out in the Listing Rules
9.7.4	Fitness of Directors and CEO	Compliant	The Directors and the CEO has provided the declaration confirming that they satisfy the Fit and Proper Assessment Criteria during the financial year and as at the date of such confirmation.
9.7.5	Disclosures in the Annual Report	Compliant	Annual Report of the Board of Directors provides from pages 230 to 234 provide the relevant disclosure.
9.8.1	Minimum number of Directors	Compliant	The Board consisted of 10 Directors up to 31st March 2025.
9.8.2	Minimum No of Independent Directors	Compliant	Four Directors are Independent
9.8.3	Criteria for determining independence:	Compliant	All NEDs have submitted their confirmations on Independence as per the criteria set by the company which is in line with the regulatory requirements.
9.8.5	Independent Directors' annual declaration on independence status	Compliant	Each ID signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by the Director.
9.9	Alternate Directors	N/A	The Board does not have any Alternate Directors.
9.10.1	Disclosure relating to Directors	Compliant	The Policy on Matters Relating to the Board of Directors state that the maximum number of Directorships in listed companies which can be held by a director is Twenty (20).
9.10.2	Disclosure relating to Directors	Compliant	Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board. Please refer pages 38 to 41 for the brief resume of each Director.
9.10.3	Immediate Market Announcement on changes to board and committee	Compliant	All changes to the composition of the Board of Directors and Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosure relating to Directors	Compliant	Pages 38 to 41 of the Annual Report contains the relevant information.
9.11.3	Nominations and Governance Committee	Compliant	The Company has its own Nominations and Governance Committee which has clearly defined Terms of Reference. Refer the Nominations and Governance Committee Report on page 222.
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprises 2 Independent Non-Executive Directors and one Non-Executive Director.
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on page 222.
9.11.6	Disclosure in the Annual Report	Compliant	Refer the Nominations and Governance Committee Report on page 222.
9.12.1	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 227.
9.12.5	Remuneration Committee	Compliant	The Remuneration Committee has written Terms of Reference.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.12.6	Composition of the Remuneration Committee	Compliant	The Remuneration Committee of the Company comprises two Independent Non-Executive Directors and one Non-Executive Director. The Chairperson is an Independent Director
9.12.7	Functions of Remuneration Committee	Compliant	The remuneration Committee recommends the remuneration payable to the Executive Directors and the CEO.
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	The aggregate remuneration paid to Directors is given in note 9 to the financial statements on page 275. Refer Remuneration Committee Report on page 227.
9.13.1	Composition of Audit Committee	Compliant	The Audit Committee comprises two Independent Non Executive Directors and one Non-Executive Director. The Committee has well defined Terms of Reference defining its scope, authority and duties. Refer Audit Committee Report on pages 224 to 226.
9.13.4	Audit Committee Functions	Compliant	
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	
9.14. 1 9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	RPTRC comprises three Directors out of which two Directors are Independent. The Chairperson is an Independent Director. Please see the Report of the Related Party Transactions Review Committee in page 228.
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transaction Review Committee in page 228.
9.14.4	RPTRC Meetings	Compliant	The Committee meets on a quarterly basis. During the financial year 2024/25, The Committee met four times to review the related party transactions.
9.14.5	Review of all proposed Related Party Transactions in advance and Review material changes to previously reviewed Related Party Transaction	Compliant	The Related Party Transactions Review Committee, reviews all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5. They assess transaction details, and Director independence, and may establish guidelines for ongoing deals, conducting annual compliance reviews. Refer the Related Party Transaction Review Committee Report
9.14.6 9.14.7	Shareholders approval for Related Party Transactions and immediate Market Announcement of Related Party Transactions	Compliant	There were no such transactions that required shareholder approval or immediate disclosure to the CSE.
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 228.
9.14.8 (4)	An affirmative declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 230 to 234.
9.14.9	Acquisition and Disposal of Assets from/to related parties	Compliant	There were no such transactions that required shareholder approval
9.17	Additional Disclosures	Compliant	Please refer the Report of the Board of Directors on pages 230 to 234.

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
A	**Directors**			
A.1	An effective Board should direct, lead and control the Group	Yes	The Board of Directors	208
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Yes	Board Meeting	212
A.1.2	Role and Responsibilities of the Board	Yes	Key Board Responsibilities	208
A.1.3	Act in accordance with laws of the Country and obtain Independent professional advise as where necessary	Yes	Compliance Board Directors Access to Information and Resources	212
A.1.4	Access to advice and services of the Group Secretary	Yes	Board Secretary	218
A.1.5	Independent judgment	Yes	Board Meetings	212

Code of Best Practice on Corporate Governance and Listing Rules

Code Ref	Requirement	Complied	Reference with the Report	Page
A.1.6	Dedicate adequate time and effort to matters of the Board and the Group	Yes	Board Meetings	212
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Yes	Board Meetings	212
A.1.8	Board induction and Training	Yes	Board Directors Access to Information and Resources	212
A.2	Chairman and CEO	Yes	Division of Responsibilities	217
A.3	Chairman's role in preserving good corporate governance	Yes	Division of Responsibilities	217
A.4	Availability of financial acumen	Yes	Board Composition	210
A.5	Board Balance	Yes	Board Composition	210
A.5.1	The Board should include sufficient number of NEDs	Yes	Board Composition	210
A.5.2.& A.5.3	Independence of Directors	Yes	Independence	211
A.5.4	Annual declaration of independence by Directors	Yes	Independence	211
A.5.5	Annual determination of independence of NEDs	Yes	Independence	211
A.5.6	Alternate Directors	Yes	The Board does not have any Alternate Directors	
A.5.7	Senior Independent Director (SID)	Yes	Statement by the Senior Independent Director	221
A.5.8	The SID should make himself available for confidential discussions with other directors Report from SID	Yes	Statement by the Senior Independent Director	221
A.5.9	Annual meeting with NEDs	Yes	Chairman meets with NEDs on an informal basis	
A.5.10	Recording of dissent in minutes	Yes	Board Meetings	212
A.6	Supply of Information	Yes	Board Directors Access to Information and Resource	212
A.7.1	Establishing a Nominations and Governance Committee, Chairman and Terms of Reference	Yes	Nominations and Governance Committee Report on page 213.	222
A.7.2	Annual assessment of Board composition	Yes	Board Changes	210
A.7.3	Succession plan for MD, CEO and KMPs	Yes	Nominations and Governance Committee Report on page	222
A.7.4	Disclosures on appointment of new directors	Yes	Board Changes	210
A8	Directors to submit themselves for re-election	Yes	Board Changes	210
A.9	Appraisal of Board and sub-Committee Performances	Yes	Board and Sub Committee Evaluation	216
A.10	Annual Report to disclose specified information regarding Directors	Yes	Board Profiles Meetings and Attendance Conflict of Interests Board Sub Committees Number of directorships held in Sri Lankan companies and their names	218 212 211 218 219
A.11	Appraisal of the Managing Director	Yes	Evaluating the Performance of the Managing Director / CEO	218
B	**Directors Remuneration**			
B.1	Establish process for developing policy on executive and director remuneration.	Yes	Directors Remuneration	212
B.2	Level and Make Up of Remuneration	Yes	Directors Remuneration	212
B.3	Disclosures related to remuneration in Annual Report Remuneration Policy statement Aggregate Board remuneration paid	Yes	Note 9 to Financial Statements Remuneration Committee report	275

Code Ref	Requirement	Complied	Reference with the Report	Page
C	**Relation with Shareholders**			
C.1	Constructive use of the AGM & Other General Meetings	Yes	Annual General Meeting (AGM)	215
C.2	Communication with shareholders	Yes	Shareholder Relations	215
C.3	Disclosure of major and material transactions	Yes	There were no major or material transactions during the year, which materially affected the net asset base of Group.	
D	**Accountability and Audit**			
D.1	Present a balanced and understandable assessment of the Group's financial position, performance, and prospects	Yes	Financial Reporting and Assurance	213
D.1.1	The board should present an annual report including financial, prepared in accordance with the relevant laws and regulations	Yes	Annual Report of the Board of Directors on the Affairs of the Company	230
D.1.2	Balanced and understandable communication	Yes	Financial Calender	249
D.1.4	CEO/CFO declaration	Yes	Managing Director's, Chief Executive Officer's and Director- Finance's Responsibility Statement	236
D.1.4	Directors Report declarations	Yes	Annual report of the Board of Directors on the Affairs of the Group	230
D.1.5	Financial reporting -statement on board responsibilities, Statement on internal control	Yes	Statement of Directors' Responsibility Directors' Statement on Internal Controls	235 237
D.1.6	Management Discussion & Analysis	Yes	Respective Capital Reports	
D.1.7	In the event the net assets of the Company fall below 50% of the value of the Company's shareholders' funds, the directors shall forthwith summon an extraordinary general meeting of the company to notify shareholders of the position and of remedial action being taken	Yes	There has been no serious loss of capital to convene an EGM in terms of the Companies Act No. 7 of 2017.	
D.1.8	Related Party Transactions	Yes	Notes 33 to Financial Statements	300
D.2	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Group's assets	Yes	Risk Management and Internal control Report of the Audit Committee Directors' Statement of Internal Control Risk & Opportunity Management	224 237 198
D.3	Audit Committee	Yes	Audit Committee Report	224
D.4	Risk Committee	Yes	Audit Committee Report	224
D.5	Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee report	228
D.6	Code of Business Conduct and Ethics	Yes	Conduct and Ethics	213
D.7	Corporate Governance Disclosures	Yes	Corporate Governance Report	207
	Shareholders			
E&F	Institutional and other investors	Yes	Communications with Shareholders Constructive use of AGM	215
G	Internet of Things & Cyber security	Yes	Information Technology (IT) and Digital Governance	214
H.1	The board should consider sustainability/ESG risk and opportunities	Yes		
H.2	The board and key management personnel should continuously engage with the views of its stakeholders to better understand and manage the company's sustainability/ESG risk and opportunities,	Yes	ESG Governance	215
H.3 H.4	The company should establish a governance framework and structure which includes conformance, performance and sustainability/ESGfactors	Yes	Risk and Opportunity Management	198
H5	The company's annual report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported.	Yes		
I.1	Listed entities shall establish and maintain policies relating to its governance	Yes	Corporate Governance Report	207

GRI Content Index

Statement of use	Talawakelle Tea Estates PLC has reported in accordance with the GRI Standards for the period 01 April 2024 to 31 March 2025
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 13 Agriculture Aquaculture and Fishing Sectors 2022

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement (S) Omitted	Reason	Explanation	
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	260				
	2-2 Entities included in the organization's sustainability reporting	07				
	2-3 Reporting period, frequency and contact point	07				
	2-4 Restatements of information	09				
	2-5 External assurance	09, 239				
	2-6 Activities, value chain and other business relationships	29, 30, 32, 158				
	2-7 Employees	166				
	2-8 Workers who are not employees	166				
	2-9 Governance structure and composition	38, 89, 208, 210, 215				
	2-10 Nomination and selection of the highest governance body	211, 222				
	2-11 Chair of the highest governance body	217				
	2-12 Role of the highest governance body in overseeing the management of impacts	89, 215				
	2-13 Delegation of responsibility for managing impacts	89, 215				
	2-14 Role of the highest governance body in sustainability reporting	66, 89, 215				
	2-15 Conflicts of interest	211, 228				
	2-16 Communication of critical concerns	212, 213				
	2-17 Collective knowledge of the highest governance body	89, 210, 212				
	2-18 Evaluation of the performance of the highest governance body	89, 218				
	2-19 Remuneration policies	212, 227				
	2-20 Process to determine remuneration	212, 227				
	2-21 Annual total compensation ratio	-	2-21	Confidentiality constraints	Constraints in disclosing total compensation ratio	
	2-22 Statement on sustainable development strategy	20				
	2-23 Policy commitments	74, 213, 223				
	2-24 Embedding policy commitments	74, 213, 223				
	2-25 Processes to remediate negative impacts	157, 175, 213, 215				
	2-26 Mechanisms for seeking advice and raising concerns	157, 175, 213, 215				
	2-27 Compliance with laws and regulations	212				
	2-28 Membership associations	148				
	2-29 Approach to stakeholder engagement	61				
	2-30 Collective bargaining agreements	174, 175				

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement (S) Omitted	Reason	Explanation	
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	66				
	3-2 List of material topics	66				
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	179				
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	189				
	101-2 Management of biodiversity impacts	189				
	101-3 Access and benefit-sharing	189				
	101-4 Identification of biodiversity impacts	189				
	101-5 Locations with biodiversity impacts	189				
	101-6 Direct drivers of biodiversity loss	189				
	101-7 Changes to the state of biodiversity	189				
	101-8 Ecosystem services	189				
Economic Performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	96, 124				13.2.1, 13.22.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	124				13.22.2
	201-2 Financial implications and other risks and opportunities due to climate change	96				13.2.2
	201-3 Defined benefit plan obligations and other retirement plans	268				
	201-4 Financial assistance received from government	143				
Market Presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	165				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	168				
	202-2 Proportion of senior management hired from the local community	167				
Indirect Economic Impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	139, 153, 160				13.22.1
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	140, 160				13.22.3
	203-2 Significant indirect economic impacts	140, 161				13.22.4
Procurement Practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	153, 158				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	158				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	213				13.26.1
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	214				13.26.2
	205-2 Communication and training about anti-corruption policies and procedures	214				13.26.3
	205-3 Confirmed incidents of corruption and actions taken	214				13.26.4

GRI Content Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement (S) Omitted	Reason	Explanation	
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	131				
GRI 207: Tax 2019	207-1 Approach to tax	133, 269				
	207-2 Tax governance, control, and risk management	133, 269				
	207-3 Stakeholder engagement and management of concerns related to tax	65				
	207-4 Country-by-country reporting	-	207-4	Not applicable	Business is currently functioning only in Sri Lanka	
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	179				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	186				
	301-2 Recycled input materials used	186				
	301-3 Reclaimed products and their packaging materials	186				
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	179				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	180				
	302-2 Energy consumption outside of the organization	180				
	302-3 Energy intensity	180				
	302-4 Reduction of energy consumption	180				
	302-5 Reductions in energy requirements of products and services	180				
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	179				13.7.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	185				13.7.2
	303-2 Management of water discharge-related impacts	185				13.7.3
	303-3 Water withdrawal	185				13.7.4
	303-4 Water discharge	185				13.7.5
	303-5 Water consumption	185				13.7.6
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	179				13.1.1
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	182				13.1.2
	305-2 Energy indirect (Scope 2) GHG emissions	182				13.1.3
	305-3 Other indirect (Scope 3) GHG emissions	182				13.1.4
	305-4 GHG emissions intensity	182				13.1.5
	305-5 Reduction of GHG emissions	182				13.1.6
	305-6 Emissions of ozone-depleting substances (ODS)	182				13.1.7
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	182				13.1.8
Spills						
GRI 3: Material Topics 2021	3-3 Management of material topics	179				
GRI 306: Effluents and Waste 2016	306-3 Significant spills	186				

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement (S) Omitted	Reason	Explanation	
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	179				13.8.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	186				13.8.2
	306-2 Management of significant waste-related impacts	186				13.8.3
	306-3 Waste generated	186				13.8.4
	306-4 Waste diverted from disposal	186				13.8.5
	306-5 Waste directed to disposal	186				13.8.6
Supplier Environmental Assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	153, 159				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	159				
	308-2 Negative environmental impacts in the supply chain and actions taken	159				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	165				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	167				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	168				
	401-3 Parental leave	169				
Labor/Management Relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	165				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	175				
Occupational Health and Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	165				13.19.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	175				13.19.2
	403-2 Hazard identification, risk assessment, and incident investigation	175				13.19.3
	403-3 Occupational health services	175				13.19.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	175				13.19.5
	403-5 Worker training on occupational health and safety	175				13.19.6
	403-6 Promotion of worker health	175				13.19.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	175				13.19.8
	403-8 Workers covered by an occupational health and safety management system	175				13.19.9
	403-9 Work-related injuries	175				13.19.10
	403-10 Work-related ill health	175				13.19.11
Training and Education						
GRI 3: Material Topics 2021	3-3 Management of material topics	165				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	170				
	404-2 Programs for upgrading employee skills and transition assistance programs	170				
	404-3 Percentage of employees receiving regular performance and career development reviews	169				

GRI Content Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement (S) Omitted	Reason	Explanation	
Diversity and Equal Opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	165				13.15.1
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	166				13.15.2
	405-2 Ratio of basic salary and remuneration of women to men	174				13.15.3
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	165				13.15.1
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	173				13.15.4
Freedom of Association and Collective Bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	165				13.18.1
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	158, 175				13.18.2
Child Labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	165				13.17.1
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	168				13.17.2
Forced or Compulsory Labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	165				13.16.1
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	174				13.16.2
Local Communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	153, 160				13.12.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	160				13.12.2
	413-2 Operations with significant actual and potential negative impacts on local communities	161				13.12.3
Supplier Social Assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	153, 158				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	159				
	414-2 Negative social impacts in the supply chain and actions taken	159				
Customer Health and Safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	153, 154				13.10.1
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	154				13.10.2
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	154				13.10.3

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement (S) Omitted	Reason	Explanation	
GRI 13 Agriculture Aquaculture and Fishing Sectors 2022						
Topic 13.3 Biodiversity	3-3 Management of material topics	189				13.3.1, 2, 3, 4, 5
Topic 13.4 Natural ecosystem conversion	3-3 Management of material topics	189				13.4.1, 2, 3, 4, 5
Topic 13.5 Soil health	3-3 Management of material topics	188				13.5.1
Topic 13.6 Pesticides use	3-3 Management of material topics	188				13.6.1, 2
Topic 13.9 Food security	3-3 Management of material topics	161				13.9.1, 2
Topic 13.20 Employment practices	3-3 Management of material topics	168				13.20.1
Topic 13.21 Living income and living wage	3-3 Management of material topics	166, 174, 175				13.21.1, 2, 3
Topic 13.23 Supply chain traceability	3-3 Management of material topics	158				13.23.1, 2, 3, 4

TOPICS IN THE APPLICABLE GRI SECTOR STANDARDS DETERMINED AS NOT MATERIAL

Topic	Explanation
GRI 13 Agriculture Aquaculture and Fishing Sectors 2022	
13.11 Animal health and welfare	There is no engagement in any form of animal farming within operations
13.13 Land and resource rights	There is no involvement in land or resource rights-related issues
13.14 Rights of indigenous peoples	There is no involvement in matters concerning the rights of indigenous peoples
13.24 Public policy	Low relevance across financial, stakeholder, and regulatory dimensions indicates immateriality
13.25 Anti-competitive behavior	Minimal risk and stakeholder concern make this topic not material

10 YEAR SUMMARY

	2024/25 Rs.000	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
Trading Summary										
Group revenue	**7,805,693**	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
Earning before interest and taxes (EBIT)	**1,453,810**	1,571,458	2,707,053	790,942	723,911	163,555	440,326	616,067	321,984	248,807
Profit before Taxation	**1,770,583**	2,134,648	3,298,269	837,291	771,718	218,789	483,681	616,828	266,388	186,546
Income Tax Expense	**(535,745)**	(491,196)	(719,483)	(19,919)	(59,978)	(22,215)	(70,966)	(69,262)	(24,906)	(42,696)
Profit After Taxation	**1,234,838**	1,643,452	2,578,786	817,372	711,740	196,574	412,715	547,567	241,482	143,850
Non-controlling Interest	**-**	(1,289)	3,636	2,996	3,178	876	7,878	(870)	(7,713)	(28,122)
Profit attributable to owners of the parent	**1,234,838**	1,644,741	2,575,150	814,376	708,562	195,698	404,837	548,437	233,769	115,728
Fund Employed										
Stated capital	**350,000**	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Revenue reserve	**6,752,320**	6,019,537	5,669,311	3,955,724	3,201,716	2,511,115	2,291,935	2,172,318	1,723,744	1,330,415
Equity attributable to equity holders of the parent	**7,102,320**	6,369,537	6,019,311	4,305,724	3,551,716	2,861,115	2,641,935	2,522,318	2,073,744	1,680,415
Non-controlling Interest	**-**	-	147,848	144,106	160,709	170,534	176,828	170,793	173,609	179,798
Lease liability	**476,336**	406,886	274,618	286,210	290,856	282,643	186,353	187,174	187,901	188,361
Interest Bearing Loans & Borrowings (short and long-term)	**15,101**	41,347	43,535	23,589	41,661	21,263	67,681	176,018	225,322	364,201
Asset Employed										
Non -current assets	**5,115,432**	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
Current assets	**5,775,074**	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
Current liabilities net of borrowings	**(1,342,930)**	(1,329,926)	(1,178,001)	(624,032)	(626,435)	(388,586)	(631,080)	(548,688)	(391,605)	(285,346)
Retirement benefit obligation	**(1,182,334)**	(932,949)	(801,095)	(871,316)	(890,953)	(1,024,164)	(969,573)	(811,824)	(801,101)	(980,734)
Deferred tax liability	**(635,269)**	(645,084)	(544,333)	(159,891)	(211,825)	(200,446)	(204,222)	(158,206)	(127,898)	(92,475)
Deferred income	**(136,216)**	(132,040)	(136,699)	(136,643)	(138,717)	(139,527)	(144,826)	(150,126)	(155,426)	(151,102)
Capital Employed	**7,593,757**	6,817,767	6,485,312	4,759,629	4,044,942	3,335,555	3,072,798	3,056,303	2,660,576	2,412,775
Cash Flows										
Net Cash inflow/(outflow) from operating activities	**1,512,925**	1,997,124	3,163,722	730,035	916,596	505,211	629,399	815,818	485,370	393,444
Net Cash inflow/(outflow) from investing activities	**(562,299)**	(570,585)	(489,035)	(356,457)	(134,249)	(119,142)	(134,208)	(153,229)	(103,204)	(94,286)
Net Cash inflow/(outflow) from finance activities	**(474,710)**	(1,157,568)	(946,902)	(192,803)	(204,435)	(208,747)	(214,306)	(201,010)	(115,128)	(209,166)
Increase/(decrease) in cash & cash equivalents	**475,916**	268,971	1,727,785	180,775	577,911	177,322	280,884	461,579	267,038	89,992
Key Indicators										
Profitability Ratios										
Net Profit margin (%)	**15.82**	21.17	31.45	17.29	15.86	5.06	10.25	13.48	7.24	4.19
Gross Profit Margin (%)	**23.29**	22.86	34.85	19.46	18.28	7.54	14.75	18.57	13.08	9.23
Operating Profit Margin (%)	**18.62**	20.24	33.02	16.73	16.13	4.21	10.94	15.17	9.66	7.24
Return on equity (%)	**18.33**	26.22	48.58	20.04	21.11	6.72	14.98	24.22	11.78	7.75
Return on Asset (%)	**11.90**	17.29	32.86	13.11	12.94	3.89	8.44	12.42	5.99	3.60
Liquidity Ratios										
Current ratio (times)	**4.19**	3.75	4.10	4.37	3.69	3.99	2.46	2.20	1.70	1.23
Quick ratio (times)	**3.52**	3.19	3.40	3.60	3.01	3.24	1.79	1.46	0.94	0.54
Stock Performance Ratios										
Inventory Turnover Ratio (Times)	**8.17**	12.47	8.13	8.39	10.09	9.50	7.57	7.97	8.27	8.24
Inventory Turnover Period (Days)	**44.65**	29.27	44.89	43.51	36.16	38.41	48.25	45.78	44.11	44.32
Investment/ Market Ratios										
EPS (basic) (Rs.)****	**26.00**	34.63	54.21	17.14	14.98	4.12	17.05	23.09	9.84	4.87
Market price per share (Rs.)	**139.25** **	113.75 **	88.6**	42.6**	37.5**	39.9*	48.7*	54.5*	32*	32.5*
Dividend per share (Rs.) - Company****	**7.15**	26.85	19.00	2.15	3.38	-	6.00	6.50	2.00	-
Dividend Yield (%) - Company	**5.13**	23.60	21.44	5.05	9.01	-	12.32	11.93	6.25	-
Dividend Cover ratio (times) - Company	**3.63**	1.28	2.85	7.97	4.43	-	2.84	3.55	4.92	-
Dividend payout ratio (%) - Company	**27.58**	78.13	35.05	12.54	22.56	-	35.20	28.15	20.32	-
Price earning ratio (times)	**5.36**	3.28	1.63	2.48	2.50	4.84	2.86	2.36	3.25	6.69
Capital Structure Ratios										
Interest Cover Ratio	**21.50**	27.26	67.09	20.25	18.27	4.13	9.26	12.00	4.99	3.81
Debt Service Coverage Ratio (times)	**3.49**	4.01	9.21	3.26	2.77	1.19	2.40	2.12	1.16	0.73
Net assets per share (Rs.)****	**149.52**	134.10	129.84	93.68	74.77	60.23	111.24	106.20	87.32	70.75
Debt to equity (%)	**6.92**	7.04	5.16	6.96	8.96	10.02	9.01	13.49	18.39	29.70
Return on Capital Employed (%)	**19.14**	23.05	41.74	16.62	17.90	4.90	14.33	20.16	12.10	10.31

* 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

*** Restated - Statement of Profit or Loss

**** Earning per shares, Dividend per share and Net asset per share in all reporting period were adjusted based on post sub- division of 2 shares for every one ordinary share held

Glossary

FINANCIAL TERMS

ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

ACTUARIAL GAINS AND LOSSES

Is the effects of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

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.

CAPEX

Funds used by a company to acquire, upgrade, and maintain physical assets such as property plants, buildings, technology or equipment.

CAPITAL EMPLOYED

Shareholder's funds plus non controlling interests and debts.

CASH EQUIVALENTS

High liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of change in value.

CONSUMABLE BIOLOGICAL ASSETS

Includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

CONTINGENT LIABILITY

A condition or situation existing at the balance sheet date due to past events, where the financial effect is not recognised because:

1. The obligation is crystallised by the occurrence or non occurrence of one or more future events or,
2. a probable outflow of economic resources is not expected or,
3. It is unable to be measured with sufficient reliability

COP

Cost of Production. This generally refers to the cost of producing a kilo of produce (Tea,Rubber and Cinnamon).

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.

CURRENT SERVICE COST

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

DEBT SERVICE COVERAGE RATIO(DSCR)

Measures a firm's available cash flow to pay its current debt obligations. The DSCR shows investors and lenders whether a company has enough income to pay its debts.

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.

DIVIDEND COVER

Company's net profits to the total sum allotted in dividends to ordinary shareholders

DIVIDEND PAY OUT

Dividend per share divided by Earnings per share.

DIVIDEND PER SHARE (DPS)

Dividend per share is the total dividends declared in a given period divided by the number of ordinary shares issued.

DIVIDEND YIELD

The amount of money a company pays shareholders for owning a share of its stock divided by its current stock price.

DIVIDENDS

Distribution of profits to holders of equity investments.

EARNINGS PER SHARE(EPS)

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

EBIT

Abbreviation for Earnings Before Interest and Tax.

EBITDA

Abbreviation for Earnings Before Interest Tax Depreciation & Amortisation.

EBITDA MARGIN

EBITDA divided by Revenue.

EPF

Employee Provident Fund

EQUITY GROWTH

Equity growth generally refers to the increase in the ownership stake of a company over time, either in terms of total equity or equity per share.

ETF

Employee Trust Fund

HARVEST

Detachment of produce from a Biological Asset or the cessation of Biological Assets life processes.

INTEREST COST

Is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

INTEREST COVER

Consolidated profit before interest and tax over finance expenses.

LKAS

Sri Lanka Accounting Standards.

MARKET CAPITALISATION

Number of shares in issue at the end of the period multiplied by the market price at the end of period.

MARKET PRICE PER SHARE(MPPS)

Current price at which a single share of a company's stock can be bought or sold on the open market.

Glossary

NET ASSETS
Total assets less current liabilities less long term liabilities less non - controlling interests.

NET ASSETS PER SHARE (NAPS)
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 which are not owned, directly or indirectly, through Subsidiaries, by the Parent Company.

PBT
A measurement of a company's profitability that looks at the profits made before any tax is paid

PRESENT VALUE OF A RETIREMENT BENEFIT OBLIGATION
Is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

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 CAPITAL EMPLOYED
Profit before tax and net finance cost divided by capital employed.

RETURN ON EQUITY (ROE)
Profits attributable to shareholders as a percentage of average shareholders' funds.

REVENUE RESERVES
Reserves considered as being available for distributions and investments.

SEGMENT
Constituent business units grouped in terms of nature and similarity of operations.

SHAREHOLDERS' FUNDS
Total of stated capital, capital reserves and revenue reserves.

SLFRS
Sri Lanka Financial Reporting Standards.

SoRP
Statement of Recommended Practices.

UITF
Urgent Issue Tasks Force of The Institute of Chartered Accountants of Sri Lanka

WORKING CAPITAL
Capital required financing day-to-day operations (Current Assets less Current Liabilities).

NON FINANCIAL TERMS

BIO CHAR
Biochar is the carbon rich remains of organic material that has been heated to decompose and remove most of the hydrogen and oxygen containing molecules. The process is called pyrolysis and is carried out in the absence of air/ oxygen to prevent the material 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.

BIODIVERSITY
All the different kinds of life you'll find in one area.

BIOMASS
Bioenergy, are fuels that is developed from organic materials

BRIQUETTES
Compressed Block of coal dust or other combustible Biomass material (E.g.: Charcoal, Sawdust, Wood chip,peat, or paper) used for fuel and kindling to start a fire.

BUFFER ZONE
A protective strip of vegetation or land maintained between agricultural areas and sensitive ecosystems (e.g., rivers or forests) to reduce erosion, filter runoff, and protect biodiversity.

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

CHEMICAL LEASING MODEL (CHL)
A sustainable business model where chemicals are sold as a service, not by volume. The supplier provides the chemical and assumes responsibility for its optimal and minimal use, promoting efficiency and reducing environmental impact.

CIDA
Construction Industry Development Authority

CIPM
Charted Institute of Personnel Management

CPFP
Child Protection Focal Points

CTA
Colombo Tea Auctions

CTTA
Colombo Tea Traders Association

DEI
Diversity, Equality and Inclusion

ECOSYSTEM
Geographic area where plants, animals and other organisms as well as weather and landscape, work together to form a bubble of life

EFFLUENT MANAGEMENT
The treatment and proper disposal of liquid waste (effluent) from factories or domestic sources to minimize pollution and protect water bodies.

EMS
Environment Management System

ENERGY INTENSITY
The amount of energy consumed per unit of output, such as per kilogram of tea produced. It reflects how efficiently energy is used in production processes.

EnMS
Energy Management System

EPL
The Environmental Protection License (EPL) is a regulatory/legal tool under the provisions of the National Environmental Act No: 47 of 1980 amended by Acts No 56 of 1988 and No 53 of 2000.00

EROM
Enterprises Risk & Opportunity Management

ESEG STEERING COMMITTEE
Environment, Social, Economic and Governance committee

ESG TEAM
Environmental, Social, and (corporate) Governance Team

ETP
Ethical Tea Partnership

EVP
Employee Value Proposition

EWHCS

Estate Worker Housing Cooperative Societies

EXTENT IN BEARING

The extent of land from which crop is being harvested. Also see "Mature Plantation".

FIELD

A unit extent of land. Estates are divided into fields in order to facilitate management.

FSMS

Food Safety Management System

GAP

Good Agriculture Practices

GDP

Global Domestic Production

GESI

Gender Equality & Social Inclusive

GHG

Gases that trap heat in the atmosphere, contributing to global warming.

GHG EMISSIONS

Greenhouse Gas Emissions

GIS

Geographic Information System

GMC

Group Management Committee

GMP

Good Manufacturing Practices for Biological, Chemical and Physical hazards

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 control hazards which are significant for food safety.

HRD

Human Resource Development

HRMS

Human Resource Management System

IECM

Integrated Environment Conservation Mode

ILO

International Labor Organization

IMMATURE PLANTATION

The extent of plantation that is under development and is not being harvested.

INFILLING

A method of field development whereby planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

IOT

Internet of things

IREC

Renewable energy credit - Tradable, non-tangible commodities that represent proof that 1 MWh of electricity was generated from a renewable energy resource and was then fed in to the shared system of power lines that transport energy.

ISO

International Organization for Standardization. A worldwide federation of national standard bodies.

ISO 14001:2015

Environmental Management System

ISO 14064-1:2018

Greenhouse Gases Quantification and Reporting Standard

ISO 22000:2018

Food Safety Management System

ISO 26000 : 2010

Social Responsibility Standard

ISO 50001:2018

Energy Management System

ISO 9001:2015

Quality Management System

IUCN

International Union for Conservation of Nature

KPI

Key Performance Indicators

LEADS

Life, Education, and Development Support

MATURE PLANTATION

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

METRICS

Gigajoules (Gj)

Unit of measurement of energy consumption

Ha

Hectare

Kilogram(Kg)

The kilogram, symbol kg, is the SI unit of mass

Kiloliter (kL)

Kiloliter is a unit of capacity equal to 1000 liters.

KWh

Kilowatts hour

Metric Ton

The metric ton is a unit of mass, and it is defined as 1,000 kilograms.

MW

Megawatts

tCO2e

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

MOH

Ministry of Health

MOU

Memorandum of Understanding

MRL

Maximum Residue Levels

MSDS

Document that contains information on the potential hazards (health, fire, reactivity and environmental) and how to work safely with the chemical product

MSME

Micro, Small and Medium Enterprises

NAITA

National Apprentice & Industrial Training Authority

NGRS

National Green Reporting System

NIBM

National Institute of Business Management

NILS

National Institution of Labor Studies

Glossary

NIPM

National Institute of Plantation 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 long-term sustainability

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 tree/bushes and replanting with new trees/bushes.

RPC

Regional Plantation Companies

RRI

Rubber Research Institute

RSM

Revenue Sharing Model

SBTi

Science Based Targets initiative - A global initiative that helps companies set greenhouse gas reduction targets in line with the latest climate science to meet the goals of the Paris Agreement.

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.

SCOPE 1 EMISSION

Emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization

SCOPE 2 EMISSION

Emissions are indirect GHG Emissions associated with the purchase of electricity, Steam, heat, or cooling

SCOPE 3 EMISION

Encompasses emissions that are not produced by the company itself, and not the result of activities from assets owned or controlled by them

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 nonprofit 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

TROT

The Republic of Tea

TTE

Talawakelle Tea Estates PLC

TURBULENT" TECHNOLOGY

Turbulent technologies specializes in liquid/liquid emulsion separation and the removal of toxins and contaminants from liquids using turbulent mixers

UN CLIMATE NEUTRAL NOW

Climate Neutrality is a three step process, which requires individuals, companies and governments to :

1. Measure their climate foot print
2. Reduce their emissions as much as possible
3. Offset what they cannot reduce with UN Certified emission reductions.

UNGC

United Nation Global Compact

VP TEA

Vegetative Propagated Tea. i.e. Tea grown from a cutting of a branch of Tea Plant. (Also see "Seedling").

WIL

Women in Leadership

WNPS PLANT

Wild Life Nature Protection Society PLANT

WUSC

World University Services of Canada

YIELD

The average crop per unit extent of land over a given period of time. (Usually Kgs per hectare per year).

ZERO EMISSION FOOTPRINT.

Carbon Neutrality is a state of zero Carbon Dioxide Emissions

Greenhouse GAS Verification Opinion

GREENHOUSE GAS VERIFICATION OPINION

Sri Lanka Climate Fund (Pvt) Ltd

Ministry of Environment

Organization Level GHG statement developed by

Talawakelle Tea Estates PLC

No.400, Deans Road, Colombo 10, Sri Lanka

complying with the requirements of ISO 14064-1:2018 has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No	: SLCF/CFP/0358
Date of Issue	: 20.05.2025
Period of Assessment	: 01.04.2024 – 31.03.2025
Selected Boundary	: Operationally controlled business operations of Talawakelle Tea Estates PLC (Head Office and 16 Tea Estates)
Direct GHG Emissions	: 8,161 tonnes of CO_2 equivalent
Indirect GHG Emissions	: 15,271 tonnes of CO_2 equivalent
Total GHG Emissions	**: 23,432 tonnes of CO_2 equivalent**

****Scope 1** Direct GHG Emissions	: 8,161 tonnes of CO_2 equivalent
Scope 2 Electricity Indirect GHG Emissions	: 1,703 tonnes of CO_2 equivalent
Scope 3 Other Indirect GHG Emissions	: 13,569 tonnes of CO_2 equivalent

ISO 14065
GHG 001-01

.....
Chairman
Sri Lanka Climate Fund (Pvt) Ltd

.....
Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 20.05.2025 – 30.06.2026
Exclusions: GHG Emissions from Land use Change
*Materiality threshold is below 5%, **GHG emissions have been reported in accordance with GHG Protocol

Sustainability Accounting Standards Board (SASB) Index

AGRICULTURAL PRODUCTS SUSTAINABILITY ACCOUNTING STANDARD (VERSION 2023-12)

Table 1: Sustainability Disclosure Topics & Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	DISCLOSURE/ PAGE REFERENCE
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tonnes (t) CO_2-e	FB-AG-110a.1	8,160.01 tCO2e
	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 182 - 185
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-110a.3	0%
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-130a.1	Page 182
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m^3), Percentage (%)	FB-AG-140a.1	Page 185
	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 185
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-AG-140a.3	0
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rates and (2) associated corrective action rates for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-AG-250a.1	Not applicable – the tea factory does not hold any GFSI-recognized certification.
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	Quantitative	Percentage (%) by cost	FB-AG-250a.2	
	(1) Number of recalls issued and (2) total amount of food product recalled 1	Quantitative	Number, Metric tonnes (t)	FB-AG-250a.3	
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Quantitative	Rate	FB-AG-320a.1	Page 176
Environmental & Social Impacts of Ingredient Supply Chain	(1) Percentage of agricultural products sourced that are certified to a third-party environmental or social standard, and (2) percentages by standard	Quantitative	Percentage (%) by cost	FB-AG-430a.1	0%
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-AG-430a.2	Page 159
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	Discussion and Analysis	n/a	FB-AG-430a.3	Page 168, 170, 174, 179
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	Discussion and Analysis	n/a	FB-AG-430b.1	We do not use any genetically modified organisms (GMOs) in our operations.
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	0%

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	DISCLOSURE/ PAGE REFERENCE
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-AG-440a.2	Page 92

Table 2: Activity Metrics

Activity Metric	Category	Unit Of Measure	Code	Disclosure/Page Reference
Production by principal crop	Quantitative	Metric tonnes (t)	FB-AG-000.A	5,518,985
Number of processing facilities	Quantitative	Number	FB-AG-000.B	15
Total land area under active production	Quantitative	Hectares	FB-AG-000.C	5134.36
Cost of agricultural products sourced externally	Quantitative	Presentation currency	FB-AG-000.D	944.96 Mn

Notes

Notice of Annual General Meeting

TALAWAKELLE TEA ESTATES PLC
Company Registration No. PQ 36

NOTICE IS HEREBY GIVEN THAT THE THIRTY THIRD ANNUAL GENERAL MEETING OF TALAWAKELLE TEA ESTATES PLC will be held on **Monday, 23rd June 2025 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 Statements of Accounts for the year ended 31st March 2025, with the Report of the Auditors thereon.
2. To re-elect as a Director Ms. H.D.K. Randiligama, 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. J.D.N. Gunasekera, 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. T.M. Hewagama, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 28 (2) of the Articles of Association of the Company.
5. To re-elect as a Director Lt. Col. J. M. Kariapperuma, who retires by rotation at the Annual General Meeting, in terms of Article 30 (1) of the Articles of Association of the Company
6. To re-elect as a Director Mr. Malik. J. Fernando, who retires by rotation at the Annual General Meeting, in terms of Article 30 (1) of the Articles of Association of the Company.
7. To propose the following resolution for the re-appointment of Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.

Ordinary Resolution

'That, Mr. Abeyakumar Mohan Pandithage, who is over seventy 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 propose the following resolution for the re-appointment of Mr. S.L. Athukorala, in terms of Section 211 of the Companies Act No. 07 of 2007.

Ordinary Resolution

'That, Mr. Sarath Lakshman Athukorala, who is over seventy 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.'

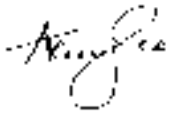
9. To authorize the directors to determine donations and contributions to charities for the ensuing year.
10. To re-appoint Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2025/26 and to authorize the Directors to determine their remuneration.
11. To consider and if thought fit, to pass the following Special Resolution to amend the existing articles in the Articles of Association of the Company;

Special Resolution

IT IS HEREBY RESOLVED THAT Article 28 (1) of the Articles of Association of the Company be deleted in its entirety and be replaced by the following Article;

"28 (1) Unless otherwise determined by ordinary resolution of the shareholders of the Company, the number of Directors shall not be less than five (5) and not more than twelve (12)."

By Order of the Board
TALAWAKELLE TEA ESTATES PLC



HAYLEYS GROUP SERVICES (PRIVATE) LIMITED
Secretaries

Colombo
5th May 2025

Notes to shareholders:

1. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/her and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.
2. The Annual Report of the Company for 2024/25 is available on the corporate website www.talawakelleteas.com and on the Colombo Stock Exchange website - www.cse.lk. If you wish to have a printed copy of the Annual Report, please forward the duly completed 'Request Form - Annexure A' to the office of the Secretaries.

Contact Person : Ms. Chameera Gunawardena
Contact Number : +94 11 2627653
Email Address : chameera.gunawardena@secretarial.hayleys.com
Mailing Address : Hayleys Group Services (Private) Limited
Secretaries for
Talawakelle Tea Estates PLC
No. 400, Deans Road
Colombo 10.

Corporate Information

Name of Company
Talawakelle Tea Estates PLC

Legal Form
Public Limited Company
Incorporated in Sri Lanka on 22nd June 1992

Company Number
PQ 36

Tax Payer Identification Number (TIN)
294001425

Financial Year End
31st March

Principal Line of Business
Cultivation and Manufacture of Tea, Rubber and Cinnamon

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. S. L. Athukorala
Mr. Malik J. Fernando
Mr. N. Ekanayake (Senior Independent Director)
Lt. Col. J.M. Kariapperuma
Mr. M. C. B. Talwatte
Mr. J. D. N. Gunasekera
(Appointed on 27th December 2024)
Ms. Harshani Randiligama
(Appointed on 27th December 2024)
Mr. M. T. Hewagama
(Appointed on 5th May 2025)
Mrs. M. D. A. Perera
(Resigned on 24th December 2024)
Mr. M. H. Jamaldeen
(Resigned on 14th November 2024)
Mr. D. C. Fernando (Resigned 01st August 2024)
Mr. A. M. J. Fernando
(Resigned as an Alternative Director to Mr. D. C. Fernando on 1st August 2024. Appointed as a Non-Executive Director on 1st August 2024 and resigned on 24th December 2024)

Audit Committee
Mr. Nandana Ekanayake (Chairman)
(Appointed as Chairman on 27th December 2024)
Mr. S. L. Athukorala
(Ceased to be Chairman w.e.f. 27th December 2024)
Mr. M. C. B. Talwatte
Ms. M. D. A. Perera
(Resigned w.e.f 24th December 2024)

Remuneration Committee
Mr. Nandana Ekanayake (Chairman)
(Appointed as Chairman on 27th December 2024)
Mr. S. L. Athukorala
(Ceased to be Chairman w.e.f. 27th December 2024)
Mr. M. C. B. Talwatte
Ms. M. D. A. Perera
(Resigned w.e.f. 24th December 2024)

Nominations and Governance Committee
Mr. Nandana Ekanayake (Chairman)
(Appointed as Chairman on 27th December 2024)
Mr. S. L. Athukorala
(Ceased to be Chairman w.e.f. 27th December 2024)
Mr. M. C. B. Talwatte
Ms. M. D. A. Perera
(Resigned w.e.f 24th December 2024)

Related Party Transactions Review Committee
Mr. Nandana Ekanayake (Chairman)
(Appointed as Chairman on 27th December 2024)
Mr. S. L. Athukorala
(Ceased to be Chairman w.e.f. 27th December 2024)
Mr. M. C. B. Talwatte
Ms. M. D. A. Perera
(Resigned w.e.f . 24th December 2024)

Registered Office
400, Deans Road, Colombo 10, Sri Lanka.

Head Office
400, Deans Road, Colombo 10, Sri Lanka.
Telephone : (94-11) -2627754-5, 2697203
Fax : (94-11) -2627782
E-mail : tpl.tea@ttel.hayleys.com
Website : www.talawakelleteas.com

Managing Agent
Hayleys Plantation Services (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka.

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.

Secretaries
Hayleys Group Services (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka.
Phone: + 94 11 2627650
E-mail : Info.sec@hayleys.com

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/Tax Advisors
M/S Ernst & Young
Chartered Accountants
Rotunda Towers,
No. 109, Galle Road,
Colombo 03, Sri Lanka

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Talawakelle
Tea Estates®

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