

EMPOWERING GROWTH, ENRICHING COMMUNITIES



EMPOWERING GROWTH, ENRICHING COMMUNITIES

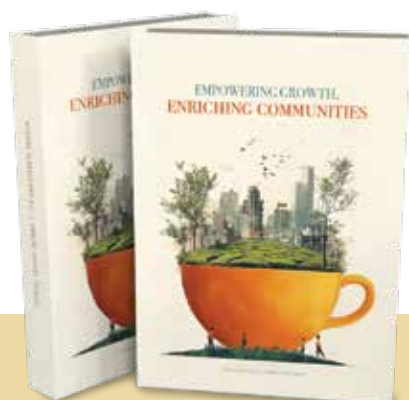
At Horana Plantations, we go the extra mile—for our customers, employees, stakeholders, and the industry we serve. As pioneers of innovation and diversification in the plantation sector, we are driven by the need to evolve and remain at the forefront of progress.

This year, our focus extended beyond strengthening our business to ensuring the sustainability of our operations. As we navigate an increasingly complex environment, we take proactive steps to preserve it—integrating renewable energy and reinforcing our commitment to responsible stewardship. Our dedication also extends to upholding strong governance and supporting the communities that enrich us with their trust and partnership.

At the heart of our success is the plantation worker, whose tireless efforts sustain our industry. As we move forward, we empower her to prosper alongside us, ensuring that growth is shared and progress is meaningful.

At Horana Plantations, we are empowering growth and enriching communities—this is the essence of who we are and what drives us forward.

TABLE OF CONTENT



4 About The Report

OVERVIEW

7	Vision, Mission
8	About Horana Plantations
10	Our Plantations
12	Historical Milestones
14	Our Business
20	Board of Directors
24	Management Team

YEAR IN SUMMARY

30	Financial Performance
31	ESG Performance
36	Awards and Accolades

STRATEGY REPORT

50	Stakeholder Engagement
56	Determining Material Topics
58	Strategy, Policies and Practices
68	ESG Integration
72	Managing Risk

REVIEW OF OPERATIONS

92	Operating Environment
106	Financial Capital
114	Manufactured Capital
122	Intellectual Capital
136	Human Capital
156	Social and Relationship Capital
168	Natural Capital



38 Chairman's Message

GOVERNANCE

216	Corporate Governance
236	Annual Report of the Board of Directors on the Affairs of the Company
242	Statement of Directors' Responsibilities
243	Nomination and Governance Committee Report
245	Remuneration Committee Report
247	Related Party Transactions Review Committee Report
249	Audit Committee Report
252	Statement by the Senior Independent Director
253	Directors' Statement on Internal Controls
254	Managing Director's, Chief Executive Officer's & General Manager – Finance's Responsibility Statement



42

**Managing
Director's
Review**

FINANCIAL STATEMENTS

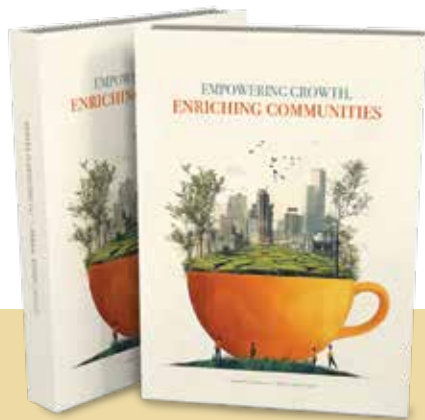
256	Financial Calendar
257	Independent Auditors' Report
261	Statement of Profit or Loss & Other Comprehensive Income
262	Statement of Financial Position
264	Statement of Changes in Equity
265	Statement of Cash Flows
267	Notes to the Financial Statements

SUPPLEMENTARY INFORMATION

322	Ten Year Summary
324	Statement of Financial Position Horizontal/Vertical Analysis
326	Statement of Profit or Loss Horizontal/Vertical Analysis
327	Quarterly Results
328	Shareholder & Investor Information
331	Independent Assurance Report
333	Independent Assurance Report on Integrated Reporting
335	Notes to the ESG Performance
337	GRI Index
345	Glossary
351	Corporate Information
352	Notice of Annual General Meeting
355	Form of Proxy



ABOUT THE REPORT



HPL's 4th Integrated and ESG Report

Horana Plantations PLC (HPL) continues its commitment to transparency and accountability by adopting the **Integrated Reporting framework** for the **2024/25 financial year**. This report presents a holistic view of the company's financial, operational, and sustainability performance, aligning with internationally recognised reporting standards.

Building on our **Environmental, Social, and Governance (ESG) reporting advancements**, we have further strengthened our disclosures by fully transitioning to the **GRI Sector Standard for Agriculture (2022)**. Given the critical impact of climate conditions on our business sustainability, we have also adopted the Sri Lanka Financial Reporting Standards (SLFRS) S1 - General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 - Climate-Related Disclosures, in line with the 'Climate First' Reporting approach.

This **Integrated Annual Report** enhances transparency for our stakeholders by incorporating multiple ESG reporting formats alongside statutory financial disclosures, ensuring a comprehensive and accountable presentation of our value creation journey.

REPORTING SCOPE AND FRAMEWORKS

The report covers the period from **1st April 2024 to 31st March 2025** and applies to all estates and operational units under Horana Plantations PLC.

HPL's Annual Report

Audited Financial Statements of HPL for the Financial year 1st April 2024 to 31st March 2025. This report also includes statutory disclosures under

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

HPL's Annual ESG Report

Annual ESG report

- The Integrated Reporting Framework of 2001.
- GRI Universal Standards (2021).
- GRI 13: Agriculture, Aquaculture and Fishing Sectors (2022).
- UN Sustainable Development Goals (UNSDGs) for ESG Reporting.
- SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 - Climate Related Disclosures under 'Climate First' Reporting.
- Non-Financial Reporting Guideline issued by the Institute of Chartered Accountants of Sri Lanka.

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

Annual Progress Report under the UN Global Compact.

- UNGC Human Rights Principles. **Page 136**
- UNGC Labour Principles. **Page 136**
- UNGC Environmental Principles. **Page 168**
- UNGC Anti-corruption Principles. **Page 156**

SCOPE AND BOUNDARY OF THE REPORT

GRI 2-2 Entities included in the Sustainability Report	This Integrated/ESG Report and Financial Statements are limited to Horana Plantations PLC.
GRI 2-3 Reporting Period	
Reporting period for Financial and Sustainability	1st April 2024 to 31st March 2025.
Reporting Frequency	Annual.
Publication date of the Report	29th May 2025.
Contact point for questions about the report	General Manager – Finance Horana Plantations PLC No. 400, Deans Road, Colombo 10. Tel : +94 0112627302 E-mail: horanap@hplnet.com
GRI 2-4 Restatements of information made from previous reporting periods.	There are no restatements related to financial and sustainability data from the previous reporting period (1st April 2023 – 31st March 2024)
Omission of information	There is no omission of information related to financial or sustainability data from the previous reporting period (1st April 2023 – 31st March 2024)
GRI 2-5 Policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved	This report has been prepared by the management of Horana Plantations PLC and has been approved by HPL's Board of Directors/Audit Committee. The current report has received External assurance on financial information by Messrs. KPMG (Page 257) External assurance on the Integrated Reporting and Economic, Environment, Social and Governance indicators (EESG) by Messrs. Ernst & Young (Page 331 & 333)
Relationship between the Organisation and the Assurance Provider	Messrs. KPMG and Ernst & Young, Chartered Accountants are an independent external service provider appointed by the Board of Directors/Audit Committee of Horana Plantations PLC after the following of recommended procedures. There is no further affiliation between HPL and Messrs. KPMG and Ernst & Young, Chartered Accountants.

REPORTING IMPROVEMENTS THROUGH 2025

Forward Looking Report

This report contains forward-looking statements regarding HPL's strategic direction, sustainability commitments, and anticipated financial performance. These statements are based on current expectations and projections and are subject to risks and uncertainties. Actual outcomes may differ materially due to several factors, including external conditions.

Board Responsibility Statement

The Board of Directors of Horana Plantations PLC (HPL) acknowledges its responsibility for ensuring the integrity, accuracy, and completeness of this Integrated Annual Report for the financial year 2024/25. The Board is committed to transparent, accountable, and responsible corporate governance, ensuring that the report provides a fair, balanced, and comprehensive view of the Company's

financial performance, strategy, risk management, and sustainability initiatives.

In preparing this report, the Board has ensured compliance with relevant financial, governance, and sustainability reporting frameworks, including:

International <IR> Framework for integrated reporting.

Sri Lanka Financial Reporting Standards (SLFRS) for financial disclosures.

ABOUT THE REPORT

GRI Universal Standards (2021) and GRI 13: Agriculture, Aquaculture and Fishing Sectors (2022) for ESG reporting.

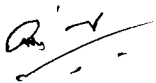
Sustainability Accounting Standards Board (SASB) Agriculture Sector Standards for industry-specific insights.

Task Force on Climate-Related Financial Disclosures (TCFD) for climate risk reporting.

Sri Lanka Corporate Governance Code and Colombo Stock Exchange (CSE) ESG Disclosure Guidelines for regulatory compliance.

The Board has exercised due diligence in overseeing the Company's risk management, internal controls, and governance practices, ensuring that material issues impacting value creation are accurately reflected in this report. We have also relied on internal and external assurance mechanisms to enhance the credibility of financial and sustainability disclosures.

HPL's Board of Directors ensure the accuracy and transparency of the integrated annual report for Financial Year 2024/25 in addressing all significant issues related to the company's sustainability. We are dedicated to strengthening the governance aspect of ESG by adhering to both regulatory and voluntary standards, fostering ethical business and responsible leadership.



Mohan Pandithage
Chairman - Executive Director

29th April 2025

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

Independent Auditor's Report on Financial Statements

page

257



Independent Auditor's Report on Integrated Reporting

page

333



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

page

331



Certificate of Verified Management System for the EUDR

page

160



NAVIGATION ICONS



FINANCIAL CAPITAL



INTELLECTUAL CAPITAL



HUMAN CAPITAL



MANUFACTURED CAPITAL



SOCIAL & RELATIONSHIP CAPITAL



NATURAL CAPITAL

DIGITAL TRANSFORMATION OF THE ANNUAL REPORT

This report can be accessed in digital format by scanning the QR code below



Interactive Web Version of the Annual Report



Annual Report 2024/25

OUR LEGACY & OPERATIONS

Horana Plantations PLC is a leading agribusiness company in Sri Lanka, renowned for its expertise in Tea, Rubber, and other diversified crops. Established in 1992, the company has consistently contributed to the nation's plantation sector, driving growth through sustainable agricultural practices and innovative value-chain management. As a publicly listed entity on the Colombo Stock Exchange, we operate under the governance of Hayleys Plantation Services (Private) Limited and the ultimate parent, Hayleys PLC. We strive to ensure strong corporate stewardship and long-term value creation.



VISION

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

MISSION

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

ABOUT HORANA PLANTATIONS

GRI 2-6

OUR VISION

Bringing our vision to life

At Horana Plantations, our vision isn't just a statement, it's a commitment that guides every decision we make. From field to factory, our practices are designed to create long-term value, embrace innovation, and uplift communities. Here's how we're turning that vision into reality, every day.

Future Proofing our Business Responsibly



Diversification & Value Addition

Expanding beyond tea and rubber into high-value crops such as Coffee, Coconut, Cinnamon, Oil palm, Pepper, and Fruits to create multiple revenue streams.

Technological Advancements

Increasing automation and mechanisation, including mechanised harvesting tools, precision agriculture, and new farming solutions to enhance efficiency and productivity.

Eco-Friendly Agricultural Practices

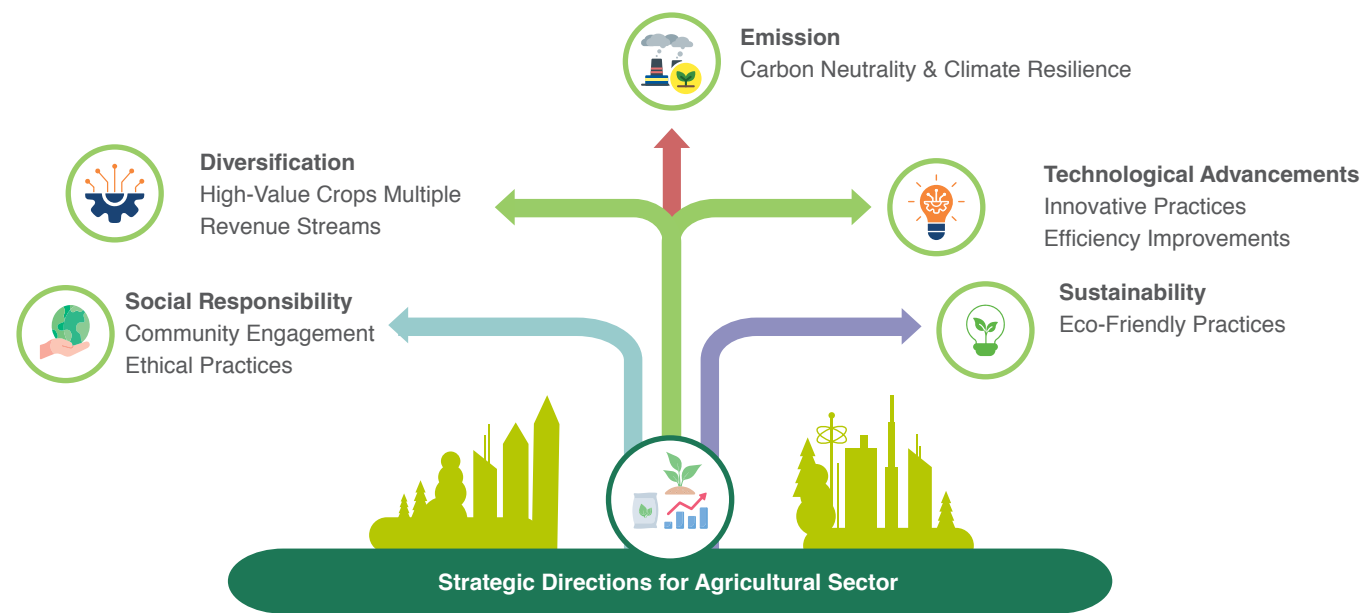
Implementing organic and regenerative farming techniques to preserve soil health, biodiversity, and water resources.

Carbon Neutrality & Climate Resilience

Reducing carbon emissions through renewable energy, waste management, and sustainable land-use practices to combat climate change.

Social Responsibility

Enhancing employee welfare, community engagement, and ethical sourcing to create a positive impact on society



OUR MISSION

Strategic Focus, Mission-Led

Our mission is to adopt the best agricultural practices while measuring returns against a long-term investment horizon which serves as the foundation for our strategic direction. This translates into a focused approach to sustainable value creation through diversification, technological advancement, and environmental stewardship. Every initiative we undertake is designed to optimize resource use, mitigate risk, and unlock new growth opportunities, ensuring consistent performance and resilience across market cycles.

Diversification of Crops	We are expanding into high-value crops which like Coffee, Coconut, Cinnamon, Oil Palm, Pepper, and Fruits in order to optimise land use and reduce reliance on single-crop income.
Sustainability & Environmental Stewardship	Implementing eco-friendly agricultural practices, promoting biodiversity, and ensuring responsible resource management to secure long-term environmental and economic stability.
Technological Advancements	Investing in automation and mechanisation to improve operational efficiency, enhance worker productivity, and maintain competitive advantages.
Market Growth & Value Addition	Exploring new markets and value-added products to generate additional income streams and strengthen the company's position in the global agricultural sector.
Employee Welfare & Community Development	Enhancing worker conditions, offering skill development programs, and contributing to local communities to create a socially responsible and sustainable business model.

OUR PURPOSE STATEMENT

A flourishing business to enrich life in an inclusive world

GRI 2-1 Organisational Details

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

OUR PLANTATIONS

GRI 2-6

1. ALTON ESTATE

- Planting District - Nuwara Eliya
- Crop - Tea
- Extent - 350 (Ha)
- Elevation (Ft) - 4,700-5,550
- Garden Mark - Alton
- MF No - MF 0769
- Production (Kg'000) - Tea -364
- Employee Strength - 354



2. FAIRLAWN ESTATE

- Planting District - Nuwara Eliya
- Crop - Tea
- Extent - 448 (Ha)
- Elevation (Ft) - 4,500-4,870
- Garden Mark - Fairlawn
- MF No - MF 0584
- Production (kg'000) - Tea -343
- Employee Strength - 307



3. GOURAVILLA ESTATE

- Planting District - Nuwara Eliya
- Crop - Tea
- Extent - 381 (Ha)
- Elevation (Ft) - 3,600-5,300
- Garden Mark - Gouravilla
- MF No - MF 0066
- Production (Kg'000) - Tea -469
- Employee Strength - 277



4. MAHANILU ESTATE

- Planting District - Nuwara Eliya
- Crop - Tea
- Extent - 236 (Ha)
- Elevation (Ft) - 4,500-5,000
- Garden Mark - Mahanilu
- MF No -MF 0044
- Production (kg'000) - Tea -181
- Employee Strength - 185



5. STOCKHOLM ESTATE

- Planting District - Nuwara Eliya
- Crop - Tea
- Extent - 305 (Ha)
- Elevation (Ft) - 4,800
- Garden Mark - Stockholm
- MF No - MF 0159
- Production (kg'000) - Tea -277
- Employee Strength - 276



6. BAMBRAKELLY ESTATE

- Planting District - Nuwara Eliya
- Crop - Tea
- Extent - 591 (Ha)
- Elevation (Ft) - 4,200-5,400
- Garden Mark - Bambrakelly
- MF No - MF 0568
- Production (kg'000) - Tea -371
- Employee Strength - 354



7. EILDON HALL ESTATE

- Planting District - Nuwara Eliya
- Crop - Tea
- Extent - 162 (Ha)
- Elevation (Ft) - 4,430
- Garden Mark - Eildon Hall
- MF No - MF 0829
- Production (kg'000) - Tea -135
- Employee Strength - 158



8. TILLCOUNTRY ESTATE

- Planting District - Nuwara Eliya
- Crop - Tea
- Extent - 377 (Ha)
- Elevation (Ft) - 4,200-5,000
- Garden Mark - Mousa Ella
- MF No - MF 0715
- Production (kg'000) - Tea -193
- Employee Strength - 155



9. MILLAKANDA ESTATE

- Planting District - **Kalutara**
- Crop - **Tea**
- Extent - **387 (Ha)**
- Elevation (Ft) - **100**
- Garden Mark - **Cristombu/ Mihirigeekelle**
- MF No - **MFB1280**
- Production (kg'000) - **Tea-119**
- Employee Strength - **59**



10. HALWATURA ESTATE

- Planting District - **Kalutara**
- Crop -**Rubber/ Oil Palm**
- Extent - **612 (Ha)**
- Elevation (Ft) - **396-825**
- Garden Mark - **Halwatura**
- Production (kg'000) – **Rubber-67/ Oil Palm - 280**
- Employee Strength - **95**



11. HILLSTREAM ESTATE

- Planting District - **Kalutara**
- Crop - **Rubber**
- Extent - **400 (Ha)**
- Elevation (Ft) - **429**
- Garden Mark - **Hillstream**
- Production(kg'000) - **Rubber-30**
- Employee Strength - **63**



12. NEUCHATEL ESTATE

- Planting District - **Kalutara**
- Crop -**Rubber/ Oil Palm**
- Extent - **902 (Ha)**
- Elevation (Ft) -**172-495**
- Garden Mark - **Neuchatel**
- Production (kg'000) – **Rubber-135/ Oil Palm - 1,784**
- Employee Strength - **205**



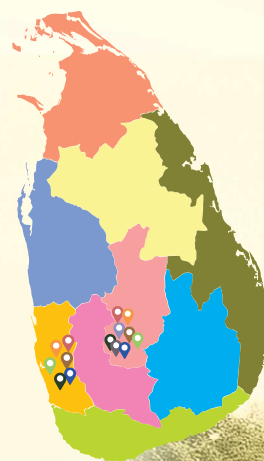
13. MIRISHENA ESTATE

- Planting District - **Kalutara**
- Crop - **Rubber/ Oil Palm**
- Extent - **504 (Ha)**
- Elevation (Ft) - **246-330**
- Garden Mark - **Mirishena**
- Production (kg'000) – **Rubber-83 / Oil Palm - 812**
- Employee Strength - **128**



14. FROCESTER ESTATE

- Planting District - **Kalutara**
- Crop - **Rubber/ Oil Palm**
- Extent - **864 (Ha)**
- Elevation (Ft) - **165-330**
- Garden Mark - **Frocester**
- Production (kg'000) - **Rubber 172 / Oil Palm - 216**
- Employee Strength - **225**



HISTORICAL MILESTONES

1992

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

1995

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

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

1996

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

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

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

1997

Fairtrade Certification for Stockholm and Alton Estates

1998-99

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

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

2000-01

Introduced "Harvest IT" ERP System.

2007-08

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

The Company name changed to Horana Plantations PLC.

2010-11

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

2012-13

Rainforest Alliance Certificate for Upcot Estates.

QMS 9001 : 2008
Certification for Neuchatel and Frocester Estates.

2013-14

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

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



2017-18

Ethical Tea Partnership (ETP) (All Tea Estates)

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

QMS 9001:2008 (02 Rubber Factories)

2015-16

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

2021-22

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

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

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

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

2018-19

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

2020-21

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

GHG/ Carbon foot Print Certification.

ISO 14001: 2015 Certification for Gouravilla Estate.

2022-23

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

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

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

Achieved the highest PBT of Rs. 657 Mn.

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

2023-24

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

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

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

2024-25

Gold Award Winner – Agriculture & Plantation Sector at the National Business Excellence Awards 2024, organised by the National Chamber of Commerce.

Gold Award Winner – Plantation Sector at the TAGS Awards 2024, organised by CA Sri Lanka, in the category of group turnover up to LKR 5 Bn.

Successfully introduced the SAP S/4HANA ERP system.

HPL is the first plantation company in Sri Lanka to comply with the EU Deforestation Regulation (EUDR).

OUR BUSINESS

GRI 2-6

Business Sector

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

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

Activities, Products and Markets

HPL Activities	HPL Products	Markets Served
<p>Tea cultivation in 9 Tea Estates</p> <ul style="list-style-type: none"> Alton Estate Fairlawn Estate Gouravilla Estate Stockholm Estate Mahanilu Estate Bambrakelly Estate Eildon Hall Estate Tillicoultry Estate Millakanda Estate <p>Green Leaf</p>		
<p>Tea produced in 8 Tea Factories in bulk form</p>	<ul style="list-style-type: none"> Fair-trade Certified Teas Orthodox Rotorvane type of Small Grade Teas High Grown Orthodox Semi Leafy Grade Teas Flavoured Teas Single Origin Teas 	<ul style="list-style-type: none"> Local and Export Market (Through Colombo Tea Auction)
Value Added Tea	<ul style="list-style-type: none"> Single Garden Teas Flavoured Teas to be marketed under the HPL brand. 	<ul style="list-style-type: none"> Local and Export markets
<p>Rubber cultivation in 5 Rubber Estates</p> <ul style="list-style-type: none"> Halwatura Estate Hillstream Estate Neuchatel Estate Mirishena Estate Procester Estate <p>Latex</p>		
<p>Rubber produced in 3 Rubber Estates</p>	<ul style="list-style-type: none"> Sole Crepe FUB, UFUB Council Certified Rubber Thick Crepe Forest Stewardship 	<ul style="list-style-type: none"> Local and Export markets (Through Auctions and Direct Marketing)
Value Added Rubber	<ul style="list-style-type: none"> Coloured Sole Crepe Pale crepe 	<ul style="list-style-type: none"> Local and Export Markets
Oil Palm Cultivation	<ul style="list-style-type: none"> Oil Palm (Fresh Fruit Bunches) 	<ul style="list-style-type: none"> Local Palm Oil Manufacturers
Coconut Cultivation	<ul style="list-style-type: none"> Coconut Coconut Oil 	<ul style="list-style-type: none"> Local Consumers
Cinnamon Cultivation	<ul style="list-style-type: none"> Cinnamon and Cinnamon Oil 	<ul style="list-style-type: none"> Local Consumers

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
















GRI 2-28

ASSOCIATIONS

Colombo Tea Traders' Association
Colombo Rubber Traders' Association
The Employers' Federation of Ceylon
The Planters' Association of Ceylon
Palm Oil Industry Association of Sri Lanka



AFFILIATIONS

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

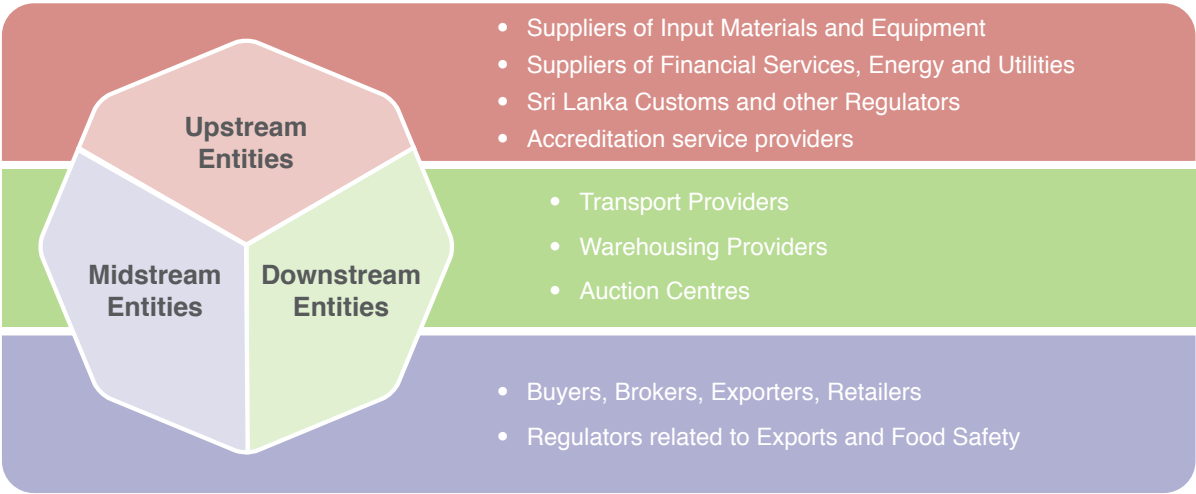
GRI 2-6

Our Supply Chain

Please refer the UNGC disclosures and GRI Procurement Practices, in Social and Relationship Capital Page 166

Entities downstream from the Organisation and their Activities

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



Other relevant Business Relationships

Relevant Business Relationships - other than the Upstream, Midstream and

Downstream entities- include:

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

Significant changes in the Supply Chain

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



BUSINESS MODEL

GRI 2-6

CAPITAL INPUTS

CAPITAL RESOURCES AND ADOPTIONS



FINANCIAL CAPITAL

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



MANUFACTURED CAPITAL

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



SOCIAL & RELATIONSHIP CAPITAL

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



INTELLECTUAL CAPITAL

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



NATURAL CAPITAL

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



HUMAN CAPITAL

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

OUR INPUTS

Rs.918Mn Equity Capital | **Rs.1,838Mn** Debt Capital

Rs.5,102Mn Total Assets

14 Estate

250 Oil Palm (Ha)

2,705 Tea & Rubber (Ha)

5 No of brokers | **29,240** Estate Resident Community

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

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

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

3,149 Employees

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

VALUE GENERATING PROCESSES

Vision

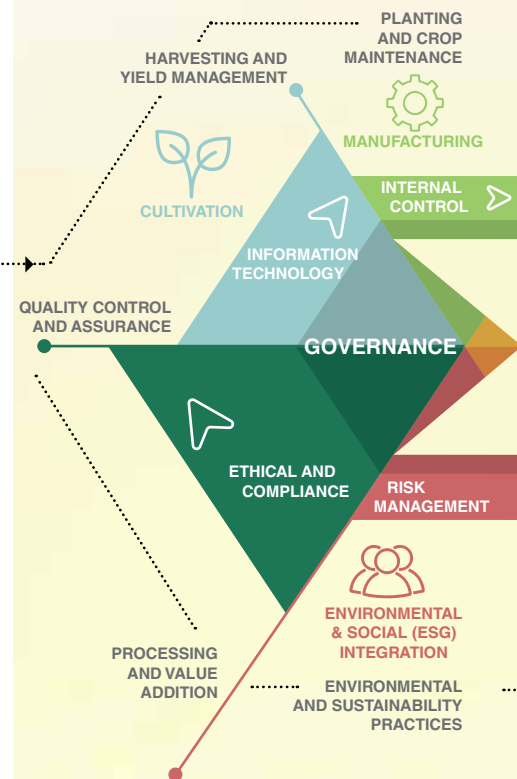
TO BE THE FOREMOST PRODUCER AND MARKETER OF TEA, RUBBER, OIL PALM & OTHER ANCILLARY CROPS IN SRI LANKA.



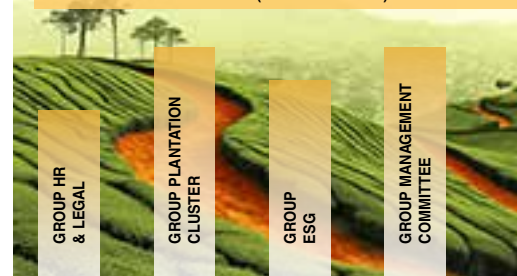
HARVESTING TEA, RUBBER, OIL PALM & DIVERSIFIED CROPS



CULTIVATION TEA, RUBBER & DIVERSIFIED CROPS



SUPPORTING SERVICES (HAYLEYS GROUP)

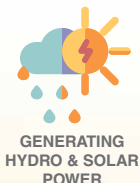


Mission

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



MANUFACTURING TEA AND RUBBER



GENERATING HYDRO & SOLAR POWER

MARKET RESEARCH AND SALES

ETHICAL AND COMPLIANCE

SETTING STRATEGIC DIRECTION

COMPLIANCE AND REGULATORY AFFAIRS



RENEWABLE ENERGY

SUPPLY CHAIN MANAGEMENT

OUTPUTS

PRODUCTS & SERVICES

- Black Tea
- Value Added Tea
- Crepe Rubber
- Sole Crepe Rubber
- Oil Palm (FFB)
- Coconut
- Coconut Oil
- Cinnamon
- Cinnamon Oil
- Coffee/Pepper
- Value Added Coffee
- Bottled Bee Honey
- Greenhouse Products
- Fruits
- Solar Power
- Hydro Power
- Holiday Bungalows

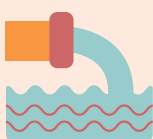


REFORESTATION

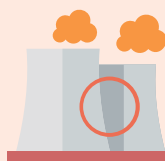


SOCIAL ACTIVITY

WASTE & EMISSIONS



20,653 m³
WASTE WATER



5,924 tCO₂e
GHG emission

OUTCOMES

CAPITAL OUTCOMES

FINANCIAL CAPITAL

Rs. **3,697** Mn Revenue
Rs. **305** Mn Profit Before Tax
17% ROCE
20% ROE
3 Times Interest Coverage Ratio

MANUFACTURED CAPITAL

2.5 Mn Kg Tea Production
0.5 Mn Kg Rubber Production
3.1 Mn Kg Oil Palm Production
0.2 Mn Nuts Coconut Production

SOCIAL & RELATIONSHIP CAPITAL

Rs. **332** Mn Bought Leaf Supplier Payments
Zero Incidents of Non-compliance
50 New Housing Units &
33 Medical Camp

INTELLECTUAL CAPITAL

Rs.**4.6** Mn Investments SAP ERP System.
5 Projects, Research & Development
13 Certificates
8 New Value-Added Products

NATURAL CAPITAL

894 Mwh Generated Through Renewable Energy
286 Tonnes Own Compost Production
245.25 Ha Conservation Extent
2 Garden Marks Carbon Neutral Tea
20 Off-grid Solar units

HUMAN CAPITAL

220 Training Events
462,676 Total Training Hours
Rs. **1,846** Mn Value of Benefits Distributed
Rs. **1** Mn Revenue per employee

EFFORTS TO SUSTAIN VALUES

- Maximising Profits
- Developing Financial Scenarios
- Manage Relationships
- Tracking Liquidity and Cash Flow
- Strong Earnings Per Share

- Additional Revenue Streams
- Improvement in overall estate Productivity
- Increase in Production Capacity

- Improved Industry Standards
- Enhanced Quality of Teas
- Improved reliability of the Supply Chain
- Enhanced Operational Efficiency

- Enhance Brand Reputation
- Better Monitoring and Oversight
- Reduction the impact of Climate Change
- Competitive Edge through Innovation

- Investments in long term Renewable Energy Solutions
- Carbon Neutral Tea Production
- Rain Water Harvesting

- Increase in Plucker Output
- Higher Employee Productivity
- Investment in Training

SDGS



BOARD OF DIRECTORS

GRI 2-9



A M PANDITHAGE **Chairman - Executive Director**

Appointed as Executive Chairman on
10th March 2017

Appointed to the Board on
1st July 2013

Since assuming the role of Chairman and Chief Executive of Hayleys PLC in 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.

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.

Mr. Pandithage also serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka.

He serves as Executive Chairman of Haycarb PLC, Dipped Products PLC, Hayleys Fabric PLC, Singer (Sri Lanka) PLC, Hayleys Fibre PLC, Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC, Hayleys PLC, Alumex PLC, The Kingsbury PLC and Hayleys Leisure PLC. He also serves as a Non-Executive Director on the Board of Diesel and Motor Engineering PLC.



ROSHAN RAJADURAI **Managing Director**

Appointed as Managing Director on
10th March 2017

Appointed to the Board on
15th November 2014

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

He joined the Plantation Sector in 1983, and served in the Janatha Estates Development Board (JEDB) till privatization of Plantations in 1992 and counts over 42 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 PhD in Management and a DSc in Agriculture.

He holds the position of Managing Director at;

- Talawakelle Tea Estates PLC
- Kelani Valley Plantations PLC

He also serves as a Director of Hayleys Plantation Services (Pvt) Ltd. and following two subsidiary companies of Talawakelle Tea Estates PLC:

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



S C GANEGODA
Non- Executive Director

Appointed to the Board on
1st September 2017

An accomplished corporate leader counting over 30 years of multifaceted experience across diverse industries, Mr. Ganegoda has held several senior leadership positions in large private sector organisations in Sri Lanka and overseas. Having served the Hayleys Group between 1987 and 2002, he rejoined in 2007 and was appointed to the Group Management Committee the same year. He is currently a director of Hayleys PLC and responsible for the Strategic Business Development Unit and Group Information Technology of the Group.

Mr. Ganegoda holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He is a Fellow Member of CA Sri Lanka and a Member of the Institute of Certified Management Accountants of Australia.

Deputy Chairman of Alumex PLC, Non-Executive Director of Haycarb PLC, Dipped Products

PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Hayleys PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC and Hayleys Leisure PLC. He serves on the Boards of several private and unlisted public companies in the Hayleys Group. He also serves as the Chairman of Sri Lankan Airlines Ltd and Sri Lankan Catering Limited.



K D G GUNARATNE
Non-Executive Director

Appointed to the Board on
4th December 2018

Mr. Gunaratne has held diverse leadership positions in both private and state sector organisations. He previously served as the Vice Chairman of the National Water Supply and Drainage Board.

He presently serves as Chairman of Lanka Hotels and Residencies (Pvt) Ltd (Sheraton Colombo), Director of Dipped Products PLC, Hayleys PLC, Swisstek Ceylon PLC, Vallibel Power Erathna PLC and SLIIT International (Pvt) Ltd.

BOARD OF DIRECTORS



J A RODRIGO
Director/Chief Executive Officer

Appointed to the Board on
1st April 2020

Mr. Johann Rodrigo counts over 38 years experience in the Plantation Sector. Having joined as a Planter/ Management Trainee under the regime of Janatha Estates Development Board, and later joined Kelani Valley Plantations PLC under Hayleys Group with the privatization of estates in 1992, and was ultimately promoted to the position of Director Corporate Affairs.

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



T A B SPELDEWINDE
Senior Independent Director

Appointed to the Board on
11th August 2023

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

Independent Non Executive Director of Haycarb PLC, Hayleys Fabric PLC and Dipped Products PLC. Independent Non Executive Director and the Audit Committee Chairman of The Kingsbury PLC, Hayleys PLC, Ceylon Grain Elevators PLC, Three Acre Farms PLC and WealthTrust Securities Limited. He is also Director of Contemporary Ceylon (Pvt) Ltd.



S M LIYANAGE
Non-Executive Director

Appointed to the Board on
19th May 2020

Mr. Liyanage is a respected professional with over 10 years experience and a record for exceptional performance. He has demonstrated transformational leadership in business transformation for the companies under the Vallibel One PLC Group. He is the Managing Director of Uni Dil Group of Companies; Uni Dil Packaging Ltd., Uni Dil Packaging Solutions Ltd., and Uni Dil Packaging Kenya Ltd.

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

He was certified as a Lean Six Sigma Black Belt and has trained as a Lean Six Sigma Master Black Belt. He was also declared as a certified TPM practitioner and has a publication on the topic of Lean Six Sigma 4.0 at the OELSS conference in Colombo.

Mr. Liyanage is a Member of the Alumina Association of SSMI Asia and Global. He has participated in International Business and Management at MSU, Malaysia.

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

He currently serves on the Board of Directors of Royal Ceramic Lanka PLC, Lanka Ceramics PLC, DHT Cement (Pvt) Ltd and Swisstek Aluminum Limited.



M C B TALWATTE
Independent Non-Executive Director

Appointed to the Board on
3rd January 2024

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

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



MS. A I WANIGASEKERA
Independent Non-Executive Director

Appointed to the Board on
31st December 2024

Ms. Wanigasekera is the Senior Partner of the legal firm Julius & Creasy, with over 40 years' experience as a commercial lawyer, specializing in the field of Intellectual Property. She holds an LL.M degree from the University of Wales and post graduate diplomas in Intellectual Property Law, Banking and Insurance Law and International Trade Law from the Institute of Advanced Legal Studies of the Incorporated Council of Legal Education.

Ms. Wanigasekera is a Life Member of the Bar Association of Sri Lanka as well as the Law Society of Sri Lanka. She is a member of the International Trademark Association (INTA) and currently chairs the INTA South Asia Anti-Counterfeiting sub-committee for the term 2024/2025. Additionally, she serves as a Council Member of the Asian Patent Attorneys Association (APAA) and holds the position of Vice President of the APAA Sri Lanka Group.

Ms. Wanigasekera currently serves as an Independent Non-Executive Director on the Boards of Haycarb PLC and Dipped Products PLC.

MANAGEMENT TEAM

CORPORATE MANAGEMENT TEAM



1. **B C GUNASEKARA**

Director Plantations

2. **N A A K NISSANKA**

General Manager- Finance

3. **P S SAMARAKOON**

General Manager- Corporate Affairs

4. **B L W GUNAWARDENE**

Regional General Manager

5. **J R GUNATHILAKE**

Deputy General Manager – Finance



6. D C JEEWANTHA
Manager – Accounts &
Business Analyst

7. K R I BERNARD
Manager – Supplies

8. W C TILAKARATNE
Manager – Information
Technology

9. W M D K WEERASINGHE
Manager – Finance

10. G W L P A BANDARA
Manager – Certification and
Sustainability

MANAGEMENT TEAM

ESTATE MANAGEMENT TEAM

UP COUNTRY CLUSTER :



1. N P SUDARSHAN

Deputy General Manager
Gouravilla Estate

2. G R T DAMINDA

Estate Manager
Eildon Hall Estate/ Tillicoultry Estate

3. P D B THELIJJAGODA

Acting Manager
Fairlawn Estate

4. K L R K DE SILVA

Estate Manager
Bambrakelley Estate

5. A D WANNIARCHCHI

Estate Manager
Alton Estate

6. Y R S KARUNANAYAKE

Deputy Manager In Charge
Mahanilu Estate

7. R N GUNASEKARA

Acting Manager
Stockholm Estate

LOW COUNTRY CLUSTER :



- | | |
|--|---|
| 1. M A K G PERERA
Deputy General Manager
Mirishena Estate/Hillstream Estate | 4. P EPITAWALA
Acting Manager
Halwathura Estate |
| 2. K D L G SANJEEWA
Senior Estate Manager
Neuchatel Estate | 5. V KARUNARATHNA
Estate Manager
Millakanda Estate |
| 3. S H M GUNAWARDENA
Senior Estate Manager
Frocester Estate | |



YEAR IN SUMMARY

Empowering Innovation, Enriching Progress

With a bold, forward-thinking mindset, we spark innovation that drives long-term progress. Rooted in the DEI value of Innovation Through, we embrace diverse perspectives, inclusive thinking, and adaptive practices—ensuring that our growth is both future-ready and grounded in shared purpose.



FINANCIAL PERFORMANCE

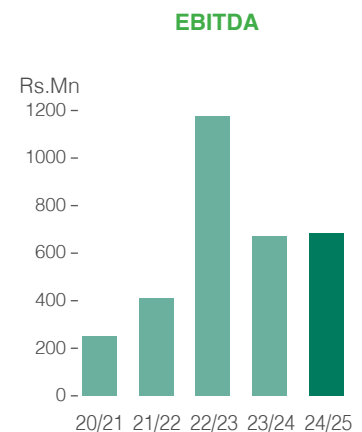
As at 31st March	2025 Rs'000	2024 Rs'000	Change %
Revenue	3,697,217	3,385,736	9.2
Gross Profit	731,821	653,255	12.0
Profit from Operations	459,522	461,103	(0.3)
Net Finance Expenses	(154,099)	(234,620)	34.3
Profit before Taxation	305,423	226,483	34.9
Tax Expense	(124,793)	(121,978)	(2.3)
Profit after Taxation	180,630	104,505	72.8
Other Comprehensive Expenses	(81,762)	(87,812)	6.9
Total Comprehensive Income	98,868	16,693	>100
Financial Position			
Shareholders' Funds	918,014	880,396	4.3
Borrowings	1,838,232	1,869,483	(1.7)
Total Liabilities (Excluding Borrowings)	2,346,213	1,950,510	20.3
Total Assets	5,102,459	4,700,389	8.6
Cash Flows			
Operating Activities	570,499	362,914	57.2
Investing Activities	(431,726)	(430,235)	0.3
Financing Activities	(406,486)	250,523	(>100)
Total Net Cash (Outflow)/Inflow for the period	(267,711)	183,202	(>100)
Cash & Cash Equivalents at the end	(544,133)	(276,422)	96.8
Key Indicators per Ordinary Share			
Earnings per Share (Rs. Cts.)	7.23	4.18	73.0
Market Price per Share (Rs. Cts.)	44.40	39.50	12.4
Dividend per Share (Rs. Cts.)	2.45	2.65	(7.5)
Net Assets per Share (Rs. Cts.)	36.72	35.22	4.3
Price-Earnings Ratio (times)	6.14	9.45	(35.0)
Earnings Yield (%)	16.28	10.58	53.9
Key Ratios			
Current Ratio (times)	0.57	0.67	(14.9)
Interest Cover (times covered)	2.98	1.97	51.3
Revenue to Capital Employed (times)	1.34	1.23	8.9
Property, Plant & Equipment to Shareholders' Equity (times)	0.74	0.66	12.1
Gross Profit Margin (%)	19.79	19.29	2.6
Operating Profit Margin (%)	12.43	13.62	(8.7)
Net Profit Margin (%)	4.89	3.09	58.3
Return on Equity (%)	19.68	11.87	65.8
Return on Capital Employed (%)	16.67	16.77	(0.6)
Gearing (%)	66.69	67.98	(1.9)
Equity to Total Assets Ratio (%)	17.99	18.73	(4.0)

REVENUE
Rs.Mn
2025 **3,697**
2024 **3,386**

EPS
Rs. Cts.
2025 **7.23**
2024 **4.18**

OPERATING CASH FLOW
Rs.Mn
2025 **570**
2024 **363**

DIVIDEND PER SHARE
Rs. Cts.
2025 **2.45**
2024 **2.65**



ESG PERFORMANCE

As at 31st March	Section	2025	2024	Change %
Environmental Performance				
Inputs/ Resources				
Total Energy Consumption (Gj)	2.1	142,505	151,419	(6)
Renewable Energy Consumption (Gj)	2.1	124,908	134,965	(7)
Non-renewable Energy Consumption (Gj)	2.1	17,597	16,454	7
Renewable Energy Generation (Gj)	2.2	3,219	3,998	(19.5)
Waste Water Generation (m3)	2.3	20,653	22,555	(8.4)
Emissions				
Scope 1 (Direct) (tCO2e)	2.4	4,148	3,380	22
Scope 2 (Indirect) (tCO2e)	2.4	1,116	1,130	(1.2)
Scope 3 (Indirect) (tCO2e)	2.4	660	579	14
Investment in Environment and Biodiversity Conservation				
Investment in Environment and Restoration Projects (Rs. Mn)	3.8	39.3	24.9	58
Social Performance				
Employees				
Total Employees	3.1	3,149	3,455	(8.8)
Employee Turnover (%)	3.1	15	14	7
Female Employees as a % of Total Employees (%)	3.1	54%	54%	-
Employee Trust Index (%)	3.2	99%	99%	-
Average Training Hours per Employee	3.3	15	7.15	109
Investment in Training (Rs. Mn)	3.4	3.6	1.8	61
Gender in Leadership Positions (ratio men:women)	3.5	10.3	7.3	0.4
Total Number of Injuries	3.6	6	7	14
Total Employee Benefits Distributed (Rs. Mn)	3.7	1,846	1,491	23.8
Community				
Investment in Health and Nutrition (Rs. Mn)	3.8	86.2	21.7	297
Investment in Capacity Building (Rs. Mn)	3.8	5.4	4.8	12.5
Investment in Community Empowerment (Rs. Mn)	3.8	19.5	3.9	400
Donations and Other Welfare Activities (Rs. Mn)	3.8	37.9	23.6	61
Value Chain				
Customer Satisfaction Index (%)	3.9	88%	87%	1.1
Customer rejections and complaints	3.9	10	2	400
Governance Performance				
Board Composition				
Board Position (ratio Independent:Non independent)	4.1	3:6	3:6	-
Values				
Number of whistle-blower cases reported and resolved	4.2	-	-	-
Management Systems				
Total number of audits conducted on management systems	4.3	15	15	-
Number of non-compliances of management systems	4.3	-	-	-
ESG Steering Committee meetings	4.4	5	1	400

Note- Basis of Preparation (Section 1) and Measurement basis (Section 2 to 4) are the described in Page 135 to 136.

RENEWABLE ENERGY CONSUMPTION

2025 **124,908GJ**

2024 **134,956GJ**

EMPLOYEE TRUST INDEX

2025 **99%**

2024 **99%**

MALE TO FEMALE RATIO

2025 **46:54**

2024 **46:54**

ESG STEERING COMMITTEE MEETINGS

2025 **5**

2024 **1**

ESG PERFORMANCE

MANUFACTURED CAPITAL

2.5Mn

Total quantity of
Black Tea

The total quantity of
black tea produced
amounts to 2.5
million kilograms
over the reporting
period.

0.5Mn

Total quantity of
Rubber

The total quantity of
Rubber produced
amounts to 0.5
million kilograms
over the reporting
period.

3.1Mn

Total quantity of
Oil Palm

During the
reporting period,
a total of 3.1
million kilograms
of Oil Palm was
produced.

INTELLECTUAL CAPITAL

85%

Investment in Research and Development Rs. 62.8Mn

50%

6 Memorandums of Understanding (MoUs) were signed

99

Rankings secured top-tier
rankings, highlighting their
outstanding performance

14

Estate marks consist of 9
tea estates and 5 rubber
estates

**The REGROW
project restores
degraded
ecosystems,
reviving
biodiversity,
enhancing climate
resilience, and
supporting
sustainable
livelihoods**

HUMAN CAPITAL

462,676

Training Hours

Rs. 3.6 Mn

Investment on
Training

3,149

Total work force

NATURAL CAPITAL

Rs. 76 Mn

Investment on Solar

245.25 Ha

Conservation Extent

2

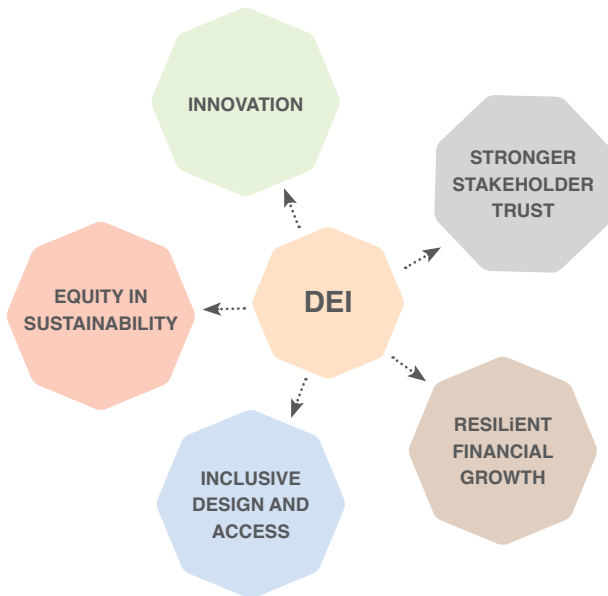
Garden Marks Carbon Neutral

SOCIAL & RELATIONSHIP CAPITAL

The organisation has made significant strides in enhancing community health and living conditions. It has launched **03 Health and Nutrition Programs** to promote well-being, conducted **33 Medical Camps** to provide essential healthcare services, and facilitated the construction of **50 new housing units** to address the need for safe and affordable housing. These efforts are part of a broader initiative to improve the overall quality of life in the community.

SUCCESS STORIES

EMBEDDING DEI AT THE CORE: A LEADERSHIP-DRIVEN APPROACH AT HORANA PLANTATIONS



At Horana Plantations PLC, Diversity, Equity, and Inclusion (DEI) are core to our identity and success.

These values are not merely aspirational—they are actively championed by our top management and embedded into the fabric of our operations. We recognise that building a thriving, sustainable organisation starts with creating an environment where every individual feels seen, heard, and empowered. Our leadership team is united in its commitment to advancing DEI across all levels of the company.

Diversity – Bringing together unique experiences, perspectives, and cultures to drive innovation.

Equity – Ensuring fair access to opportunities, support, and resources for every individual.

Inclusion – Creating a workplace culture of respect, belonging, and collaboration

This commitment is more than words—it’s visible in the initiatives we lead and the decisions we make. One powerful example is She-Essentia, a pioneering program that addresses period poverty within our female estate community while also generating employment for unemployed women. It reflects our belief that real progress happens when equity and empowerment go hand in hand.

In recognition of the tireless efforts and commitment of our estate workforce, Horana Plantations PLC introduced the “Gold Coin Award” a prestigious annual accolade granted to the best harvesters of the year.



This symbolic and tangible gesture celebrates excellence in work and underscores our appreciation for those who drive our success.

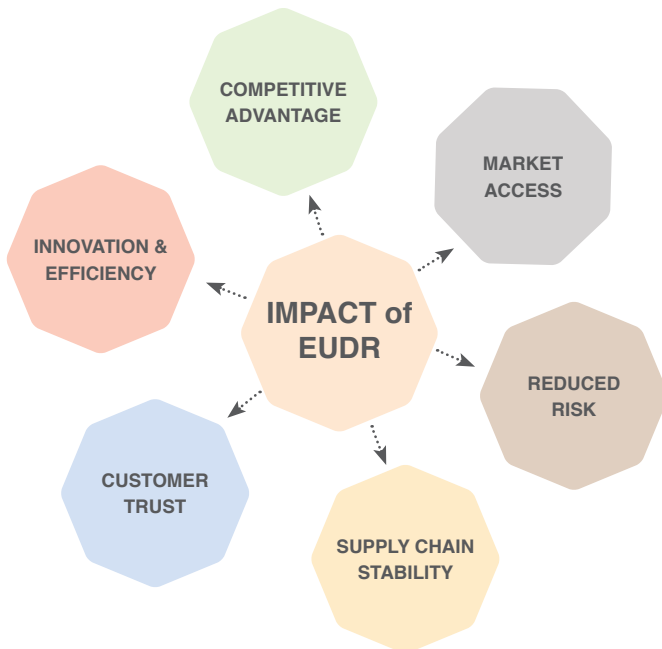
The recognition of our Director/Chief Executive Officer among Sri Lanka’s “Top 10 Champions of Diversity 2024” by Women in Management (WIM) and the International Finance Corporation (IFC) is a reflection of the values we uphold at Horana Plantations PLC.



It underscores our leadership’s unwavering dedication to building an inclusive workplace—one that sets a benchmark for ethical, sustainable, and human-centred business practices.

The dedication of our management team to DEI has not only strengthened our workplace culture but also positioned Horana Plantations PLC as a role model in the industry. By embedding DEI into every facet of our strategy and operations, we are bridging social and economic divides, fostering innovation, and laying the groundwork for a more equitable and sustainable future for all.

TRAILBLAZING SUSTAINABILITY



Horana Plantations PLC (HPL) has achieved a historic milestone by becoming the first company in Sri Lanka to develop and implement a management system fully compliant with the European Union Deforestation Regulation (EUDR).

This landmark accomplishment underscores HPL's unwavering commitment to environmental stewardship and sustainable business practices, placing the company at the forefront of responsible agriculture in Sri Lanka.



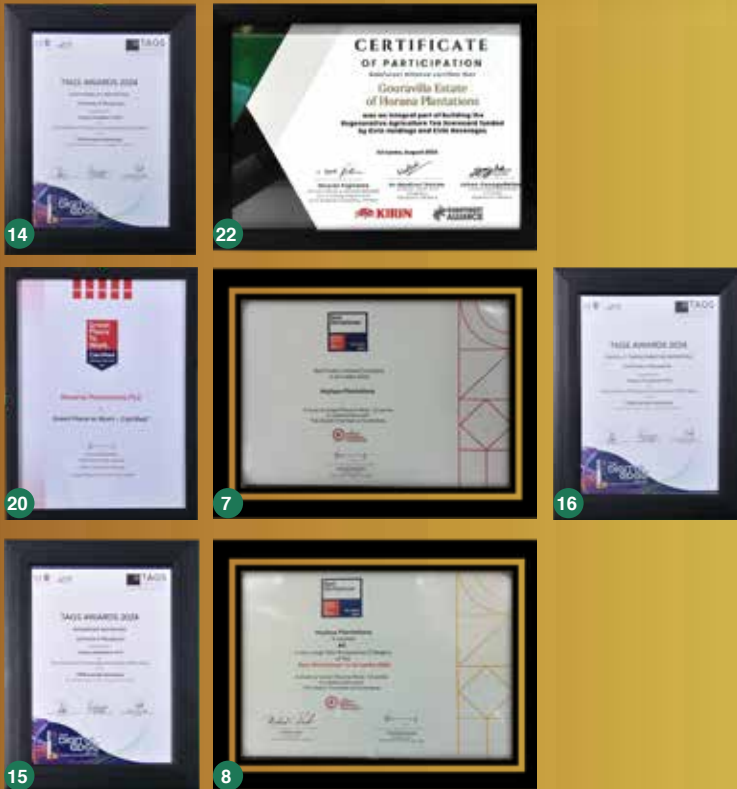
This significant recognition comes from Preferred by Nature, an international organisation known for its rigorous sustainability certification standards. Their verification confirms that HPL's management system complies with all EUDR indicators, encompassing the full scope of system requirements and chain of custody standards. This achievement highlights HPL's ability to meet the stringent expectations of international regulatory frameworks, positioning the company as a leader in sustainable supply chain management.

To align with evolving global sustainability standards and ensure compliance with regulatory mandates such as the EUDR, Horana Plantations PLC has proactively adopted an integrated and forward-thinking management approach. The company's comprehensive system is meticulously designed to foster sustainable agricultural practices, reduce ecological footprints, and enhance traceability and accountability across its supply chain.



Through this system, HPL ensures that its operations—from cultivation to export—conform to the EU's robust requirements aimed at curbing deforestation, conserving biodiversity, and promoting environmentally and socially responsible practices. By embedding sustainability into the core of its operations, Horana Plantations PLC is not only safeguarding natural ecosystems but also setting a benchmark for other companies within Sri Lanka's plantation sector.

AWARDS AND ACCOLADES



- 1 National Business Excellence Award 2024 - organised by National Chamber of Commerce
Agriculture & Plantation Sector - Winner
- 2 TAGS Awards 2024 organised by CA Sri Lanka -
GOLD AWARD - Plantation Sector (Group turnover up to LKR 5 Billion)
- 3 Ceylon Speciality Tea of The Year Competition 2024 - organised by Colombo Tea Traders Association & Sri Lanka Tea Board
Bronze Winner - Gouravilla – BOP Grade Dimbula Region
- 4 Commonwealth Business Excellence Awards 2024 -organised by Commonwealth Partnership Summit
Excellence in Sustainability Learning & Development
- 5 Commonwealth Business Excellence Awards 2024 -organised by Commonwealth Partnership Summit
CSR Excellence Awards in Outstanding Contribution for Women Empowerment
- 6 Commonwealth Business Excellence Awards 2024 -organised by Commonwealth Partnership Summit Best CSR in Environmental Impact



- 7 Hayleys Plantations - (HPL /TTEL /KVPL)
No. 01 in Asia's Best Large Workplaces 2024 - organised by Great Place To Work Sri Lanka
- 8 Hayleys Plantations - (HPL /TTEL /KVPL)
No. 01 in the Large size Workplaces category of the Best Work Places in Sri Lanka 2024 -organised by Great Place To Work Sri Lanka
- 9 Hayleys Plantations - (HPL /TTEL /KVPL)
Best Public Limited Company in Sri Lanka - organised by Great Place To Work Sri Lanka
- 10 CMA Excellence in Integrated Reporting Awards 2024
Best Integrated Report - Plantation Sector - First Runner Up
- 11 CMA Excellence in Integrated Reporting Awards 2024
Merit Award
- 12 Recognised HPL Director/ CEO as Top10 Diversity Champions in Sri Lanka for the year 2024 organised by Women in Management (WIM) and the International Finance Corporation (IFC), a member of the World Bank Group
- 13 Presidential Environment Awards 2024 -organised by Central Environment Authority
Bronze Trophy - Alton-Tea Factory Category
- 14 TAGS Awards 2024 organised by CA Sri Lanka -
Certificate of recognition in Sustainability Reporting
- 15 TAGS Awards 2024 organised by CA Sri Lanka -
Certificate of recognition in Integrated Reporting
- 16 TAGS Awards 2024 organised by CA Sri Lanka -
Certificate of recognition in Digitally Transformative Reporting
- 17 South Asian Business Excellence Awards 2024
Best use of CSR Practice in Women & Children Empowerment
- 18 ACCA Sri Lanka Sustainability Reporting Awards 2024
Agriculture Category - Runner Up
- 19 Business Leader of the year 2025 award ceremony in Mumbai, India for unwavering commitment to the company's Corporate Social Responsibility, particularly in Women Empowerment
Director/ CEO was recognised as THE CEO OF THE YEAR 2025
- 20 Great Place to Work certified
- 21 CPM Best Management Practices Company Awards 2025 Merit Award
22. Gouravilla Estate of Horana Plantations was an integral part of building the Regenerative Agriculture Tea Scorecard funded by Kirin Holdings and Kirin Beverages



CHAIRMAN'S MESSAGE

“

Amidst the uncertainty of global markets and domestic challenges, HPL seeks to navigate the complexities by adopting sustainable practices, improving productivity, and diversifying products.

”



GRI 2-22

Dear Stakeholders,

It is my pleasure to present the Integrated Annual Report of Horana Plantations PLC for the financial year ending 31st March 2025. HPL delivered strong earnings growth of 35% recording Profit Before Tax of Rs. 305 Mn by focusing on operational improvements, climate adaptation, and innovative solutions to navigate significant challenges. A long-term view and continued commitment to sustainability continue to drive strategic decisions, building a more resilient, agile and efficient organisation.

CONTRASTING CLIMES

World

Geopolitics and geoeconomics escalated by the close of the year, exerting pressure on forecasts for global growth which was 3.3% in 2024. According to 2025 World Economic Outlook (WEO) Update by the IMF, the downward revision of the forecast for global growth in 2025 by 0.5% from 3.3% to 2.8% reflects the impact of tariffs on global trade and growth. Global trade is forecast to moderate from the momentum gained in 2024. The rapid pace at which forecasts changed reflect the vulnerabilities in global supply chains and the need for building resilience against potential shocks. Geopolitical tension in the key markets for Ceylon Tea such as the Middle East and the Commonwealth of Independent States (CIS) can significantly impact Sri Lanka's tea industry by disrupting trade routes, resulting in slower deliveries and increased freight costs. Additionally, these tensions can lead to higher insurance and freight rates, which elevate export costs. On a positive note, geoeconomics open up opportunities for regional integration and intra-regional trade. As demand for Tea is expected to grow in India and China, this points to potential areas of growth. Consumer prices which were expected to ease remain relatively high, particularly in advanced economies, with potential impacts on demand for Tea. Demand

growth for Tea is around 2.5% while the rate of growth for supply is 2.6%, reflecting an oversupply of Tea.

Sri Lanka

Sri Lanka's economy grew by 5% in 2024, reflecting continued commitment to structural reforms, policy consistency, and political stability. Official reserves rose to 3.9 months of imports due to strong exports, tourism, and remittances, leading to a 10% strengthening of the rupee despite short term volatility. An agreement on restructuring international sovereign bonds led to improvement in the country's sovereign rating from selective default to CCC+.

Inflation dropped from 0.9% in March 2024 to -2.6% by March 2025, remaining in negative territory for the past eight months. The Central Bank maintained the benchmark Overnight Policy Rate at 8% continuing with accommodative policy, market Interest rates also declined in line with the AWPR decreasing by 226 basis points, while fiscal policy remained tight, the 2025 budget included relief measures for vulnerable groups, with administrative price reduction in energy sector, boosting investor and consumer confidence.

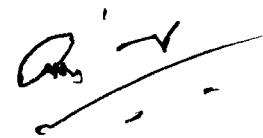
Agriculture Sector

The agriculture sector recorded modest growth of 1.2% as extreme weather conditions disrupted agriculture activities. While Tea ranked at 8th place among agricultural products in contribution to GDP, it remains the second highest source of export income for the country, earning USD 1.4 Bn in 2024. Annual Production of Tea increased by 2.4 % to 262 Mn kilograms while the auction quantities sold increased by 4.2% to 260.7 Mn kilograms. The average prices for Tea increased by 4.6% to Rs.1,225.17 per Kg. during the year, and total export volumes increased by 1.6% to 245.8 Mn kilograms. Iraq, Russia, UAE and Turkey were the top countries purchasing Tea in 2024. Rubber products ranked at 4th place with earnings of USD 975 Mn.

35%
PBT Growth

9%
Top Line Growth

12%
GP Growth



MOHAN PANDITHAGE

Chairman - Executive Director

29th April 2025

CHAIRMAN'S MESSAGE

Recent government decisions including the sharp increase of daily wages for plantation workers without any linkage to corresponding increase in productivity have a significant impact on labour costs. Exports of agricultural products are vulnerable to non-tariff barriers as well, necessitating high levels of awareness of potential threats. The Tea Exporters Association has pointed out that the tariffs imposed on Sri Lanka can negatively impact Tea exports as US is the second largest market in the world for Tea in value terms and the fastest growing market for value added Tea with a 22% annual growth recorded last year. Given the important role Tea plays in the country's economy as a source of foreign exchange and the livelihoods at risk, resolving the proposed tariff is a key imperative for continued growth of the industry.

SUSTAINABILITY REVIEW

The Board and Corporate Management of HPL remain conscious and informed about the impacts of climate change as it directly affects the Company's financial prospects and ability to generate long-term value. Sri Lanka is vulnerable to climate change, with significant impacts on agriculture which employs nearly 25% of the country's workforce. Damages and losses from climate change are expected to increase without adequate investment in disaster risk reduction, climate change adaptation and mitigation initiatives. This in turn exacerbates social issues such as poverty, food security and malnourishment, posing risks to an estimated 55% of the country's population who were found to be multidimensionally vulnerable.

HPL continues to deal with legacy issues of the plantation sector with a focused agenda that continues to uplift the lives of employees, the majority of whom are part of the estate communities. Total community investments for the year amounted to Rs. 3.6 Mn and includes investments in comprehensive programmes supporting child and maternal health and early childhood development from pregnancy to

school going age. Primary and secondary education is supported with assistance for stationery, scholarships for high achievers and monitoring attendance through family visits. Tertiary education is encouraged with scholarships to support their education journey, building talent pools of the future. Housing, water and sanitation are a continued focus with collaborative partnerships to build the necessary infrastructure. We are proud to have restored dignity, respect and safety at the workplace for the employees and continue to find pragmatic solutions to address their concerns.

We continue to assess our environmental impacts while exploring avenues to mitigate the implications of climate change. As stewards of natural capital, we take pride in preserving the flora, fauna and ecosystems that abound on our estates, consciously minimising our negative impacts through climate smart agricultural practices and projects to rejuvenate the environment. We continue to expand adoption of renewable energy, biotechnology and other emerging solutions to improving environmental sustainability. This annual report provides insights into the progress made in the year under review in line with global standards and we renew our commitment to building organisational resilience based on sustainability concepts.

PERFORMANCE

HPL recorded top line growth of 9% to Rs.3.7 Bn buoyed by improved prices for Tea, Rubber and Oil Palm. Tea accounted for 76% of total Revenue during 2024/25 while Gross Profit improved by 7% to Rs. 492 Mn. Revenue from all three crops increased during the year, while contribution from non-traditional crops also saw a growth in line with the Company's strategic focus towards reducing reliance on climate-sensitive crops. Profit before Tax improved 35% to Rs.305 Mn as Net Finance expenses decreased significantly due to reduced market interest rates.

Our financial position strengthened during the year with equity increasing by 4 % to Rs.918 Mn while total assets increased by 9 % to Rs. 5.1 Bn. Borrowings reduced marginally by 2 % to Rs.1.8 Bn.

VALUE TO SHAREHOLDERS

Although faced with numerous challenges, the company recorded commendable growth in profitability with a Profit After Tax of Rs. 181 Mn, an increase of 73% compared to the previous year. Earnings Per Share (EPS) improved to Rs. 7.23 per share with Net Assets per share increasing by 4 % to Rs. 36.72. The company has paid a dividend of Rs. 2.45 per share for the financial year 2024/2025.

GOVERNANCE

As a subsidiary of the Hayleys Group, HPL's governance structures and processes are aligned to those of the parent company which have evolved over time. HPL's sustainability agenda is shaped by the Hayleys Life Code which was revised during the year. The company is a member of United Nations Global Compact (UNGC) and has Committed to the 10 principles of Responsible Business. Additionally, we adopted the Hayleys Group's Bribery and Anti-Corruption Policy, which explicitly commits to a zero-tolerance approach to bribery and corruption.

We welcomed Ms. Anomi Wanigasekera as an Independent Non-Executive Director, thereby improving diversity in terms of skills and gender. Her experience and knowledge will be invaluable and undoubtedly enhance our decision-making. Meanwhile, Mr. A N Wickremasinghe retired as a Non-Executive Director on November 22nd, 2024. We thank him for his invaluable contributions and wish him well in his future endeavours.

The Board Committees were reconstituted in line with the requirements of Section 9 of the Continuous Listing Rules of the CSE. As I serve as Executive Chairman, Mr. Timothy Speldewinde was appointed

as a Senior Independent Director and Mr. Gamini Guneratne was re-classified as a Non-Executive, Non-Independent Director. Additionally, the 12 policies mandated by the new Corporate Governance Listing Rules have been approved by the Board and published on the Company website.

HPL's Board of Directors ensure the accuracy and transparency of the integrated annual report for Financial Year 2024/25 in addressing all significant issues related to the company's sustainability. We are dedicated to strengthening the governance aspect of ESG by adhering to both regulatory and voluntary standards, fostering ethical business and responsible leadership.

MANAGING KEY RISKS

The government's increase in daily wages for plantation workers has raised labour costs, adding to the already high costs from elevated fertilizer prices and labour shortages. To address these issues, the company has continued to implement circular economy measures like composting and engaged in machine harvesting. Semi-automation and the 'Revenue-Share Model' help mitigate labour shortages and wage spikes.

Variability in rainfall and temperature extremes have negatively impacted Tea yield and quality, emphasising the need for climate adaptation. Crop diversification remains a key priority with the Company investing in coffee planting and repurposing unproductive Rubber lands to Oil Palm upon the lifting of the ban, aiming to spread risks and strengthen climate resilience. While the prevailing ban on Oil Palm cultivation continued, discussions with the relevant authorities on Oil Palm are ongoing and we are hopeful of a positive response as it is a nonscientific decision.

The Company continues to reduce dependence on fossil fuels by investing in solar power and other renewable energy sources. Two Tea Garden Marks, Alton and Gouravilla, are certified as Carbon Neutral.

Since our last report, we've improved our approach to providing transparent and useful information to stakeholders. Recognising the value of concise information, we've revised our reporting to be more data-driven and streamlined, focusing on key Environmental, Social, and Governance (ESG) topics.

OUTLOOK

Global Demand

Global demand for Tea shows minimal growth, though increasing consumption in emerging markets and health-conscious consumers are evident. On the other hand, the demand for Rubber is influenced by the automotive and manufacturing industries that depend on natural Rubber latex. However, tariffs and geopolitical tensions can impact trade routes and costs. For instance, tariffs imposed by major economies can lead to higher production costs and supply chain disruptions. Additionally, environmental regulations and sustainability concerns are reshaping the operating landscape. For example, although 'Palm Oil' demand is driven by its use in food and cosmetic products, environmental concerns and geopolitical shifts such as the EU's Deforestation-Free Regulation can impact global trade dynamics. Notably, HPL was the first Plantation Company to comply with the EUDR in Sri Lanka.

Country

Sri Lankan plantations, particularly Tea, Rubber, and Coconut, are significantly affected by global tariffs and geopolitical shifts. The imposition of tariffs by major trading partners can lead to increased costs and supply chain inefficiencies. Additionally, geopolitical tensions can disrupt trade agreements and create uncertainty in export markets while also adding to freight costs. Expediting the extension of the lease would help plantation companies invest in replanting crops with long maturation periods.

HPL

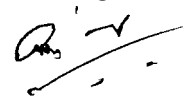
Amidst the uncertainty of global markets and domestic challenges, HPL seeks to navigate the complexities by adopting sustainable practices, improving productivity, and diversifying products to remain competitive.

These sustainable practices will involve increasing reliance on renewable energy, improving circular economy measures and expediting climate-smart agricultural practices to mitigate climate change impacts on production and revenue. Diversifying into new agribusiness ventures will spread our risks and enhance growth. There is even potential of leveraging on plantation tourism by curating authentic experiences that cater to the interests of travelers such as heritage bungalows, PEKOE trail and Tea Experience sessions.

Such practices will position HPL towards a trajectory of resilience. To maintain it and improve our competitiveness we believe that conducting inclusive community empowerment, will sustain the industry and encourage recruitment. In addition, compliance with regulations such as EUDR will enhance our accountability and provide avenues to attract new buyers.

ACKNOWLEDGEMENTS

I take this opportunity to express my appreciation for the guidance provided by the Board and the results delivered by the teams at HPL. Through their dedication and effort, we are building a stronger and consistently high-performing company that is rooted in sustainability. We appreciate the trust of our customers, suppliers, partners and shareholders, and commit to delivering value as we move forward.



Mohan Pandithage
Chairman – Executive Director

29th April 2025

MANAGING DIRECTOR'S REVIEW

“

The Plantation sector is one that is closely linked to the earth and its people who work the fields, underpinning the importance of a strategy rooted in sustainability

”



ROSHAN RAJADURAI PhD, DSc.

Managing Director

29th April 2025



Dear Stakeholders,

Strategic foresight and favourable macroeconomic conditions enabled Horana Plantations PLC to deliver bottom line growth of 35% as Profit before tax increased from Rs.226 Mn in 2023/24 to Rs.305 Mn in 2024/25. Top line growth of 9% to Rs. 3.7 Bn was driven by increased production of Tea and Oil Palm crops and improved prices for Tea, Rubber and Oil Palm. Value delivered to shareholders increased significantly as Profit after Tax increased by 73% to Rs.180.6 Mn, increasing Earnings Per Share from Rs. 4.18 to Rs. 7.23.

A SUSTAINABLE PATH

Operating in the agriculture sector with over 90% of our employees residing within our plantations and a business model that is inextricably linked to nature, sustainability underpins our strategy to deliver sustainable growth and resilience.

HPL is especially vulnerable to the impacts of climate change, as it affects both crop yield and quality. Planned mitigation and adaptations include afforestation and reforestation, scaling up regenerative agricultural practices, increasing the resilience of our supply chains and focus on soil health. Accordingly, our decarbonisation efforts are aligned with Science Based Target Initiatives (SBTi) with increased reliance on renewable energy, and increased use of organic fertilizers to mitigate emissions associated with fertilizer application. The company also embraces regenerative agricultural practices aimed at revitalising ecosystems and soil conditions.

Changing long-held perceptions of low dignity in estate work is a priority for the sector as the younger generations seek income generating opportunities outside the industry, creating a growing labour shortage. Policies have been in place to reverse this legacy issue and uplift dignity of plantation workers. These are reinforced by training and worker

friendly practices in addition to the well-entrenched freedom of association and collective bargaining. Initiatives for financial inclusion of our employees have been successful with bank accounts open for employees. A digital system that provides more precise, real time data collection of quantities and attendance records ensures that our harvesters receive accurate earnings. We also have in place a revenue sharing model (RSM) offering flexibility in working hours with wages linked to productivity, which in turn can elevate incomes through an entrepreneurial model.

SUSTAINABLE STRATEGY

The Plantation sector is one that is closely linked to the earth and its people who work the fields, underpinning the importance of a strategy rooted in sustainability. Our targets to 2030 are set out below, taking a long term view of the path, challenges and opportunities ahead.

OUR STRATEGIC GOALS		
2030 Non-Financial Targets		2030 Financial Targets
Environmental	Social	
50% Renewable Energy Generation	Open Skill Development Centres in all 3 regions	Revenue Contribution up to 10% from Diversified Crops
50% Organic fertilizer usage	Zero significant workplace injuries or occupational diseases	Revenue Contribution up to 5% from Diversified Products
Increase conservation extent to occupy 10% of the area occupied by the company	Achieve 50% female workforce participation in leadership and management	Debt to Equity Ratio less than 35%
100 % Sustainable Biomass sourcing	Zero School Dropouts	Return on Equity greater than 20%
30% reduction in scope 1 & 2 GHG emissions	Safe Drinking Water for All Family Units	Open Coffee Processing Centres
10% reduction in scope 3 GHG emissions		Process Automation & Digitalisation of all Tea Factories

Crop diversification is a strategic priority to reduce reliance on a single cash crop. HPL's diversified portfolio includes Coconut, Cinnamon, Coffee, and other crops, generating Rs. 37 Mn in revenue. Expansion for these crops utilises unproductive Rubber lands approved for Coconut cultivation. Most crops are still immature, and Oil Palm expansion will begin after approval. Efforts to improve Oil Palm viability involve using Elaeidobius kamerunicus beetles for semi-assisted pollination, based on insights from Agri Research Advisory Biotech Services (ARABIS). Coffee planting in high regions supports sustainable diversification, addressing labour shortages and enhancing long-term sustainability.

We firmly believe that Revenue Shared Models can play a vital role in addressing the issue of labour migration and the impact of ad hoc wage hikes. Our plan is to ensure that workers move towards economic empowerment while enhancing commercial sustainability of the Company through this productivity-based model.

BUSINESS CLIMATE

Climate and government policy play a crucial role in determining the fortunes and the future of plantation companies.

Variability in rainfall and temperature extremes have continued to impact the rush cropping season and flavour season of Tea which had negative implications on yield and quality ultimately impacting our price. We also observe the growing interest of buyers in sustainability which is largely addressed with certifications affirming HPL's adherence to global standards in sustainability. The Tea industry is also impacted by growth prospects of key export markets and the softening of certain currencies which has some impact on Tea prices although price movements were largely stable and positive.

Government policy plays a key role in the operations of the sector which varies from fertilizer subsidies to minimum wage regulations. The recent decision to reduce the cost per bag of five types of fertilizer used in the Tea industry is welcome. The government's decision of increasing daily wages of plantation sector workers to Rs.1,350.00 per day increased labour costs by 35% during the year, adding pressure on already inflated costs. The decline in interest rates during the year provided welcome relief for the sector, improving profit margins for HPL.

WALKING THE TALK

HPL's effective implementation of its strategy enabled several positive outcomes, and the highlights are discussed below.

ESG Compliance

HPL's Rubber and Oil Palm sector is the first in the country to meet the European Union Deforestation Regulation (EUDR) standards, verified by Preferred by Nature. This achievement enhances sustainability, boosts national competitiveness, and increases trust among European buyers

while marking a key milestone for the country, the industry and HPL.

HPL made significant progress in adopting and aligning with the Hayleys Group's ESG Roadmap, the Hayleys Lifecode.

Circularity

We produced 17.3 MT of Biochar in the Fiscal Year 2024/2025. The process involves using biomass produced using our agricultural waste, Rubber, Bamboo and Cinnamon sticks to produce biochar. It is mainly used to improve the structure of soil, reduce the frequent need for fertilizers, and improve retention of nutrients in soil.

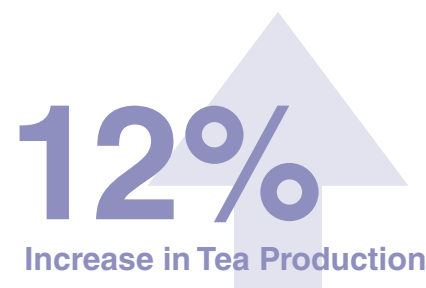
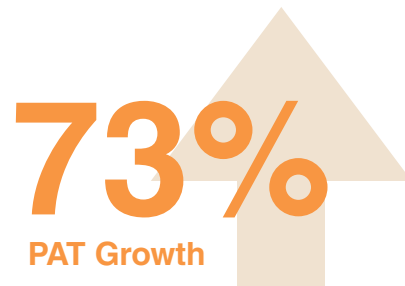
Carbon Neutral

Our commitment to be carbon neutral has been demonstrated by two Tea Garden Marks, Alton and Gouravilla, being certified as Carbon Neutral.

Reforestation and Forest Cover

Our conservation efforts involve preserving existing forest patches, diversification of forestry patches, re-vegetation of unutilised lands and establishment of habitat corridors along riverbanks. We stand fully committed to protecting biodiversity in the areas in which we operate through a well-managed conservation programme which has been certified as Asia's first-ever Verified Ecosystem Restoration Program under the Eco System Restoration Verification Standard. In line with our 'Go Green' concept, we have converted our uneconomical and uncultivated lands into forestry for the protection of catchment areas and carbon sequestration.

Horana Plantations and the Wildlife and Nature Protection Society (WNPS) signed an MoU to cooperate on nature conservation efforts and provide support for study and research. Under this MoU we initiated Project REGROW and HPL has allocated 100 hectares of old Tea lands within the Halwathura Estate for the Natural Regeneration of this Ecosystem



and 55 hectares from the Up Country region for afforestation, extending this project. Additionally, HPL launched a land rehabilitation project at a landslide-prone area in Frocester Estate in Govinna, in collaboration with WNPS and nearly 100 Interactors from over 20 schools based in Colombo participated in this initiative.

Protecting Water Resources

The Company maintains its position as a member of the United Nations Global Compact (UNGC) and is committed to the 10 principles of responsible business. By

endorsing the UNGC CEO Water mandate we are dedicated to act across 6 key areas of water stewardship. Our water resource management strategy includes riparian buffer zones along water bodies, restoration zones and maintaining soil moisture through 24 rainwater harvesting ponds across the plantations.

Good Agricultural Practices

HPL continues to expand the scope of its good agricultural practices through initiatives such as high density planting, intercropping and Integrated Pest Management.

Intercropping allows us to effectively utilise our cultivable lands to increase profits without expanding our Land Footprint, while also enhancing soil health.

We have engaged in High Density Tea planting in our Low Country region at Millakanda Estate. This planting method significantly benefits the company as Maximum Yields are derived by using machine harvesters and High-Quality Tea can be obtained from a minimum amount of land. Hence an economically sound and environmentally friendly cultivation system as this also uses minimum amounts of water, fertilizer and human labour.

Clean Energy

HPL has installed capacity of 1.01 MW in Solar power and 0.12 Mw of Hydropower which generated a total of 894,100 kWh during the year under review. Approximately 33% of the Company's electricity requirements are fulfilled through renewable energy.

Flora and Fauna Populations/Animal Corridors

The Peak-ridge Leopard Corridor was designed to protect the Leopard population and other endemic species in the Upcot region which is adjacent to the "Sri Pada" Peak Wilderness Sanctuary. Additionally, HPL entered into a Memorandum of Understanding with Dipped Products PLC for an Eco system restoration project in

Bambrakelly Estate. HPL has also carried out animal trap (snare) removal programs and awareness initiatives to ensure the free movement of wild animals and their protection.

Automation and Digitalisation

A digital weighing system is utilised to accurately measure and compensate workers with audit trails to verify collection activities. This system enhances transparency of the remuneration process, addressing legacy issues in the Tea and Rubber sectors.

Colour Sorter machines were introduced in the processing line to ensure uniformity and quality of Tea. These machines can quickly and accurately sort made tea based on colour; removing any discoloured or substandard Tea to maintain quality of tea.

During the financial year under review, HPL implemented the SAP S/4HANA ERP system which integrated key business functions into a single platform. This system streamlines processes enhancing productivity.

Collaborations with Wayamba University

A Memorandum of Understanding was signed with Wayamba University for collaborations on research and development activities on Tea, Coffee and Oil Palm. It facilitates continuous modernisation of our agriculture and production practices, driving innovation. The University is currently engaged in research to address the gaps in the chemical composition and aroma of Sri Lankan Coffee by optimising the roasting conditions.

Sustainability Reporting

HPL continues to evolve its corporate reporting as a responsible steward of a plantation company which impacts the environment and society. Our commitment was rewarded with the following awards:

- TAGS Award 2024 - Gold Award Plantation Sector (Group Turnover up to Rs. 5 Bn).
- CMA - Excellence in Integrated Reporting Awards 2024 - Runner Up in the Plantation Sector.
- ACCA - Sustainability Reporting Awards 2024 - Runner Up in the Agriculture Category.

Celebrating Excellence

Awards for other aspects of our business are also set out below:

- South Asia Business Excellence Award 2024 - Winner - Best Use of CSR Practices in Women & Children Empowerment
- Recognised HPL Director/ CEO as Top10 Champions of Diversity in Sri Lanka for the Year 2024
- Commonwealth Business Excellence Awards – 2024
- Excellence In Sustainability Learning & Development
- CSR Excellence Award in Outstanding Contribution for Women Empowerment
- Best CSR in Environmental Impact
- Great Place to Work - Hayleys Plantations No. 01 Asia's Best Large Workplaces 2024
- National Business Excellence Awards 2024 - Winner - Agriculture & Plantation Sector

DELIVERING PERFORMANCE

HPL's revenue comprises Tea, Rubber and Oil Palm with Tea accounting for 76% of revenue.

Tea

Tea production increased by 12% to 2.4 Mn kilograms during the year recording an improvement of 11% in the yield of made tea per hectare which moved from 1,012 kilograms to 1,123 kilograms. Cost of sales and cost of production moved in tandem, increasing by 7%. Accordingly, the Tea

MANAGING DIRECTOR'S REVIEW

sector recorded revenue growth of 10% to Rs.2.8 Bn and Gross Profit growth of 7% to Rs.492 Mn reflecting the increase in the net sales average from Rs.1,066 per kg to Rs.1,161 per kg.

Rubber

The yield per hectare for Rubber increased by 6% to 570 kg per hectare, showcasing improved productivity. Despite a reduction in Rubber extent, high rainfall of 7,892 mm and flooding impeding tapper access, Rubber production was resilient, declining only by 6% to 0.48 Mn kg. The Net Sales Average saw a significant rise of 18% to Rs.840 per kg, contributing to a 10% increase in total revenue from Rubber. However, the cost of production and Cost of Sales increased by 6% and 7% to Rs.874 per kg and Rs.869 per kg respectively. Although the improved NSA supported revenue growth, the higher cost of sales eroded margins, resulting in an operational loss of Rs.14 Mn.

Oil Palm

Oil Palm production increased by 9% to 3.1 Mn kilograms with a corresponding increase in the yield of 9% to 12,378 kg per hectare. The NSA improved by 3% to Rs.85 per kg supporting revenue growth of 12% to Rs.261 Mn. As cost of sales remained relatively stable during the year, the sector made an operational profit of Rs.131 Mn.

Financial Performance

HPL recorded revenue growth of 9% to deliver revenue of Rs. 3.4 Bn while margin growth enabled delivery of gross profits amounting to Rs. 731 Mn buoyed by improved prices for Tea, Rubber and Oil Palm. Net finance expenses reduced by 34% to Rs. 154 Mn as interest rates declined. Consequently, Profit before Tax (PBT) improved by 35% to Rs. 305 Mn reflecting the favourable headwinds and prudent cost management. Profit After Tax increased by 73 % to Rs 181 Mn.

The financial position of HPL also improved as equity increased by 4 % to Rs. 918 Mn and Total Assets increased

by 9% to Rs.5 Bn. Borrowings reduced marginally by 2 % to Rs.1.8 Bn.

CARING FOR OUR PEOPLE

A team of 3,149 employees combines to deliver the results set out in this report. Over 95% are residents on our estates while 25 employees are located in our head office. A comprehensive HR governance framework supports delivery of a strong value proposition for employees while dedicated teams at Head Office and Estate levels implement suitable initiatives to address concerns raised. Our goals include Zero significant workplace injuries, 100% coverage of anti-discriminatory training, standardising sustainability compliance across the value chain, grievance mechanisms, and employee engagement initiatives. Progress made in nurturing our employees is set out below.

Retaining and Attracting People

HPL is committed to providing equal opportunities and promoting diversity and inclusion among its employees. The company has policies to ensure fair treatment and career growth, prohibiting discrimination. Incentives, both financial and non-financial, are given to high-performing harvesters, pluckers, staff and managers based on productivity, attendance, and estate profits. These rewards aim to motivate employees, recognise their contributions, and foster a sense of value and inclusion within the organisation. Total payments to employees increased by 24% to Rs. 1.85 Bn during the year.

Training and Development

The Company continued to place strategic emphasis on upskilling its employees; training investment for the year amounted to Rs. 3.6 Mn translating to an average of 15 hours of training per employee. Key training interventions included a knowledge-sharing workshop for Estate Managers and Assistant Managers conducted by Wayamba University, Coffee training sessions as well as overseas training programmes.

Employee Engagement and Appreciation

We hold employee appreciation events to pay tribute and formally recognise the long-standing employees of both Up Country and Low Country regions. We engage in events that feature an award ceremony honouring the employees for their hard work and dedication that leads to the Company's consistent performance. The Company also arranges fellowship dinners for employees and their families to give them the opportunity to connect, building camaraderie within and across teams. As a consequence of these endeavours, HPL has been bestowed with the Great Place to Work Certified recognition, underscoring its steadfast dedication to fostering an empowering and inclusive work environment.

Recognition and Rewards

We select the 'Best Plucker' and 'Best Tapper' every month in each division and train them for the final competition which is held across all Hayleys Plantations. The 'Best Plucker' is selected based on criteria such as leaf quantity, leaf quality and bush maintenance. The 'Best Tapper' is selected according to criteria such as condition of tapping bark and latex quantity. We seek to motivate and recognise the outstanding performance of our workers by awarding Gold Coins to the best harvester of the year in each estate.

Housing Programme with PHDT

HPL, under its Safe Haven Initiative, has a housing program for workers and their families to relocate from traditional line houses, and into individual housing units that are designed in line with national housing health and sanitation standards. In collaboration with the Plantations Human Development Trust (PHDT), the Company provides plots of land within estates to construct these houses. During the year under review, HPL successfully completed 50 housing units. Additionally, under the Indian Grant Housing Programme, construction of 30 housing units at Stockholm Estate is currently underway.

UPLIFTING COMMUNITIES

The estates are home to around 29,240 people and legacy issues remain in lifting these communities out of traditional lifestyles. Since taking over the estates, HPL has worked to uplift these communities with comprehensive welfare programmes, working in partnership with Non-Governmental Organisations. The key initiatives implemented are set out below:

Aligning Goals and Supporting Growth

Our community initiatives are aligned to the long-term aspirations of the Sustainable Development Goals. SDG 1 focuses on programs to generate additional income for estate communities through encouraging diverse revenue streams. Our work with SDG 2 – Zero Hunger addresses malnutrition among estate communities by implementing nutrition programs for estate children, providing midday meals for toddlers at estate crèches, offering free lunch for workers, and distributing fortified flour at subsidized rates to meet community Calorific needs. In line with SDG 6- Clean water and sanitation, the Company has implemented drinking water projects and invested in improving sanitation and hygiene standards across estates.

Health and Well-being

HPL has recruited a qualified Medical Doctor, marking a milestone in the Tea Plantation Sector, substantially enhancing access to quality healthcare. The appointed doctor is responsible for administering Primary Medical Care (PMC) to the workers and the broader community, with access to medicines and other health-related infrastructure. The Company's in-house Estate doctor provides round-the-clock medical services to the community and helps conduct eye camps, dental clinics and oral cancer screenings. During the year under review, 1,368 participants benefited from the eye camps, dental clinics, and oral cancer screenings.

Other areas of focus include home gardening and nutrition programmes,

alcohol and drug awareness. Our pre-school and day care centres play a vital role in the early development of the children of estates families. In addition, they provide a safe space for working mothers to leave their children, allowing them to continue work with peace of mind knowing they are safe.

Supporting Livelihoods

Our intercropping strategies involve "Village Integration," where external farmers are recruited under an MoU. The company provides crops, planting materials, fertilizers, and other inputs, improving livelihood opportunities for employees and villagers through new revenue streams. For example, Pineapples intercropped with Coconuts on GAP-certified lands allow farmers to sell their share at higher prices.

Women Empowerment

Under the She-Essentia project HPL seeks to empower women by addressing Period Poverty to ensure the well-being of our estate resident women. This project continues to benefit estate resident women, and HPL is further enhancing it.

Education

HPL is establishing an E-Learning Centre for the children of employees in the Upcot Cluster estates, in collaboration with Ahmed Tea. This initiative offers free English language and computer literacy classes, aiming to equip children with essential skills for future employment and higher education opportunities.

SHAPING OUR FUTURE

Our Business Landscape

While Sri Lanka's economic outlook is positive, recent geo-economic events may exert pressure on growth forecasts. Tea and Rubber are among the countries top 5 exports and global trade and growth forecasts have a significant impact on the prospects for HPL. The April 2025 forecast by the IMF saw a downward revision on forecasts for global growth in 2025, slowing growth in advanced economies

and escalation of trade tensions. It is noteworthy that the USA is the largest market for Rubber and the second largest market for value added infused Tea globally, and high import tariffs will undoubtedly impact the industry.

The industry has also witnessed an increase in non-tariff measures implemented by countries and regions that entail additional costs in obtaining the certifications necessary to access markets while HPL continues to meet the high standards required for certification. Government policy on agriculture, environmental regulations and wages has a significant impact on the sustainable growth of the industry including HPL.

Climate change presents both a risk and an opportunity. The transition to a low carbon economy presents opportunities for investments in clean and renewable energy, cost effective and ecofriendly agricultural practices and research and development into weather resilient crops. It also necessitates formulation, communication and implementation of disaster response plans as well as adaptation strategies. HPL continues to refine its plans in line with developments and seeks to diversify crops and revenue streams to optimise the use of its resources. Additionally, HPL continues to invest in research and development into enhancing the quality of its output in line with changes in output and customer preferences.

Our Plans

Short Term – Crop diversification remains a key priority. Upon the lifting of the ban, the Company will engage in intensive planting of Oil Palm in the wet zone to maximise land productivity for higher revenue generation. Regular cost control measures and operational reviews will be conducted to reduce expenses and improve cash flow, with different departments collaborating for effective working capital management. The Company will use renewable

MANAGING DIRECTOR'S REVIEW

energy and implement climate-smart agricultural practices to reduce costs and mitigate climate change impacts. Factory automation will improve productivity while community empowerment training will support industry sustainability and encourage recruitment.

Medium Term - The company plans to expand on investments in Poly Tunnels and value-added products to better optimize land use. We also plan to promote plantation tourism by leveraging on the PEKOE TRAIL and heritage of our bungalows to attract high-value travelers, diversifying revenue streams. We aim to expand Coffee plantations and intercrop with high-density Tea for product diversity and quality. We will intensify regenerative agricultural practices to improve soil carbon, biodiversity, climate resilience, water quality, and aim for carbon neutrality by 2030.

Long Term - The company plans to add value to all agro produce through trademarking with the aim of maximising revenues. Utilising productive land and motivating the workforce, the company plans to diversify into new agribusiness ventures for growth.

ACKNOWLEDGEMENTS

The success of our company is driven by our internal stakeholders. I would like to express my gratitude to the Chairman and the Directors of the HPL Board, as well as HPL's management teams and employees, for their passion, hard work, and dedication. I also extend my thanks to the Board of Hayleys PLC for their valuable guidance throughout the year. I am grateful to the regulatory and supervisory bodies for their support of our activities. Additionally, I thank our shareholders, suppliers, and other stakeholders for their continued support, and I look forward to their cooperation in the new financial year.



Roshan Rajadurai PhD, DSc.
Managing Director

29th April 2025

STRATEGY REPORT

Empowering Access, Enriching Inclusion

We believe growth should be shared by all. Guided by the DEI value of Inclusive Design and Access, we create environments and opportunities that remove barriers, welcome participation, and empower individuals across our operations—ensuring that no one is left behind as we move forward.



STAKEHOLDER ENGAGEMENT

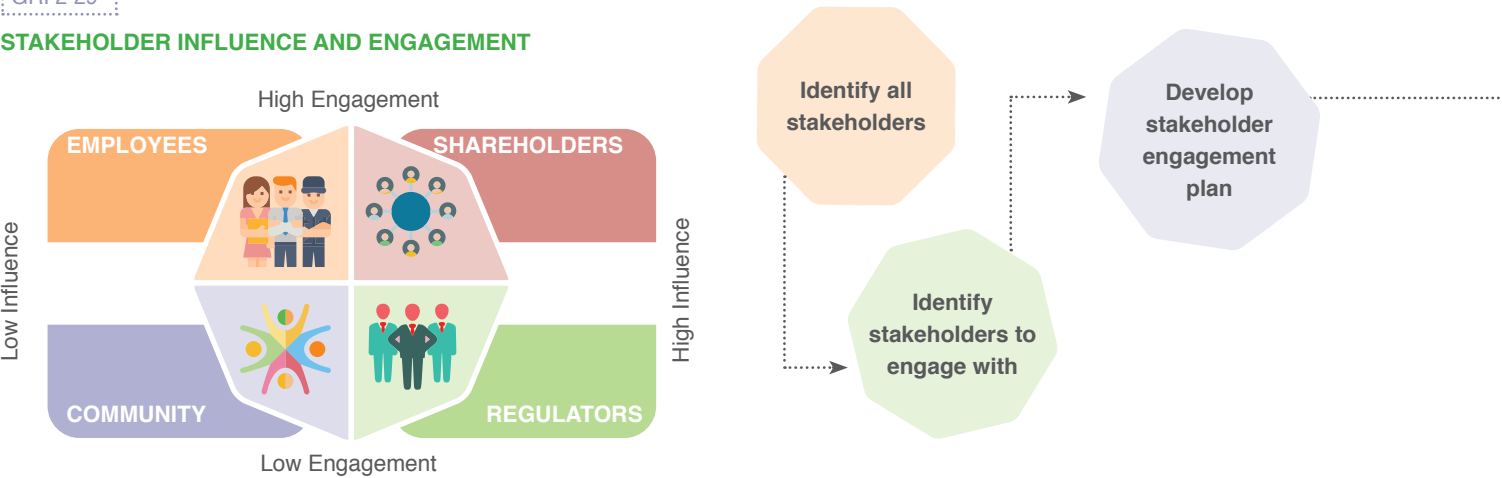
”

At Horana Plantations PLC (HPL), we recognise that strong, transparent relationships with our stakeholders are fundamental to our long-term success. As a responsible corporate steward, we are deeply aware that our operations influence a wide range of stakeholders, creating both positive contributions and potential challenges.

In terms of influence Shareholders remain paramount. While employees have little influence, they are highly engaged in the organisation.

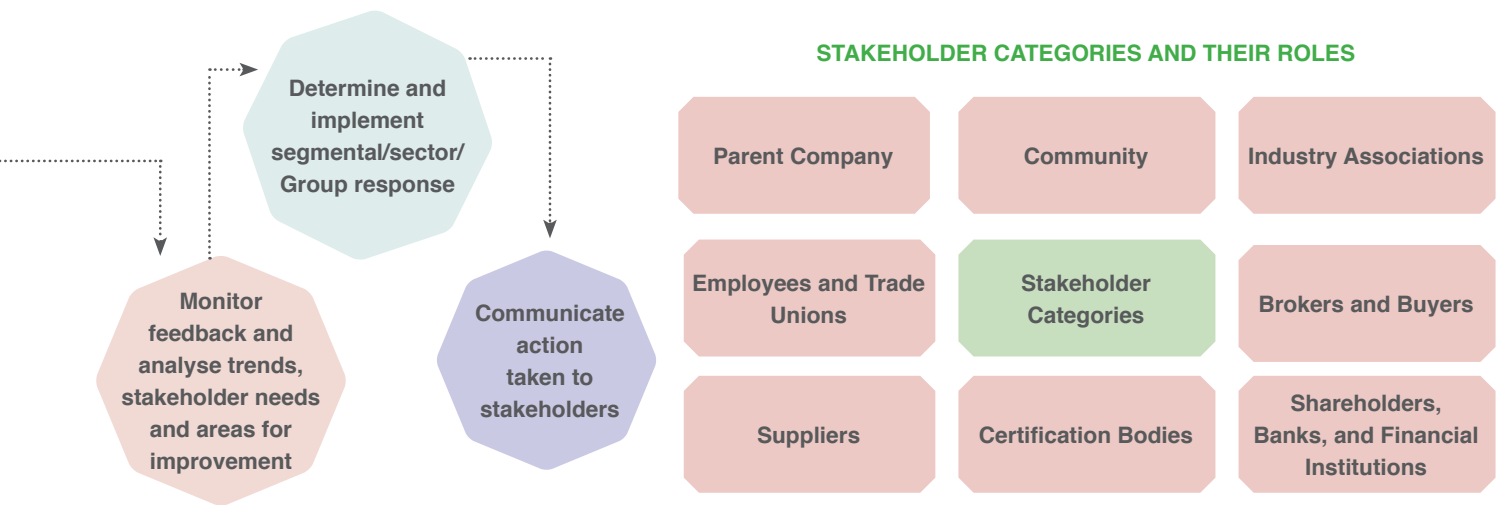
GRI 2-29

STAKEHOLDER INFLUENCE AND ENGAGEMENT



Stakeholder	Parent	Company	Brokers and Buyers	Suppliers	Investors, Shareholders, Banks and Financial Institutions
Purpose of Stakeholder engagement	Financial Backing		Promote Products and Drive Sales	Ensure consistent access to quality inputs, materials, and services.	Maintain financial credibility to secure and sustain access to overdraft facilities, long-term financing, and investor confidence.
	Strategic Direction and Market Intelligence.		Strengthen Market Reputation	Foster long-term, reliable partnerships that support ethical and sustainable sourcing.	Strengthen trust in the Company's performance and strategy to ensure ongoing support for growth and capital investment.
	Governance and Risk Management		Gather Market Intelligence		
	Knowledge Sharing and Best Practices		Strengthen reputation thus enabling HPL to command higher prices	Improve efficiency and cost-effectiveness across the supply chain.	
	Stakeholder Relationship Management				

Guided by this understanding, we engage proactively and consistently with our stakeholders to identify their needs, expectations, and concerns. These interactions are integral to shaping our sustainability priorities, mitigating risks, unlocking new opportunities, and reinforcing the resilience and relevance of HPL in a dynamic environment.



Employees and Trade Unions	Regulators / Government / NGOs	Community	Industry Associations	Certification Bodies
<p>Foster a motivated, productive, and safe working environment.</p> <p>Ensure fair labour practices, protect employee rights, and maintain industrial harmony.</p> <p>Align employees with company goals and promote continuous development.</p>	<p>Ensure compliance with local and international regulations and laws.</p> <p>Build positive relationships to support the Company's operations and growth.</p> <p>Contribute to the development of industry standards and policies.</p>	<p>Attract and retain plantation Employees through improved living and working conditions.</p> <p>Engage in Corporate Social Responsibility (CSR) initiatives to support community welfare and development.</p> <p>Strengthen relationships with local communities to foster social and economic growth.</p>	<p>Gain valuable insights into government policy, regulatory updates, and market trends.</p> <p>Lobby for collective Government support to advance industry interests.</p> <p>Facilitate research and development initiatives to drive industry innovation and growth.</p>	<p>Enhance market and customer confidence in our products by ensuring compliance with industry standards.</p> <p>Capture new markets by demonstrating our commitment to quality and industry-leading practices.</p>

STAKEHOLDER **ENGAGEMENT**

Stakeholder	Parent	Company	Brokers and Buyers	Suppliers	Investors, Shareholders, Banks and Financial Institutions
Channels of engagement	Regular management engagements were maintained with the Hayleys Group Management Committee, Plantation Sector leadership, Group IT, Group Tax, Group Legal, Group Treasury, Group Audit, These interactions took place through scheduled meetings as well as ongoing verbal and written communications, ensuring alignment on strategic, operational, and financial matters.	Brokers actively promote our products in local and international markets, while buyers serve as key B2B partners who directly connect our offerings with end consumers worldwide. To strengthen these relationships, HPL maintains close and consistent engagement through: <ul style="list-style-type: none">• Factory and Estate Visits• Sharing Accreditations• Product Consultations With our direct customers, we engage one-on-one to fully understand their unique requirements. We offer customised solutions and maintain open lines of communication from order placement through to delivery, ensuring responsiveness, reliability, and satisfaction at every stage.	<ul style="list-style-type: none">- Onboarding program to integrate new suppliers and align them with company standards.- Ongoing technical advice and support to enhance supplier capabilities.- Clear agreements and contracts to establish mutual expectations.- Routine supplier audits to ensure compliance with quality and sustainability requirements.	Annual General Meetings (AGMs) Quarterly and annual financial disclosures One-on-one meetings, investor briefings, and bank reviews Timely updates through the Colombo Stock Exchange (CSE) and other formal communications.	

Employees and Trade Unions	Regulators / Government / NGOs	Community	Industry Associations	Certification Bodies
<p>Employees:</p> <p>Internal communications and staff meetings</p> <p>Training and development programmes</p> <p>Grievance handling mechanisms</p> <p>We also deal directly with estate workers to better understand their needs and challenges.</p> <ul style="list-style-type: none"> > Direct communication > Executive Conference > Employee engagement activities > Employee surveys > Performance reviews > Online HR systems <p>Trade Unions:</p> <ul style="list-style-type: none"> • We allow union meetings within company premises and actively conduct regular meetings with union representatives to foster collaborations and address concerns. <p>Regular dialogue with trade union representatives and collective bargaining processes.</p>	<ul style="list-style-type: none"> • Regular consultations and meetings with regulatory bodies. • Participation in industry forums, public consultations, and Government initiatives. • Timely submission of required reports, licenses, and regulatory filings. • Active engagement in policy discussions and advocacy efforts. 	<ul style="list-style-type: none"> • Community Liaison Officers: Appointed at all 14 HPL estates to serve as direct points of contact for community concerns and initiatives. • Estate Worker Housing Societies: Established to assess and address infrastructure needs of plantation workers. • Child Protection and Development: Child Protection Focal Points (CPFP) and Child Development Officers are available at all estates to support child education activities and ensure the safety of children under the Child Protection Policy. • CSR Events and Activities: • Communication Channels: • Marketing and Promotional Events: Organise events to promote community engagement and raise awareness of HPL's commitment to social welfare. 	<ul style="list-style-type: none"> • Their advocacy efforts aim to shape public policy, influence regulatory frameworks, and create a favourable business environment. • Frequently organise a variety of events and conferences that serve as key platforms for networking, learning, visibility, and collaborations. These events bring together members, policymakers, business leaders, and subject-matter experts. The main types include. 	<ul style="list-style-type: none"> • On-site audits and surveillance visits are key engagement channels where certification bodies directly assess an organisation's compliance, provide expert feedback, and foster continual improvement through in-person evaluation and dialogue.

STAKEHOLDER ENGAGEMENT

Stakeholder	Parent	Company	Brokers and Buyers	Suppliers	Investors, Shareholders, Banks and Financial Institutions
Frequency					
Stakeholder Concerns			<ul style="list-style-type: none"> • Quality • Best value for price paid. • Fast delivery • Reliable service • Sustainable products and services • Unique experiences • Personalised service 	<ul style="list-style-type: none"> • Competitive and fair remuneration • Profit • Long term business relationships • Strong networks for opportunities • Referrals • Project planning 	<p>Sustainability of earnings and returns</p> <ul style="list-style-type: none"> • Share price • Dividends • Interest rates • Taxes • ESG • Risk management and organisation resilience • Timely payment
<div>GRI 2-26</div> Grievance Handling Process			Grievances and other feedback can be obtained during regular engagements. Received feedback is investigated by the respective teams and preventive/ corrective action is taken upon consultation with senior management considering contractual commitments where applicable.	Grievances and other feedback can be obtained and managed during regular engagements. Received feedback is investigated by the respective teams and action taken upon consultation with senior management considering contractual commitments.	Top level engagement to investigate grievances/ complaints and implement corrective/ preventive measures.
Our Commitment			Work towards innovating our processes to provide best-in-class products and services to customers.	Support mutual growth with reliable and sustainable supply chains.	To deliver returns commensurate with the risks undertaken and keep them appraised of our progress and challenges in a timely and transparent manner.

Employees and Trade Unions	Regulators / Government / NGOs	Community	Industry Associations	Certification Bodies
<p>Job security</p> <ul style="list-style-type: none"> • Remuneration • Occupational health and safety • Employee well-being • Learning & development. • Labour standards • A conducive work environment • Career progression • Work-life balance 	<ul style="list-style-type: none"> • Compliance with all regulatory requirements • Collaborations with industry bodies • Timely payments 	<ul style="list-style-type: none"> • Engagement with local farmers and entrepreneurs • Support for community development • Sound corporate citizenry • Sustainable business practices 	<ul style="list-style-type: none"> • Member Engagement and Retention • Advocacy and Influence • Content and Knowledge Sharing 	<ul style="list-style-type: none"> • Audit Effectiveness • Auditor Competence & Integrity • Compliance with Audit Protocols
<p>Open door policy</p> <p>HR Partners</p> <p>On site counsellors (apparel segment)</p>	<p>Direct written/ verbal communication</p> <p>One on one consultations</p>	<p>Senior level engagement to investigate grievances/ complaints and implement corrective/ preventive measures.</p>	<p>Senior level engagement to investigate grievances/ complaints and implement corrective/ preventive measures</p>	<p>Senior level engagement to investigate grievances/ complaints and implement corrective/ preventive measures</p>
<p>Provide a safe and inspiring working environment supporting personal and professional growth through fair remuneration and talent development.</p>	<p>Continue to establish and maintain governance structures that comply with legal and other regulatory requirements necessary in the industries we operate in.</p>	<p>Engage in industry collaborations to strengthen economic development, enhance social sustainability and ensure environmental protection.</p>	<p>Ensure Meaningful engagement by representing the company at the Highest level, during Industry discussion. The CEO himself participates in the key discussions.</p>	<p>HPL is Subjected to annual audits by accrediting agencies to confirm our compliance and participate in the knowledge sharing events.</p>

DETERMINING MATERIAL TOPICS

GRI 3-1

Process to determine Material Topics

The list of material topics was developed through discussions with Senior Management and HPL's ESG Steering Committee, which evaluated broader macro trends in relation to HPL's Strategic Objectives. Additionally, HPL regularly conducts Economic, Social, and Environmental impact assessments, offering a comprehensive view of our impacts across Social, Environmental, Economic, and Human Rights areas.

Prioritisation of Impacts

The concerns of our key stakeholders were carefully considered when prioritising the list of material topics.

- The topics were assessed in relation to both our financial and non-financial priorities, as well as stakeholder expectations.
- Eighteen high-ranking topics were identified based on scoring and selected for disclosure.
- These topics were then aligned with the GRI Agriculture Sector Standards and GRI Topic Standards.
- Relevant GRI Disclosures under each Topic Standard were selected to demonstrate how we addressed and managed the impacts of our activities throughout the year

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

The key Stakeholder groups we took into consideration were:

Manufacturing Targets	Progress to date
Employees /Skilled Personnel	The plantation sector, being highly labour-intensive, is increasingly challenged by rapid labour outmigration, which can negatively impact estate productivity. Additionally, with a highly unionised workforce, addressing employee expectations has become critical to ensuring business continuity
Regulators	Regulatory compliance is essential for good governance and the continuity of our business operations, making regulators a vital and indispensable stakeholder.
Shareholders	Maintaining shareholder confidence in the company and its management is crucial for sustaining our share price and market credibility.
Customers (Buyers and Brokers)	HPL's reputation and financial growth depend on our ability to meet customer expectations.
Communities	The welfare of our estate communities is essential for maintaining a stable labour supply and is a vital part of our ethical brand reputation.

Materiality Matrix

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

GRI 3-2

List of Material Topics

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

Material Topic	GRI Topic Disclosure	Link to UN SDG	Page No
1 Energy Consumption	GRI 302	   	171
2 Emissions & Air Quality	GRI 305 & GRI 13.1	   	186
3 Employee Well-being	GRI 403 & GRI 13.19	 	145
4 Water and Effluents	GRI 303 & GRI 13.7		193
5 Best Practices along Supply Chain	GRI 204 & GRI 13.23	 	166
6 Biodiversity	GRI 304, GRI 13.3 & GRI 13.4	  	175
7 Waste	GRI 306 & GRI 13.8	  	198
8 Customer Health and Safety	GRI 416, GRI 13.6 & GRI 13.10	   	157
9 Training and Education	GRI 404	  	150
10 Employment	GRI 401, GRI 13.20 & GRI 13.21	 	144
11 Community and Livelihood Development	GRI 413, GRI 13.9 & GRI 13.12	  	160
12 Indirect Economic Impacts	GRI 203 & GRI 13.22	    	160
13 Materials	GRI 301 & GRI 13.5	 	211
14 Economic Performance	GRI 201 & GRI 13.22	    	113
15 Regulations and Compliance	-	  	-
16 Climate Change Adaptation	GRI 201 & GRI 13.2	    	139
17 Skill Migration	GRI 401	 	139
18 Labour/Management Relations	GRI 402, GRI 13.20 & GRI 13.21	  	144

STRATEGIES, POLICIES & PRACTICES

SUSTAINABLE DEVELOPMENT STRATEGY

HPL's Sustainability Roadmap through 2030 is designed to align with global standards and international commitments, reflecting our long-term vision for responsible and inclusive growth. This roadmap serves as a guiding framework for embedding sustainability into every aspect of our operations, decision-making processes, and stakeholder engagements.

Our growth strategy is firmly rooted in the principles and objectives of key international frameworks, including those related to:

- **Human Rights** – Upholding and promoting the rights and dignity of all individuals impacted by our operations, including employees, local communities, and supply chain partners.
- **Labour Rights** – Ensuring fair labour practices, safe working conditions, and equitable opportunities across our workforce, with a particular focus on respecting freedom of association and eliminating forced or child labour.
- **Environmental Conservation** – Minimising our environmental footprint through responsible resource management, biodiversity protection, climate action, and a transition towards circular economy practices.
- **Anti-Corruption** – Maintaining the highest standards of integrity and transparency in our business dealings, with zero tolerance for bribery, fraud, or unethical conduct.
- **Sustainable Technologies** – Investing in and adopting innovative technologies that drive efficiency, reduce environmental impact, and enhance

the sustainability of our agricultural and industrial processes.

- **Social Welfare** – Contributing to the well-being of our employees, estate communities, and society at large through education, healthcare, infrastructure development, and inclusive social programs.

By integrating these core pillars into our corporate strategy, HPL not only supports the achievement of the United Nations Sustainable Development Goals (SDGs) but also strengthens our resilience, stakeholder trust, and long-term value creation.

OUR STRATEGY

Strategic Pillar	Key Strategies	KPIs 2024/25	Short Term	Medium Term	Long Term	Related SDGs
Agri Diversification	Planting of traditional crops	Plant 8.05 Hectares	R&D choose high quality seedlings or clones.	Intercropping techniques and high-density planting to enhance efficacy of inputs.	Explore new markets for value added products.	SDG 9 SDG 12
	Planting of non-traditional crops	Plant 62.72 Hectares	Maintain intercropping techniques and replanting program	Invest in research to identify potential varieties for planting	Expand planting area of crops and diversify product offerings	SDG 9 SDG 12
Non-Agri Diversification	Invest in solar energy	Invest Rs 76 Mn	Generate 1,000 Mw of renewable energy	Rooftop solar units for factories at Frocester and Eildon Hall	Rooftop solar units at all factories and bungalows	SDG 7 SDG 12 SDG 13
	Invest in mini hydro	Invest Rs 0.5 Mn		Rebuild mini-hydro units	Further expansion of mini hydro initiatives	SDG 7 SDG 12 SDG 13
Technology	Deploy apps for data gathering on the field	Invest Rs 6.3 Mn	Maintain digitisation of collection and attendance records	Identify areas for error and wastage to improve operational efficiency	Develop scalable solutions and continuous improvement	SDG 8 SDG 9
	Connect with weather stations for early warnings	Collaboration of Arthur C Clarke Institute	Closely monitor Weather Channel app	Install weather stations in both regions	Maintain data base of historical weather patterns	SDG 9 SDG 12 SDG 17

Strategic Pillar	Key Strategies	KPIs 2024/25	Short Term	Medium Term	Long Term	Related SDGs
Automation	Automation of manufacturing processes	Tea Colour Sorter Machine	100% Digitalisation field operations	Semi-automation of all processing centres	Full automation of processing centres	SDG 9 SDG 12
People	Employee retention	Turnover Rate- 15%	Provide primary medical care, continue gold awards ceremony and best Plucker/ Tapper competition	Open Skill development Centres in all 3 regions	Enhance employee development Initiatives across the Organisation	SDG 3 SDG 4 SDG 8
	Uplifting mothers		Support early child development and maintain maternal care programs	Provide additional revenue streams and opportunities for capacity building	Financial independence for all working mothers	SDG 1 SDG 2 SDG 3 SDG 4 SDG 17
Financial	Sustainable profits	PBT 305Mn	PBT 350Mn – 400Mn	PBT 400Mn – 500Mn	PBT 500Mn – 640Mn	SDG 1 SDG 7 SDG 8
	Sufficient Liquidity	Gearing 67%	66% - 60%	50%-60%	40%-50%	SDG 9

GRI 2-23

POLICY COMMITMENTS FOR RESPONSIBLE BUSINESS CONDUCT

Alongside our strong governance practices, HPL maintains a comprehensive policy framework that embodies our business philosophy and ethical values. This framework guides the development and implementation of our sustainability strategy.

Our Commitment to Global Sustainability Initiatives:





- United Nations Framework Convention on Climate Change (UNFCCC)
- United Nations Sustainable Development Goals (UNSDGs)
- United Nations Global Compact (UNGC)
- United Nations Climate Neutral Now
- United Nations CEO Water Mandate
- Science Based Targets Initiative (SBTi)





HPL has formally committed to the UNGC and UNSDGs and reports its annual progress to the UNGC. We encourage all stakeholders to review these reports for detailed insights into our advancements.





MEMBERSHIP IN SUSTAINABILITY FORUMS:






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



No	UNSDG	Progress /Initiatives under the Commitment
01		<p>Our initiatives for poverty alleviation target our tea estate population of 29,240</p> <p>These include programs designed to generate additional incomes, beyond the traditional wages from tea plucking and estate labour. These include:</p> <ul style="list-style-type: none"> • Employment for estate worker family members • Support to start poly-house cultivation and home gardening • Sundry contracts are provided for sundry work in estates, in addition to regular estate labour. • Premiums from Fairtrade and Fair Rubber production are credited to a separate account for welfare • Produce reusable sanitary napkins to help prevent period poverty.
02		<p>We address poor nutrition among estate communities.</p> <ul style="list-style-type: none"> • Nutrition programs on all estates for children • Midday meals for toddlers at estate Child Development centres • Free Meals for Workers during the cropping seasons • Distributing wheat flour to meet the calorie requirements of the estate employees • Free feeding and Breastfeeding Corners in each Child Development Centre.
03		<p>Estate community health initiatives include:</p> <ul style="list-style-type: none"> • Newly established Primary Care Unit staffed with a qualified MBBS doctor. • First responder and emergency evacuation training sessions conducted. Nutritious food • Health and safety at work – ISO 45001:2018 • Awareness creation regarding healthy lifestyles • Awareness of health and cleanliness • She-Essentia project
04		<p>We offer comprehensive training and education for all employees, including estate workers. In addition, we provide educational support to the families of estate workers and their children through scholarships, free school supplies, and vocational training opportunities</p> <ul style="list-style-type: none"> • Establishing an E-Learning Centre and a Centre of Study Excellence in the UPCOT cluster. • Oversees training programs on innovation and capacity building. • HPL is among the plantation companies to award Skills Passports for field staff. • Our estate Child Development Centres for Early childhood Development • E-learning platform for estate school-going children • Pre-school facilities for Estate Children

No	UNSDG	Progress /Initiatives under the Commitment
05		<p>The majority of employees in our tea plantations are women. We uphold a strict merit-based payment system and enforce a zero-tolerance policy on sexual harassment, aiming to challenge and transform traditional mindsets within estate communities</p> <ul style="list-style-type: none"> • In addition, HPL integrates DEI (Diversity, Equity, and Inclusion) strategies into its operations and maintains a gender equality policy across all aspects of employment—including recruitment, wages, promotions, training opportunities, and rewards.
06		<p>We invest in clean water for estate communities.</p> <ul style="list-style-type: none"> • Drinking water projects for estate communities are implemented with technical support from external non-governmental organisations, including ADRA, World Vision, Rainforest Alliance, and the Fairtrade Foundation. • Improving sanitation standards by building toilets for estate families (with the help of the PHDT) • Housing for workers that include hygienic toilets. • Construct sustainable female hygiene units in every Division • Test water samples from each source to ensure water quality.
07		<p>Horana Plantations PLC has invested in renewable energy,</p> <ul style="list-style-type: none"> • On-grid Rooftop Solar – 9 units • Off-grid Rooftop Solar – 20 Units • Hydropower Plant – 2 Units
08		<p>HPL has a comprehensive employment policy framework that complies with national labour laws and upholds equal opportunity employment commitments, fostering a decent and inclusive work environment for all employees. In addition, we contribute to economic growth by creating both direct and indirect employment opportunities.</p> <ul style="list-style-type: none"> • Great Place to Work Certification • HPL Employment Policy Framework • Employment Policy (including anti-child labour and anti-forced/compulsory labour) • Occupational Health and Safety Policy • Sexual Harassment Prevention Policy • Gender Equality Policy • Anti- Anti-discrimination and Anti-harassment Policy • Youth Policy • Contagious Diseases Policy • Anti-bribery Policy • Freedom of Association Policy

No	UNSDG	Progress /Initiatives under the Commitment
09		<p>We allocate capital annually for research and development (R&D) as part of our commitment to continuous improvement and innovation. This investment supports the development of new technologies, process enhancements, and sustainable practices that strengthen our operations and long-term competitiveness</p> <p>R&D objectives:</p> <ul style="list-style-type: none"> • Collaborate with universities, clients and suppliers for new technologies. • Maintain human and financial resources allocated for R&D. • Protect and exploit results of our R&D • Strengthening our scientific and technological bases. • Provide access to our employees to relevant technological information to acquire new knowledge • Encourage ideas of our employees and encourage teamwork
10		<p>We have developed a holistic approach to addressing and reducing inequalities across our operations. Gender discrimination against women is widespread in Sri Lankan society and remains deeply rooted within estate communities, often limiting opportunities and access to resources. Our approach aims to challenge these traditional norms by promoting gender equality, empowering women through education, training, and fair employment practices, and fostering an inclusive environment where everyone can thrive.</p> <ul style="list-style-type: none"> • We foster a non-discriminatory organisational culture where recruitment, compensation, and all career development opportunities are strictly merit-based. • We educate employees and estate communities on gender discrimination, sexual harassment, and women's rights to shift attitudes and ensure a safe living and working environment for women and children. • We implement numerous projects aimed at empowering women, including the highly successful She-Essentia, Eco Harvesting and Best harvester of the year initiative.
11		<p>Our commitment to sustainability and community development are reflected in our proactive investments across multiple areas.</p> <ul style="list-style-type: none"> • We actively invest in renewable energy as a core part of building sustainable infrastructure that supports resilient and environmentally friendly communities. • As part of our commitment to maintaining safe and accessible infrastructure, we annually invest in the development and upkeep of road networks within our estates. • Each year, we contribute to improving community housing, sanitation, and access to clean drinking water. We also develop rainwater harvesting systems and build and maintain crèches for the children of estate communities, along with other essential community infrastructure • Constructed eco-friendly buildings such as restrooms and multipurpose buildings using eco friendly materials and waste.
12		<p>Responsible consumption and production form the foundation of our sustainability strategy.</p> <p>We actively manage energy use to maximise efficiency and reduce environmental impact. Our approach includes comprehensive water and effluent treatment processes to safeguard natural resources and minimise pollution. Through waste and material management guided by circular economy principles, we focus on reducing waste generation, promoting reuse and recycling, and ensuring proper disposal of materials. These efforts collectively support the long-term health of the environment and the communities we serve.</p> <p>For more detailed information on our sustainability initiatives, please refer to the Natural Capital chapter.</p>

No	UNSDG	Progress /Initiatives under the Commitment
13		<p>We are committed to supporting climate action with clear targets to achieve carbon neutrality by 2030 and reach Net Zero emissions by 2050.</p> <p>Our comprehensive strategy involves reducing greenhouse gas emissions across all operations, investing in renewable energy, enhancing energy efficiency, and implementing innovative carbon offset projects. These efforts are integral to our broader sustainability goals and demonstrate our dedication to mitigating climate change impacts.</p> <p>For a detailed overview of our climate initiatives and progress, please refer to the Natural Capital chapter.</p>
14		<p>To protect and enhance the health of our local waterways and aquatic ecosystems, we have implemented several targeted environmental initiatives. These include</p> <ul style="list-style-type: none"> • Establishing riparian buffer zones along the streams and water channels to prevent potential water pollution from agricultural activity • Preventing illegal fishing to conserve aquatic animals. • Ecosystem Restoration Programme in Maskeliya Oya's river boundary, including conducting a biodiversity survey
15		<p>HPL focuses on protecting, restoring, and promoting the sustainable use of terrestrial ecosystems, managing forests responsibly, combating desertification, and halting biodiversity loss to ensure the health and resilience of our planet's land resources</p> <p>We are actively engaged in a variety of highly impactful projects aimed at protecting and preserving biodiversity as well as sustainably managing our natural resources. These initiatives play a crucial role in maintaining ecological balance and supporting the health of the environments in which we operate. For a comprehensive overview of our efforts and their outcomes, please refer to the Natural Capital chapter.</p>
16		<p>At the core of our operations is a strong commitment to ethical and responsible business practices.</p> <ul style="list-style-type: none"> • We adhere to all relevant laws and regulations concerning labour, environmental protection, customer safety, and community well-being. • We encourage a culture of respect for the rule of law and foster responsible citizenship within both our company and the estate communities. • Our supply chain management system is designed to ensure ethical practices and social and environmental responsibility across all operations.
17		<p>This extensive partnership allows us to leverage specialised technical expertise and access crucial funding necessary to drive our sustainability initiatives forward. Our collaborative efforts encompass a wide array of projects, including social welfare activities aimed at improving the quality of life in our communities, comprehensive environmental conservation programs to protect and restore natural ecosystems, and innovative agricultural practices designed to enhance productivity and sustainability. These partnerships not only strengthen the impact of our initiatives but also foster knowledge exchange and innovation. For a comprehensive overview of our ongoing projects and key collaborators, please refer to the Social Capital and Natural Capital chapters.</p>

GRI 2-24

Integrating Sustainability Across Our Operations

Our commitment to sustainability is woven into every aspect of the operations—from the supply and value chains to

our workforce at all levels. We achieve this integration through comprehensive training initiatives, clearly defined Standard Operating Procedures (SOPs), strict compliance with both international standards and national regulations, and thorough environmental and social impact

assessments. Supplier evaluation and due diligence processes further ensure that our partners align with our sustainability values. The following outlines the key measures we have implemented.

Appointment of a Central Sustainability Team

A dedicated Central Sustainability Team has been established to drive and oversee the implementation of our sustainability strategy across the organisation. This team is responsible for aligning sustainability initiatives with corporate goals, monitoring performance, and ensuring compliance with both internal policies and external standards. By reporting directly to the Managing Director and the CEO, the team maintains a strong governance structure and ensures that sustainability remains a core priority at the highest level of decision-making.

Sustainability Certification

Our Standard Operating Procedures (SOPs) are carefully aligned with recognised accreditation standards to reflect our sustainability policy commitments. Employees receive targeted training to ensure full compliance with these standards, and our adherence is verified annually through independent external audits. We have earned multiple sustainability and management quality certifications, demonstrating the deep integration of sustainability principles across all levels of the company. HPL is proud to be the first company in Sri Lanka to implement a certified management system for the EU Deforestation Regulation (EUDR), and the first plantation company in the country to receive ecosystem restoration verification. Additionally, HPL holds the distinction of being the first company globally to achieve Certified Oil Palm accreditation—an honour granted by the Forest Stewardship Council (FSC). This prestigious recognition affirms, through rigorous third-party verification, that our oil palm cultivation practices meet the highest environmental and social sustainability standards.

Suppliers' Social and Environmental Impact Assessments

We conduct annual due diligence reviews with all suppliers. In addition, approximately every five years—or

as required by external sustainability certification standards—we carry out comprehensive social and environmental impact assessments on selected business partners. These include firewood suppliers, bought leaf suppliers, and waste collectors. These assessments are conducted with the support of independent external consultants.

Carbon Footprint Measurement

We regularly measure our carbon footprint as part of our commitment to sustainable operations. These exercises also aim to raise awareness among all employees about the importance of reducing environmental impact.

Compliance with Environmental and Health & Safety Regulations

All our factories adhere to the directives of the Central Environmental Authority (CEA) and undergo annual inspections to ensure continued compliance. We also comply with the Factories Ordinance, including health and safety regulations, which are subject to yearly inspections by the Department of Labour.

Application of Global Best Practices

Our employees receive training in global best practices covering a range of operational areas, including occupational health and safety, sustainable agricultural methods, land and water management, effluent treatment, and waste disposal. Additionally, we collaborate with environmental experts to deliver training sessions that increase awareness of sustainable practices.

Community and Employee Participation in Sustainability Initiatives

We implement various sustainability programs that actively involve estate communities. These initiatives are supported by awareness and training programs designed to embed sustainability principles into everyday life. To ensure ongoing community engagement and oversight, we have established dedicated

committees and roles, including:

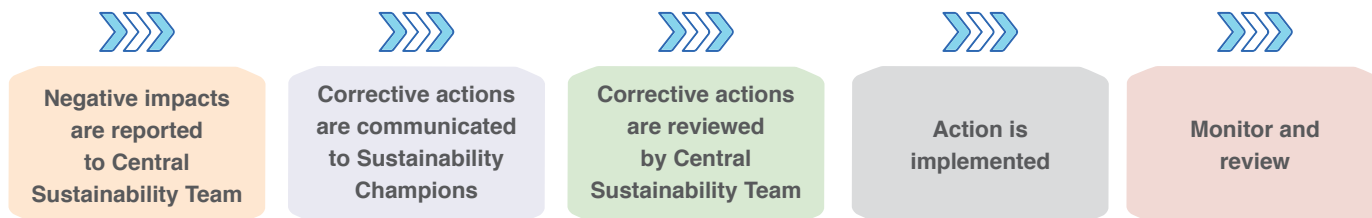
- Estate-level Water Management Committees
- Gender Committees to address gender-related issues
- Child Protection Focal Points appointed in each estate division, supported by a mobile application to monitor compliance with child protection protocols
- Sustainability Champions designated for every estate
- Estate-level Youth Clubs
- Estate-level Waste Management Committees

GRI 2-25

Processes to Remediate Negative Impacts

We have established a structured and responsive system to address and remediate any identified negative environmental or social impact within our operations. When a potential or actual adverse impact is detected, it is formally reported to the Central Sustainability Team. The team conducts a thorough review, assesses the root cause, and develops a targeted corrective action plan in alignment with our sustainability policies and regulatory obligations.

Implementation of these corrective measures is carried out at the operational level by the designated Sustainability Champion at each estate. These Champions act as key facilitators, ensuring that the actions are effectively executed, monitored, and reported. They work closely with the Central Sustainability Team to ensure timely resolution and continuous improvement, thereby reinforcing accountability and our commitment to responsible business practices across all estates.

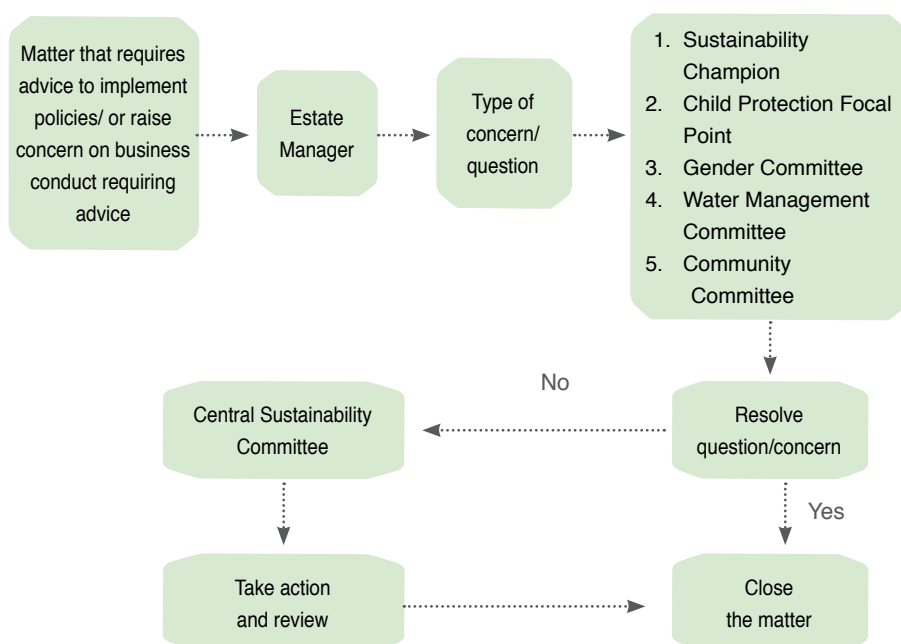


GRI 2-26

Mechanisms for Seeking Advice and Raising Concerns

We have established clear and accessible mechanisms that allow all stakeholders—including employees, estate community members, and other relevant parties—to seek guidance and raise concerns related to our responsible business conduct. These mechanisms are designed to support the effective implementation of HPL's policies and practices on ethics, sustainability, and compliance.

Individuals are encouraged to seek advice on how to align their actions with company policies, or to report any concerns or irregularities they may encounter in a safe and confidential manner. This includes issues related to labour practices, environmental impact, workplace behaviour, and community relations. Various communication channels are available—such as designated contact persons, suggestion boxes, and hotline numbers—ensuring that support is accessible and inclusive. All reports and inquiries are handled with discretion and seriousness, with the Central Sustainability Team and relevant departments responsible for investigating concerns and ensuring appropriate follow-up actions. This approach reinforces a culture of transparency, accountability, and trust throughout our organisation and the communities we serve.



GRI 2-27

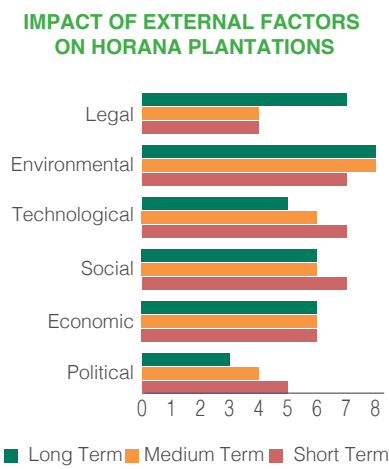
Compliance with Laws and Regulations

Horana Plantations PLC is firmly committed to upholding all applicable national laws and regulations across every aspect of its operations, including labour practices, environmental protection, occupational health and safety, and corporate governance. This commitment is embedded in our corporate values and reinforced through internal controls, continuous monitoring, and employee training programs.

We are pleased to report that during the current reporting period, there have been no instances of significant non-compliance with any legal or regulatory requirements. This reflects the effectiveness of our compliance systems and our proactive approach to risk management. It also underscores our dedication to operating with integrity, maintaining public trust, and fostering long-term sustainability in alignment with local and international standards.

WAY FORWARD

Summary of our assessment of future prospects and our plans for the future.



Key Risks & Opportunities

Opportunities

- Agri diversification
- Non-Agri diversification
- Climate action related subsidies and revenue streams

Risks

- Employee turnover/migration
- Non-employee residents outweigh resident employees
- Climate change - Acute & Chronic Physical

Source: United Nations Sri Lanka

GLOBAL OUTLOOK

Global economic growth and trade volume forecasts were revised downwards after the announcement of tariffs on all countries by the US Administration. Additionally, the April forecast of the IMF World Economic outlook forecasts an increase in non-oil commodity prices due to reduced harvests in 2025.

% change	2024	2025	2026
World Output	3.3	2.8	3.0
World Trade	3.8	1.7	2.5
Non-fuel commodity prices	3.7	4.4	0.2

Source: International Monetary Fund. 2025. World Economic Outlook:A Critical Juncture amid Policy Shifts. Washington, DC. April.

SRI LANKA

The World Bank has forecast Sri Lanka’s growth rate at 3.1% for 2025 reflecting a moderation from the 5% recorded for 2024 taking into consideration the potential impact of tariffs. There are many positive factors which include the strong foreign exchange inflows from Tourism and Remittances, an improved sovereign rating, low inflation and interest rates in addition to the relative political and policy stability established during the year. The Plantation sector maybe affected by the US tariffs in the rubber sector as US is the main export destination for finished goods of rubber products.

SRI LANKA CLIMATE IMPACT

Sri lanka is highly vulnerable to climate change. Being a tropical island in the indian ocean, sri lanka has been placed among the top ten countries at risk of extreme weather events by the global climate risk index (2021). The pace of climate change outstrips Sri Lanka’s readiness to respond to its effects which are already severely affecting the country’s poorer regions.

Average Temperature 2022 - 27-28 °C
Expected To Increase By 1 – 1.5 °C BY 2050

FOOD INSECURITY

Food insecurity is a serious challenge for sri lanka, with an estimated 17% of the population experiencing moderate acute food insecurity in march 2023. Climate change threatens to worsen this situation by affecting food and water availability and reducing agricultural output, including essential staples like rice.

THREATENED BIODIVERSITY

Sri lanka is one of 36 biodiversity hotspots in the world, with a wealth of endemic species. The country continues to face serious environmental challenges, such as deforestation of its lowland rainforests and degradation of its urban and coastal wetlands. These threats pose a risk to the ecological balance and the well-being of the people and wildlife of Sri Lanka.

EXTREME WEATHER EVENTS

In the past 30 years, floods have affected more than 10 million people in Sri Lanka. Drought is a major challenge for livelihoods and food security affecting nearly 8 million people between 2008-2018. Sea level rise and average temperature changes have increased the frequency of storm surges causing saline intrusion and inundating lands along Sri Lanka’s coastal belt. Floods accounted for 64.4% of the annual average disaster losses in 2020. Without adaptative action, the projected increase in the frequency and intensity of extreme precipitation events could endanger lives, livelihoods, and infrastructure at risk through their link with riverine flooding, flash floods, and landslides.

HORANA PLANTATIONS

The Company is focused on enhancing climate-smart crop diversification across its portfolio to optimise land utilisation, reduce reliance on traditional tea revenues, and establish more resilient, less labour-intensive revenue streams.

In response to the ageing plantation workforce and the declining interest of younger generations in plantation-based employment, HPL is committed to transitioning to a modern agribusiness model with higher earning potential aligns with the aspirations of the younger generation, thereby encouraging family units to remain within the plantation sector—an essential factor for long-term sustainability. In the years ahead, HPL intends to invest in automation and mechanisation to reduce dependency on manual labour, shorten lead times, and enhance both product quality and overall productivity.

SHORT TERM

Coconut and diversified agri-crops have been cultivated on land previously used for rubber, as climate changed has caused excessive wet days for rubber harvesting. Additionally, crops such as cinnamon, pepper, and pineapple have been intercropped within coconut plantations to maximise land utilisation.

Targeted interventions have been implemented to promote the use of renewable energy. Roof spaces of factories and bungalows are being utilised for solar energy generation, while efforts are also underway to optimise mini-hydro power systems, aiming to reduce the high energy costs associated with manufacturing and narrow overall cost margins.

To address the adverse effects of climate change on production outputs, revenue, and livelihoods, the adoption of climate-smart agricultural practices is being accelerated. Furthermore, investments in factory automation and the operation of a digital weighing system are planned to improve productivity and reduce operational costs.

The Company has effectively managed its working capital and maintained adequate liquidity to support ongoing operations and future growth through the implementation of robust working capital and liquidity management strategies. These efforts include regular cash flow forecasting to meet short-term funding requirements. To further strengthen liquidity, the Company maintains access to short-term credit lines to address unforeseen cash flow gaps and has established minimum cash reserve levels aligned with its risk profile.

MEDIUM TERM

HPL plans to invest in high-density tea planting designed for machine harvesting, aiming to optimise land use and leverage new technologies. This approach will support greater product diversity within the tea plantation segment to produce superior-quality end products with a high productivity.

Additionally, the Company is intensifying its focus on regenerative agricultural practices to enhance soil carbon levels, biodiversity, and climate resilience. These efforts also contribute to improving water quality and align with HPL's long-term goal of achieving carbon neutrality by 2030.

In the medium term, with increased tourism promotion and a projected rise in international visitor arrivals, the Company intends to invest in plantation tourism. The objective is to establish a niche tea tourism experience that highlights the region's natural beauty and biodiversity. By utilising the PEKOE Trail and restoring historic plantation bungalows rich in colonial heritage HPL aims to attract high-value travellers seeking unique and immersive experiences.

LONG TERM

Over the long term, the Company is committed to ensuring that all agro-produce is value-added and trademarked, thereby enhancing the overall value proposition of the plantation business and unlocking higher revenue streams. HPL also envisions becoming a Net Zero Carbon emitter, positioning itself to benefit from carbon credit trading as an additional source of income.

With the majority of cultivable land reaching optimal productivity and supported by a highly skilled and motivated workforce, the Company is well-placed to diversify into new agribusiness ventures as a strategic pathway for sustainable growth

Financial Targets

- Revenue growth 6%
- Profit growth 14%
- Gearing 45 %
- ROE 25 %

Environmental Targets

- 1500-2000 Mwh Renewable energy generated
- 30-32 % Scope 1&2 Emission reduction
- 10-12% Emission reduction in scope 3

Social Targets

- Zero School Dropouts in 2030.
- Safe drinking water for all family Units in 2030.

ESG INTEGRATION

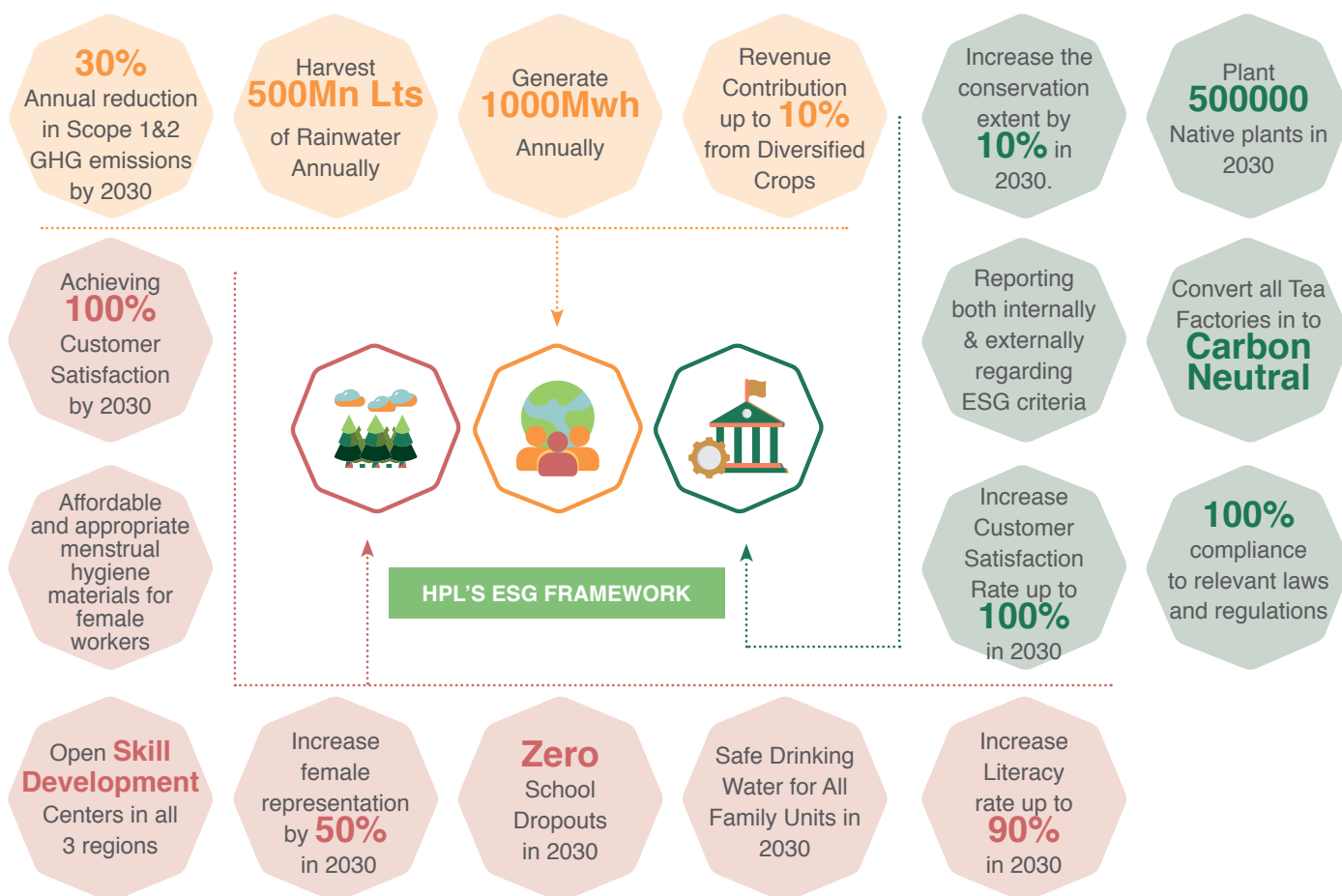
OUR APPROACH

At HPL we are dedicated to delivering a business operation that thrives on the foundation of a comprehensive and clearly defined ESG Framework. This commitment entails promoting sustainable economic growth, community engagement and the active promotion of environmental investment, all aimed at creating long-term value for our stakeholders. We believe in ensuring accountability and prioritising exemplary governance that nurtures nature and cultivates community empowerment. By embracing continuous improvement and innovation, we aim to set a benchmark in the plantation industry, turning challenges into opportunities for growth.

HPL'S ESG FRAMEWORK

Horana Plantations' ESG Framework and Sustainable Development Strategies, aligned with national and international commitments, integrate principles of Human Rights, Environmental Conservation, Sustainable Technologies, and Social Welfare. Guided by comprehensive policy frameworks from Hayleys PLC, the 'Hayleys Lifecode,' specific targets for 2030 are set taking into consideration industry specific dynamics.

The Framework aims to mitigate environmental risks, leverage social opportunities, and enhance governance, demonstrating HPL's commitment to sustainable and responsible operations for the next decade and beyond. Adherence to these internal and external guidelines ensures a holistic approach to refining our ESG agenda and position us at the forefront of best practices.



Priority Area	SDGs	2030 Target	2024/25 Achievement
Biodiversity	 	Increase the conservation extent by 10%.	+15.25 Ha
		Plant 500,000 Native Plants.	+10180
Water	 	Safe Drinking Water for All Family Units in 2030.	100%
		Harvest 500Mn Lts of Rainwater by 2030.	44.7 Mn L
Energy and Emissions	 	Convert all Tea Factories into Carbon-Neutral.	28%
		90% sustainable and renewable energy applications.	88%
		30% reduction in Scope 1&2 GHG emissions by 2030.	Scope 2 reduction - 1.2%
Materials		Increase Organic Fertilizer Applications by 50%	12%
Health and Safety		Zero Work Place Injuries.	6
		Free Medical facilities for estate community	1 Primary care Unit with Qualified MBBS doctor
Social Development	 	Affordable and hygienic menstrual hygiene materials for every female worker in estate community	Production of 1800 reusable sanitary napkins
		Open Skil Development Centres in all 3 regions	1
	 	Increase female representation by 50% in administration by 2030	36%
		Increase Literacy rate up to 90% in 2030	76%
	 		
Stakeholder Engagement	 	Increase Customer satisfaction rate Up to 100% in 2030	88%

ESG INTEGRATION

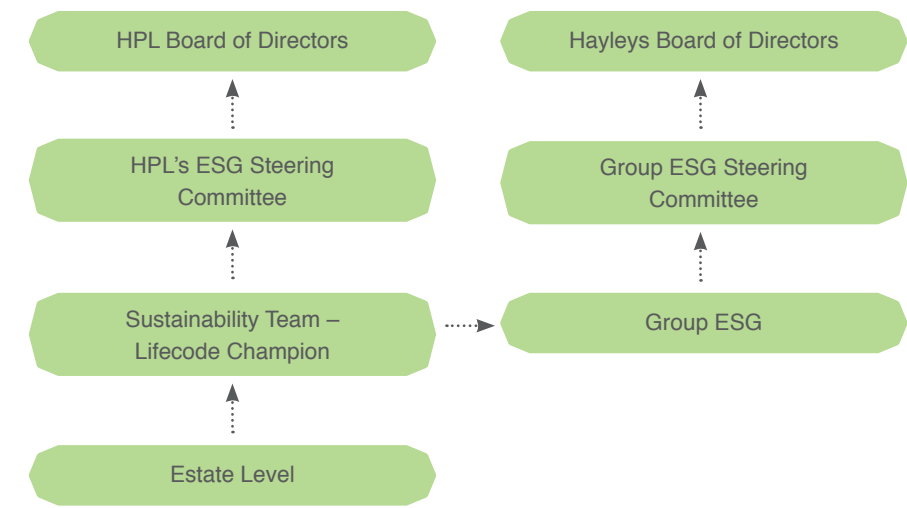
GRI 2-9,12,13 & 14

ESG GOVERNANCE

At Horana Plantations, the Board holds the highest responsibility in decision making and oversight of both sustainability-related risks and opportunities (SRRO) and climate related risks and opportunities (CRRO). They have authority to formulate the Company’s ESG policies and framework. To ensure competence will be developed to oversee strategies, the Board is regularly kept up to date about trends surrounding sustainability and climate-related practices. This is achieved through quarterly strategic review meetings providing updates on SRRO’s and CRRO’s. Our Director/CEO, who is a board representative, is also responsible for managing SRRO’s and CRRO’s as he has oversight of all departments within Horana Plantations PLC.

Management employs robust controls to support the oversight of SRRO’s and CRRO’s, embedding these controls into the Company’s Value Chain, Supply Chain and all grades of employees through training and Standard Operating Procedures (SOP’s). Senior Corporate Management and other top leadership are kept well informed about emerging SRRO’s and CRRO’s to ensure that these material topics are kept in consideration when determining strategies, investments and risk management.

ESG GOVERNANCE STRUCTURE



ESG STEERING COMMITTEE

An ESG Steering Committee is established under the stewardship of the Director/CEO and Senior Corporate Management. The ESG Steering Committee oversees progress on ESG goals, identifying SRRO’s & CRRO’s, advising on strategic realignment, and ensures transparent and accurate reporting of non-financial disclosures.

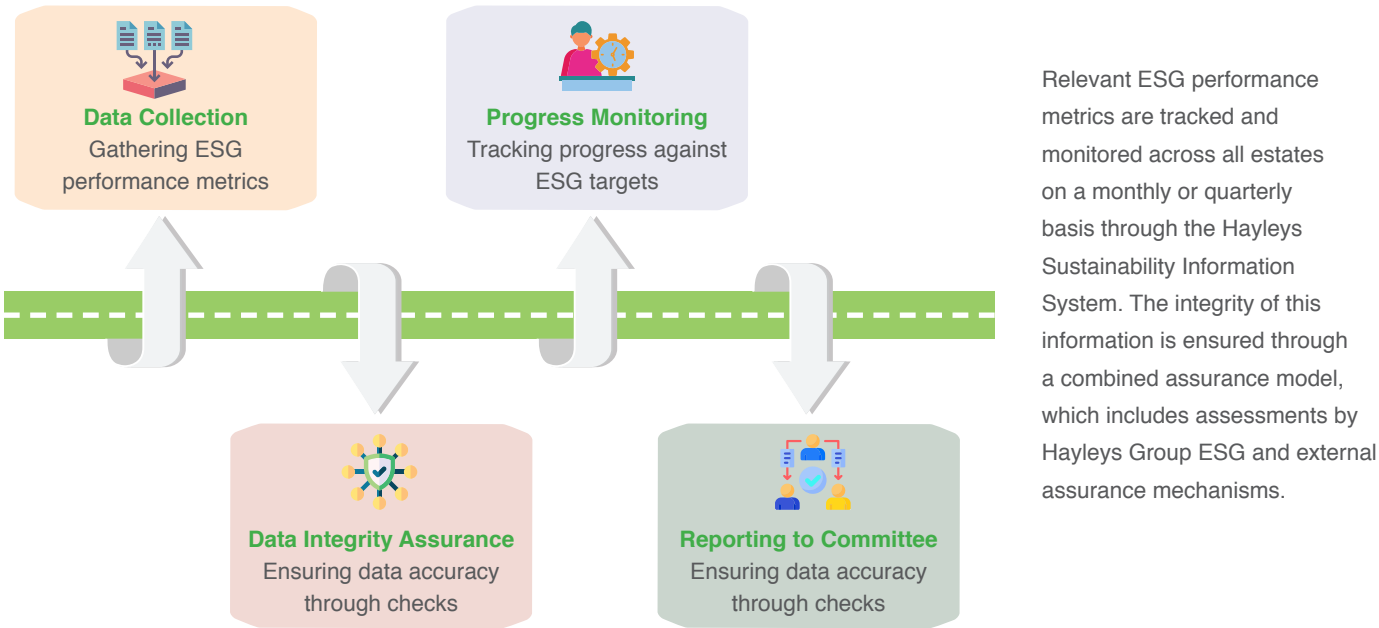
The committee operate with a clear mandate and the Director/CEO acts as the link between the Committee and the Board of Directors. The ESG Steering Committee meets quarterly, with the option for additional meetings as needed. A designated officer acts as Secretary, recording detailed minutes. All meetings are documented and reported to the Board of Directors at their quarterly meetings. A schedule for the next year’s meetings is provided to the Director/CEO in advance, ensuring at least four board meetings annually.

Committee Member	Role
Director/CEO	Board Representative
General Manager Finance	Finance Oversight
General Manager Corporate Affairs	Corporate Governance
Finance Department	Financial Management
Sustainability Department	Environmental Initiatives
Human Resource Department	Employee Management
IT Department	Technology Infrastructure
Procurement Department	Supply Chain
Marketing Department	Marketing Strategies

ESG OVERSIGHT STRUCTURE



ESG REPORTING AND MONITORING PROCESS



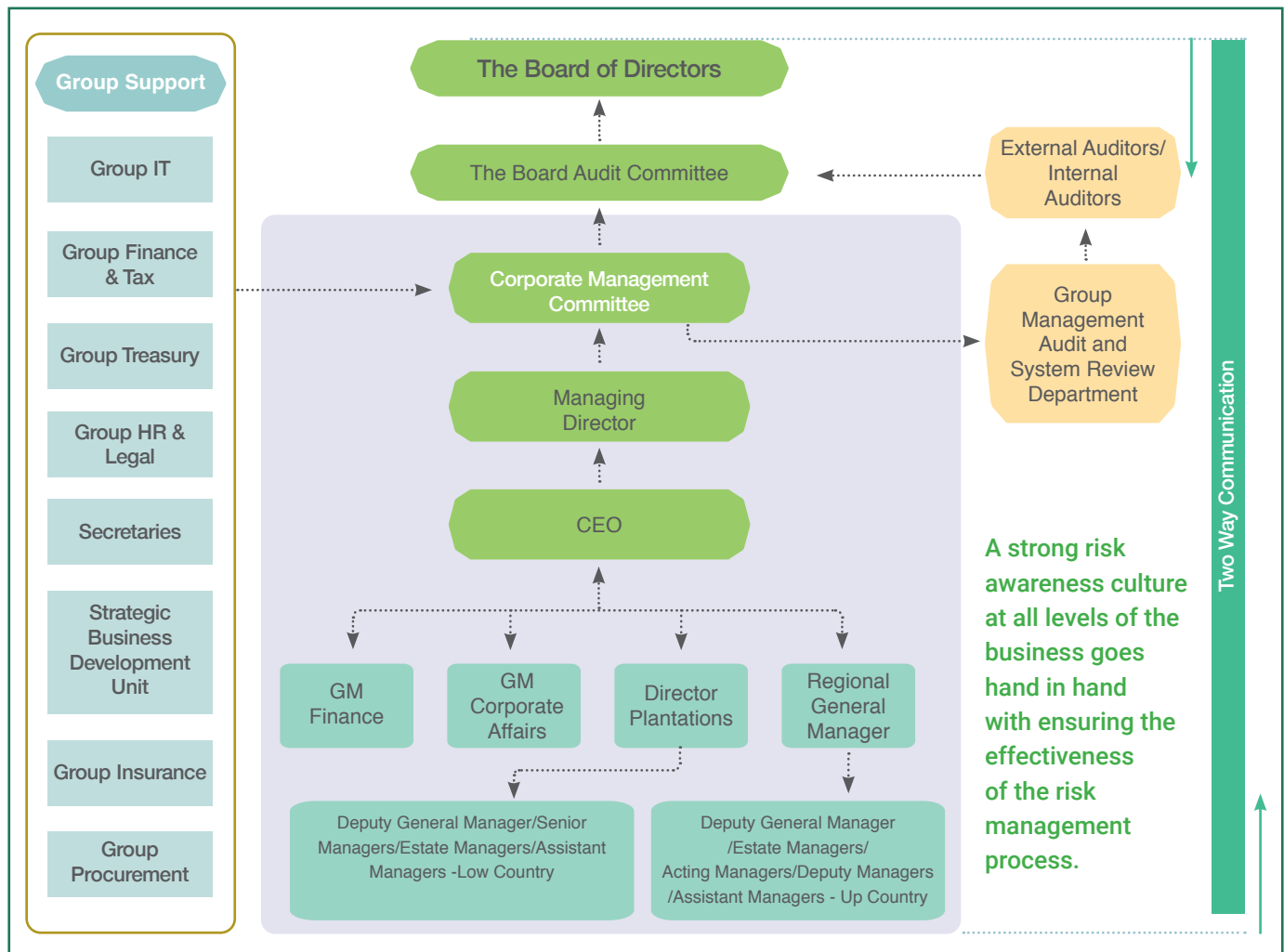
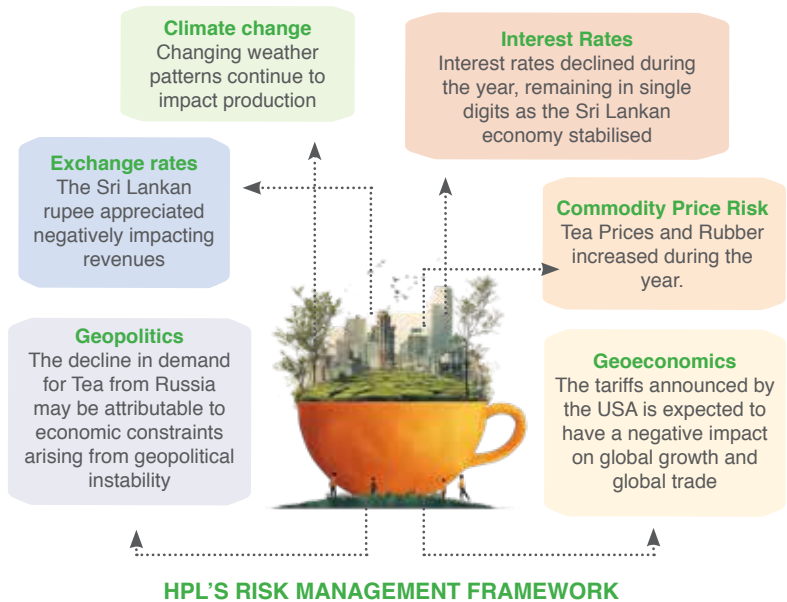
Advancements on ESG initiatives and performance against targets are regularly reported to Hayleys PLC and monitored on a timely basis. Appointed Sustainability Champions of the ESG Division at Horana Plantations PLC serve as company-level representatives working closely with the Hayleys Group ESG division in aligning with the “Hayleys Lifecode” and drive any Group ESG initiatives.

ESG COMMITTEE’S CORE MANDATES



MANAGING RISK

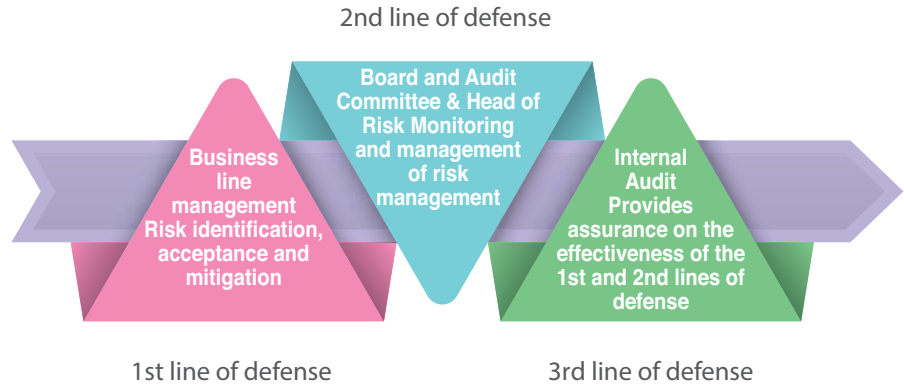
Managing risk and building resilience continues to gain prominence as the uncertainties impacting businesses grow in number, severity, probability and connectivity. It is imperative that we spend sufficient time looking ahead to the landscape ahead to identify these and we use multiple lenses to do so.



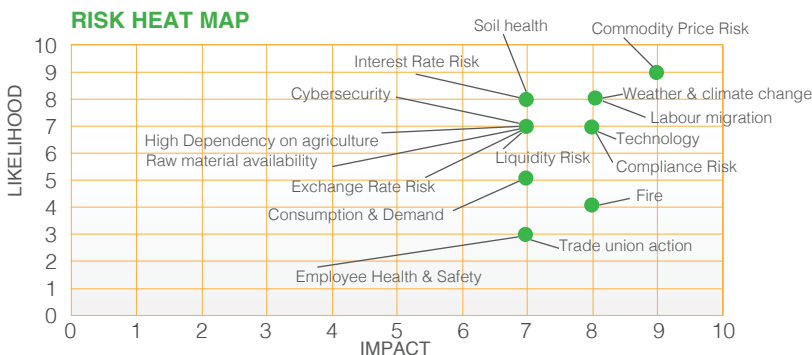
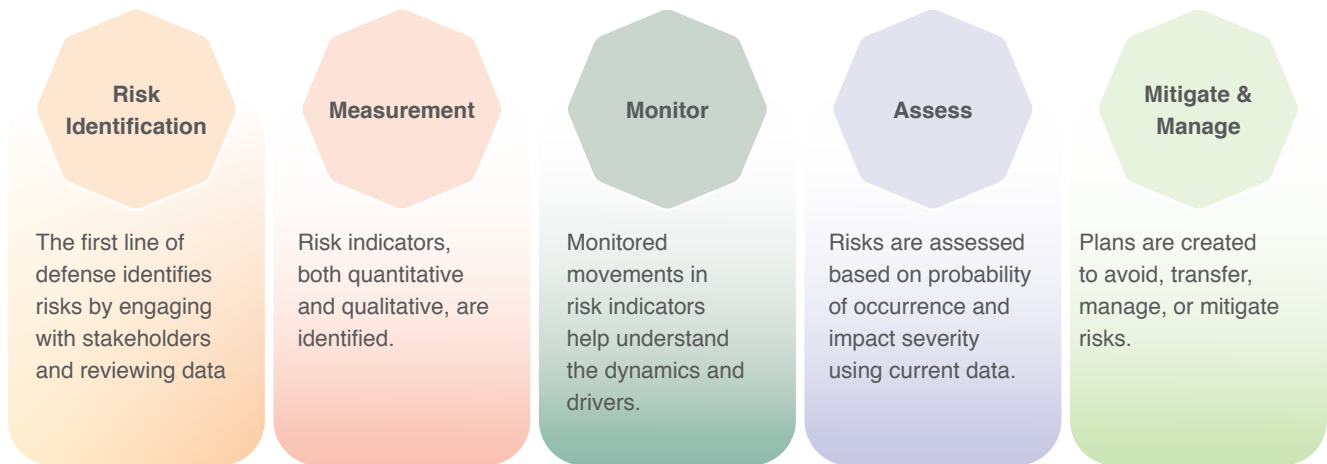
APPROACH TO HPL'S RISK MANAGEMENT

The Company employs Three Lines of Defense model to ensure effective and structured risk management. This framework establishes clear responsibilities: the first line involves operational management directly handling risks; the second line comprises risk and compliance functions that provide oversight and guidance; and the third line is internal audit, offering independent assurance. This model promotes accountability, strengthens internal controls, and supports robust governance across all levels of the organisation

The Company operates three lines of defense model as shown below:



RISK MANAGEMENT PROCESS



EVALUATION AND PRIORITISATION

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

RISK RESPONSE STRATEGIES

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

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

RISK MONITORING AND REPORTING

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

Risk Management Related Duties and Responsibilities

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

Strengthening the 3rd Line of Defense

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

OUR PRINCIPAL RISKS

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

Risk Description	Risk Assessment	Mitigation Plans	Outlook – Short Term (1 year)	Outlook – Medium to Long Term (2-5 years)
Strategic Risks				
Consumption/Demand Tea - Forecast supply growth for tea is higher than forecast demand growth Rubber - Demand for Rubber continues to increase	Impact: High Probability: Moderate	<ul style="list-style-type: none"> • Crop diversification • Manage product mix with long term forecasts • Quality focus for top prices • Regular communication with brokers • Expand customer base in countries not affected by conflict 	Movement in demand factors are not expected to change significantly in the short term.	Strategic marketing leveraging its health benefits and innovation can stimulate demand for tea. Long term demand for Rubber is also likely to increase.
High dependency on agriculture revenues	Impact: High Probability: High	<ul style="list-style-type: none"> • Non-agricultural diversification in to renewable energy 	Expected to reduce dependency on agriculture based revenues	Diversified revenue streams leading to a stable business model
Financial Risks				
Commodity Price Risk Tea and Rubber are sold mainly through auctions based on quality, supply and demand and Agri companies are price takers in this market	Impact: High Probability: High	<ul style="list-style-type: none"> • Increase focus on quality • Manage product mix • Value added products 	Non-fuel commodity prices are expected to increase due to impact of climate change on harvests	These are inherently volatile factors that are extremely difficult to predict for the long term
Interest Rate Risk Adverse effects on fluctuating interest rates need to be minimised as it has a significant impact on profitability and cash flow.	Impact: High Probability: High	<ul style="list-style-type: none"> • Reduce finance cost by utilising concessionary and advantageous lending rates. • Seek possibilities of obtain intercompany borrowings. • The settlement of high-interest debt and the securing of new financing at lower interest rates. 	Interest rates are expected to remain in single digits	
Foreign Exchange Risk Since the Company is an indirect exporter, foreign currency fluctuation directly impacts to the NSA	Impact: High Probability: High	<ul style="list-style-type: none"> • Rubber - Secure more contracts for at least the next 03 months. • Tea - Change the product mix to achieve high NSA. 	Increased volatility in foreign exchange risks as geoeconomics remain elevated	

MANAGING RISK

Risk Description	Risk Assessment	Mitigation Plans	Outlook – Short Term (1 year)	Outlook – Medium to Long Term (2-5 years)
Liquidity Risk Availability of sufficient funds is crucial as the industry is cyclical and the returns are long term.	Impact: High Probability: High	<ul style="list-style-type: none"> HPL's borrowings are suitably structured to ensure the availability of sufficient liquidity to meet debt commitments and other operational requirements. 	Manage within risk appetite	
Operational Risk				
Raw material availability Fertiliser is a key input and its price and availability are significantly impacted by government policy	Impact: High Probability: High	<ul style="list-style-type: none"> Targeted application of fertiliser Soil mapping and preparation of customised formulae Procurement strategies to optimise price and availability Shift to organic fertilisers 	Policies expected to remain stable	Changes in agriculture sector livelihoods and productivity, environmental considerations, health and food security issues may result in policy changes
Compliance risk HPL requires an operating license and has also obtained a number of certifications to access markets. Additionally, a public listed company, HPL has to comply with the CSE listing rules in addition to the Companies Act, and key agreements with the government.	Impact: High Probability: High	<ul style="list-style-type: none"> Compliance statements are provided to the Board by Management who in turn receive compliance statements from Estate Managers Inspections and visits by corporate management, buyers and brokers Internal audit Certification reviews Regulatory reviews and feedback Filing returns and reports in a timely manner 	Compliant	As regulations and certification requirements change, HPL needs to review these and make the necessary adjustments

Risk Description	Risk Assessment	Mitigation Plans	Outlook – Short Term (1 year)	Outlook – Medium to Long Term (2-5 years)
Fire In a plantation, fire is a dreaded risk as it can spread quickly, particularly in dry weather, resulting in loss of dwellings, infrastructure, biological assets and biodiversity.	Impact: High Probability: Moderate	<ul style="list-style-type: none"> Regular fire safety drills and review of protocols Discussions on need for vigilance, adherence to safety protocols Fire extinguishers located in office and factory areas Insurance covers have been obtained for tangible assets. Disaster recovery management procedures are followed. 	Moderate	May increase with rise in temperatures and potential droughts
Human Risk				
Employee health and safety Ensuring employee health and safety is critical because many live and work in the estate and contagious diseases can spread quickly	Impact: High Probability: Low	<ul style="list-style-type: none"> Monitor health and safety of employees Medical officer and medicines available on estates Personal protection equipment provided Employees warned of potential hazards as they materialise 	Moderate excluding epidemics and pandemics	
Labour migration Labour migration from estates has resulted in a decline in the proportion of estate residents actually working on the estate.	Impact: High Probability: High	<ul style="list-style-type: none"> Initiatives to attract estate residents to work Mechanisation of factories Modernising agriculture processes 	Expected to remain high	Modernisation is expected to reduce the risk in two ways – by reducing the numbers required and enhancing the appeal of the industry
Trade Union action Most employees belong to a trade union	Impact: High Probability: Low	Regular engagement with union representatives to discuss matters of mutual concern	Maintain cordial relations with regular engagement	
Technology				
Technology Agriculture sector is being modernised using various technology including biotechnology, drones and other equipment	Impact: High Probability: High	<ul style="list-style-type: none"> Pilot programmes planting weather resistant crops Use of drones in application of fertiliser Use of mechanical equipment for field work Increase employee awareness of the benefits 	Increased adoption of technology	

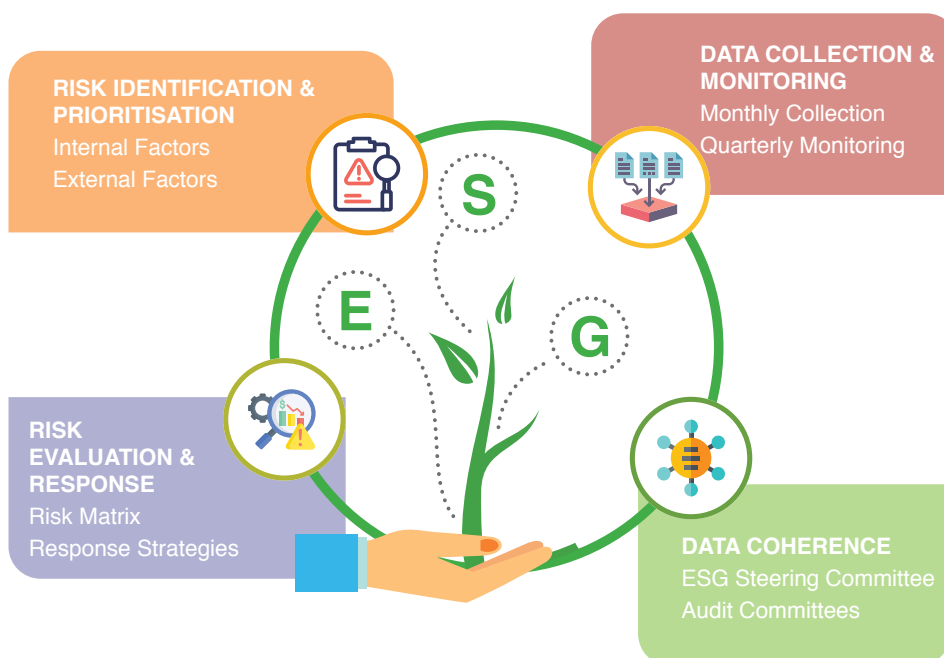
MANAGING RISK

Risk Description	Risk Assessment	Mitigation Plans	Outlook – Short Term (1 year)	Outlook – Medium to Long Term (2-5 years)
Cybersecurity As our operations are reliant on technology for processing of basic transactions, cybersecurity is a fundamental need	Impact: High Probability: High	<ul style="list-style-type: none"> Use of Antivirus and firewall software. Secured backup systems. Comply with Hayleys Group it Security Policies & Guidelines. 	Moderate	Moderate
Environmental Risks				
Extreme weather & Climate Change Potential loss of biological assets and harvests. Extreme weather may result in even loss of life and damage to infrastructure	Impact: High Probability: High	<ul style="list-style-type: none"> Experimenting with weather resistant plants Improve soil structure and vegetation to prevent landslides Weather warnings and evacuation of areas in imminent danger 	Intensify climate action programmes	Expected to remain moderate through climate adaptation initiatives
Soil health The nutrients and the structure of soil is critical to managing any agricultural venture	Impact: High Probability: High	<ul style="list-style-type: none"> Organic fertiliser and other good agricultural practices to restore soil health 	Moderate	Moderate

GRI 201-2 & 13.2.2

ESG RISK MANAGEMENT

The Company's ESG risk assessment and materiality assessment are aligned to the methodology of Hayleys PLC, and have been integrated into the overall risk management framework.



HPL's Risk and Opportunity Management System provides a comprehensive framework to ensure consistency in the identification, reporting, and management of risks, while capitalising on opportunities across the business.

Recognising the critical impact of weather conditions on our financial sustainability as an agricultural producer, we have chosen to adopt SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 - Climate-Related Disclosures.

SUSTAINABILITY RELATED RISK AND OPPORTUNITIES (SRRO's)

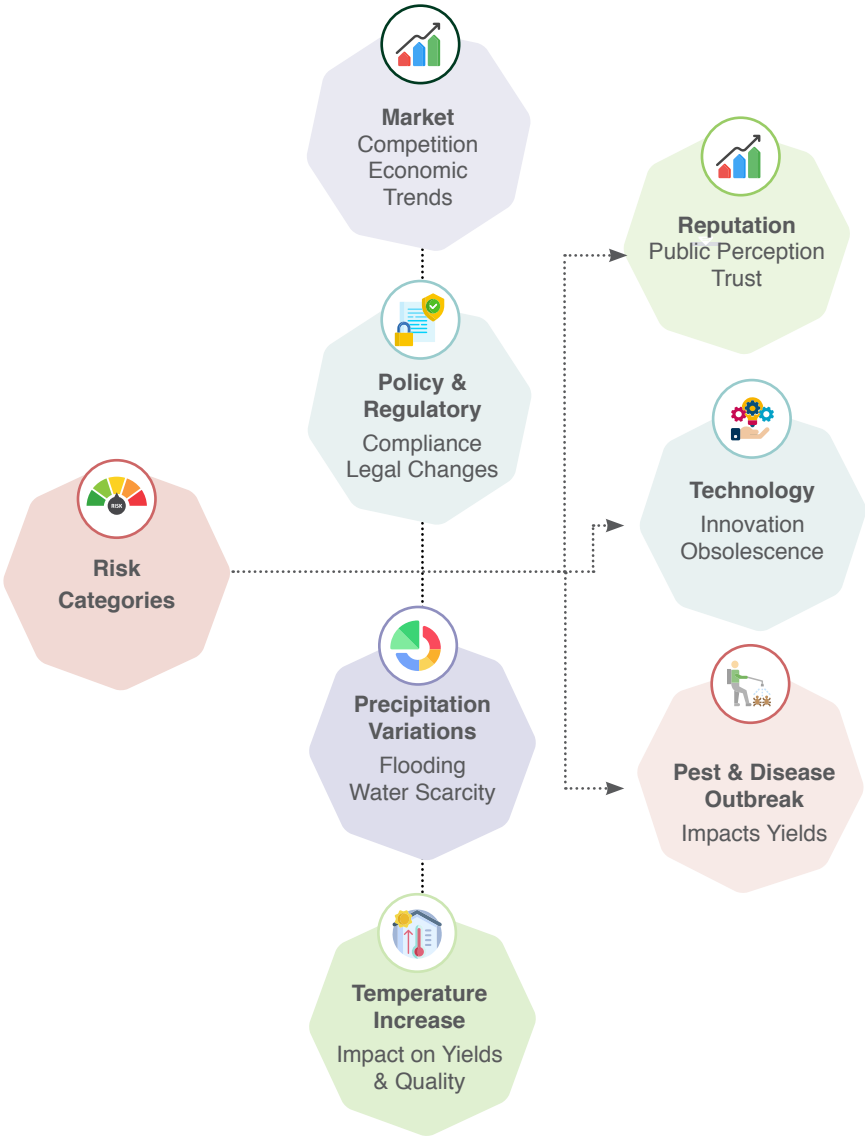
Sustainability-related risks and opportunities have become essential considerations for businesses and their stakeholders. Environmental challenges such as climate change and ecological damage pose significant threats to operational stability and long-term viability. The communities we engage with, and social relationships established, play a vital role in the continuity of our operations. By considering the perspectives of environmental concerns and expectations of stakeholders, the Company aspires to develop more comprehensive and effective sustainability strategies.

MANAGEMENT OF SRRO's

Over the course of the year, the Company augmented its risk management processes by integrating sustainability risks into its overall business risk management framework. The Corporate Management Committee meets often to identify risks and opportunities arising out of information provided by the ESG Steering Committee.

Risk monitoring and reporting is ongoing, through consultations with management from various departments, internal and external audits, as well as market information and competitor analysis. It is a bottom-up process that starts at an operational level and moves all the way up to the Board through the ESG Steering Committee/Corporate Management Committee and the Board Audit Committee. The indicators are submitted to our ultimate parent company, Hayleys PLC, where progress is monitored by the Hayleys ESG Steering Committee, Board Audit Committee, and at the GMC level.

A risk matrix is utilised to evaluate risks based on their impact on the business (high, medium, low) and the likelihood of their occurrence (unlikely, possible, certain). HPL's response strategies are formulated according to our risk appetite, which is influenced by policies, threshold limits, and procedures implemented across our operations.



CLIMATE-RELATED RISKS AND OPPORTUNITIES (CRRO'S)

For management of CRRO, the same management procedures have been followed as mentioned above (SRRO) and following CRROs have been identified for the year 2024/25 under three time horizons; Short Term (within one year), Medium Term (within 2 – 5 years) and Long Term (more than 5 years)

Climate-Related Risks (CRR's)											
		Time Horizon Over Which Effects Are Expected and Its Impact									
Risk Category	Risk Description	Short			Medium			Long			Response Strategy
		Impact	Occurrence	Overall Rating	Impact	Occurrence	Overall Rating	Impact	Occurrence	Overall Rating	
Policy & Regulatory	Regulations assigning a cost on Carbon or GHG emissions and environment would potentially impact our operations due to an increase in compliance costs.	M	L	M	M	M	M	H	M	H	Stay well informed of regulatory changes by closely monitoring policy developments and ensuring compliance with current and upcoming regulations.
Market	Increasing consumer expectations to manage climate-related risks. This could increase costs associated with strategic realignment.	L	L	L	L	M	M	M	H	H	Commit to science-based targets and ensuring we put in place plans to meet our targets.
Technology	Costs associated with energy efficient and climate smart technological investments to remain competitive in markets and compliant with standards.	M	L	M	M	M	M	M	H	H	Make sustainability a central part of our business strategy. This includes setting clear, measurable goals for reducing carbon emissions, waste, and resource use.
Reputation	Reputational risk may result in boycotts from key stakeholders, including consumers and investors, which can result in decreased demand and disrupted access to finance.	L	L	L	L	M	M	M	M	M	Allocate resources towards R&D to keep up with technological advancements, ensuring our strategic plans can transform potential technology risks into opportunities.
											Close monitoring of changes and continuing good performance in key sustainability ratings, as well as regular reporting on efforts to build trust and demonstrate our commitments.
											This includes setting targets for reducing GHG emissions, improving energy efficiency, and adopting renewable energy sources.

Climate-Related Risks (CRR's)

Climate Related Risks (CRRs)		Time Horizon Over Which Effects Are Expected and Its Impact									
Risk Category	Risk Description	Short			Medium			Long			Response Strategy
		Impact	Occurrence	Overall Rating	Impact	Occurrence	Overall Rating	Impact	Occurrence	Overall Rating	
Temperature Increase (Physical Chronic Risk)	Upcountry Estates: The slow increase in average atmospheric temperatures will impact Tea Shoot Growth and alter growth cycles that influence the quality of tea.	M	L	M	H	L	H	H	H	H	The Company adopts prudent agricultural practices, such as using TRI-recommended clones for tea cultivation and high-yield rubber clones. Proactive monitor rainfall and temperature patterns to help identify their impact on production, and to allow for timely action.
	Low Country Estates: Temperature will also impact our Rubber Plantations as turgor pressure is affected which will impact latex flow and subsequently rubber yields.	L	L	L	M	M	M	H	H	H	Diversifying crop mix to reduce dependency on a single crop and spread risks. Improving soil conditions by applying fertilizers appropriately and promote the use of organic fertilizers.
Precipitation Variations (Physical Acute Risk)	Upcountry Estates: High rainfall will affect the moisture content in leaves, thereby altering the energy requirements during the drying stages of tea and significantly impact the seasonal flavor profiles of tea.	M	L	M	H	M	H	H	H	H	Engage in regenerative agricultural practices. Enhance rain guards in rubber fields to protect trees from excessive rain and ensure consistent latex quality. Proactively analyse global trends and demands to incorporate these insights into our strategic objectives to ensure market competitiveness.
	Low Country Estates: High rainfall will disrupt business continuity due to flooding and adversely affect rubber yields by reducing the number of tapping days.	L	M	M	H	M	H	H	H	H	The company has introduced early and late tapping strategies to catch up on lost tapping days. HPL strictly follows Integrated Pest Management (IPM) strategies to prevent pest attacks and minimise potential crop losses.

Climate-Related Risks (CRR's)										
Risk Category	Risk Description	Time Horizon Over Which Effects Are Expected and Its Impact								
		Short			Medium			Long		
		Impact	Occurrence	Overall Rating	Impact	Occurrence	Overall Rating	Impact	Occurrence	Overall Rating
Pest & Disease Outbreak (Physical Acute Risk)	Upcountry Estates: Climate change exacerbates the incidence of Blister Blight, necessitating increased pesticide use and resulting in higher operational costs.	M	L	M	M	M	M	H	H	H
	Low Country Estates: Climate change intensifies the prevalence of Pestalotiopsis, resulting in increased leaf fall and reduced yields.	M	L	M	M	M	M	H	H	H
		Diversifying crop mix to reduce dependency on a single crop and spread risks. Improving soil conditions by applying fertilisers appropriately and promote the use of organic fertilisers.								

Climate-Related Opportunities (CROs)

Opportunity	Description	Response Strategy
Renewable Energy Adoption	Use of lower-emission sources of energy and renewable energies can be utilised as a fuel source to reduce dependencies on diesel generated grid electricity.	Generate 1,000 Mwh renewable energy annually(Solar and Hydro power), and seek opportunities for expansion of new solar and hydro initiatives.
Regenerative Agricultural Practices	Adopting sustainable agricultural methods can enhance soil health, capture carbon, and reduce emissions associated with the application of fertilisers.	Expand on biochar production and composting. Maintain use of cover crops and mulching techniques to mitigate soil erosions. Integrate Agro-forestry methods to improve soil fertility and enhance biodiversity.
Crop Diversification	Breeding and growing crop varieties that are more resilient to climate stress can improve crop durability, boost productivity, and help spread risks.	Maintain a comprehensive awareness of advancements within Crop Research Institutes (TRI, RRI, CRI) With the Collaboration of external entities such as universities, prioritise the development of crop seedlings that demonstrate increased resilience to extreme weather conditions.

Sustainability-Related Risk (SRR)

Sustainability Related Risk (SRR)		Time Horizon Over Which Effects Are Expected and Its Impact									
Risk Category	Risk Description	Short			Medium			Long			Response Strategy
		Impact	Occurrence	Overall Rating	Impact	Occurrence	Overall Rating	Impact	Occurrence	Overall Rating	
Physical Water Availability	Climate change induced variations in rainfall and evaporation rates can disrupt groundwater recharge, leading to water scarcity and higher operational costs for rubber processing centres.	L	L	L	M	M	M	H	M	H	Remaining conscious of our water usage and wastewater discharge, while complying with all water-related laws and regulations.
											Upholding the UNGC CEO Water-Mandate, dedicating ourselves to act across 6 key areas of water stewardship.
Escalating Customer Requirements on Sustainability	Growing demand for alignment with ESG parameters will increase costs associated with strategic realignment and compliance costs.	L	L	L	M	M	M	M	H	H	Stay well informed of regulatory changes by closely monitoring policy developments and ensuring compliance with current and upcoming regulations
Labour Absenteeism & Wage Spikes	Rising daily wages will increase labour costs, adding further financial strain due to labour shortages and higher input prices like fertilisers. This can lead to higher production costs and lower yields.	L	M	M	M	H	H	H	H	H	Delivering training and capacity building while participating in multi-stakeholder collaborations to address root causes and promote systemic change.
											Continue to maintain a revenue sharing model (RSM) offering flexibility in working hours with wages linked to productivity.
Biodiversity Loss	Improper agro-chemical use, intensive farming, deforestation, and climate change can harm ecosystem services like pollination and soil health, disrupting operations and increasing mitigation costs.	L	L	L	L	M	M	H	H	H	Engage in Reforestation and Afforestation efforts to develop resilient ecosystems.
											Increase the use of organic fertilize across all our estates.
											Adopt best practices in procurement and adhere strongly to our Service Provider Selection Policy.
											Support suppliers engaging in nature-based solutions and aid them in minimising deforestation.

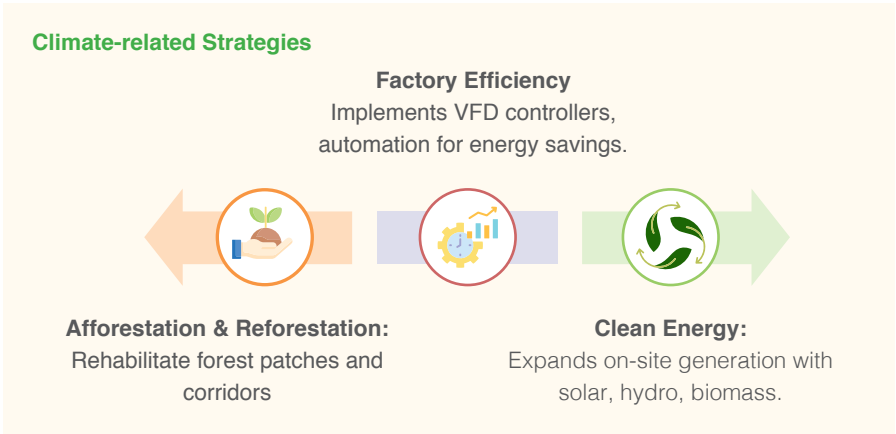
Sustainability-Related Opportunities (SROs)

Opportunity	Description	Response Strategy
Rainwater Harvesting Ponds	Ponds help capture precipitation and surface runoff which will help retain soil moisture levels within an ecosystem through slow seepage and also provides water for operational use when the resource is scarce.	Identify suitable locations for constructing new rainwater harvesting ponds (considering factors such as topography, soil type) across all divisions within our Estates.
Integrating ESG	Committing to a robust ESG Framework focusing on sustainable economic growth, community development, and environmental investment will allow us to venture into new export markets.	Our Sustainable Growth strategy is to incorporate principles and objectives committing towards Human Rights, Environmental Conservation, Sustainable Technologies and Social Welfare. Continuously review and refine ESG strategies to foster a culture of continuous improvement and adapt to changing conditions as well as emerging trends.
Sustainable-Agri Ventures	We can explore new agricultural opportunities by utilising vacant or unproductive lands and implement multi-cropping strategies to minimise our ecological footprint. This approach will both generate additional revenue streams for the company and create employment opportunities for the broader community, thereby fostering inclusive growth.	<p>Grow high value crops in Polyhouses and expand on operations.</p> <p>Expand intercropping strategies and maintain the “Village Integration Model” involving external farmers.</p>

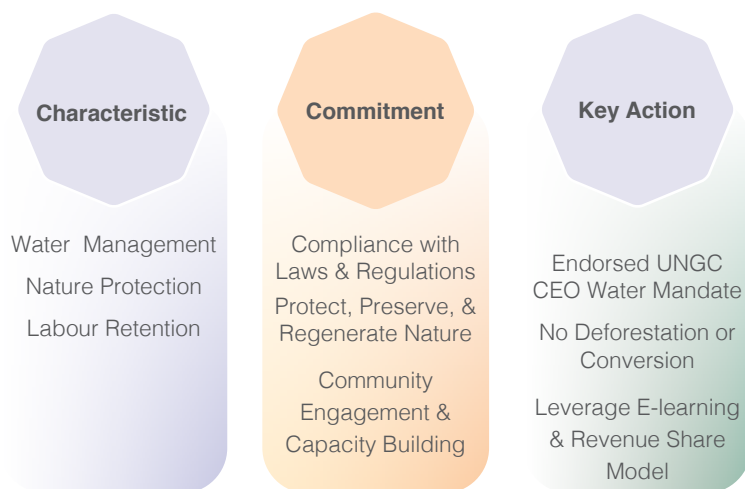
ESG STRATEGIC PLANNING

At Horana Plantations PLC, our strategic planning process encompasses a comprehensive reflection on the past to understand the historical operating environment of the industry, considering ecological concerns, social relations, and governing conditions such as policies and restrictions. Foresightful thinking to identify risks and vulnerabilities to natural hazards and socio-economic situations allows us to develop responses to external drivers and uncertainties potentially affecting sustainable growth.

We aim to reduce greenhouse gas emissions in accordance with the Paris Agreement's goal to limit global warming to well below 2°C above pre-industrial levels. This involves complying with all legal requirements, expanding renewable energy sources, implementing circular economy measures focused on emission reduction and reinforcing Standard Operating Procedures that support decarbonisation goals. In addition to addressing emissions, we consider water usage, the establishment of resilient ecosystem, which includes habitat restoration and protection of aquatic areas.



Sustainability-related Strategies



HPL also adheres to the Hayleys Lifecode and its associated social, environmental, and governance policies as a minimum standard. In the latest edition of the Hayleys Lifecode, the Group has established six long-term commitments that address key priority areas derived from the Group's material risks and opportunities, evolving stakeholder requirements, and the complex landscape in which the Group operates.

Six Long-term Commitments

Priority Area	Description
Accelerate Climate Action	Drive climate Initiatives forward
Responsible Workplace	Ethical and safe work environment
Partnering Progress	Collaborative advancement with stakeholders
Responsible Corporate Citizenry	Accountable community involvement and support
Restore and Regenerate Nature	Revitalize natural ecosystems and habitats
Optimise Resource Footprint	Efficiently manage and reduce resource use

Identifying The Most Significant SRRO's & CRRO's

The most impactful SRRO's and CRRO's identified, which will be referred to as "material ESG topics", informs which issues we report on and how we establish our ESG priorities based on the relative importance and potential impact of these factors.

Our materiality assessment incorporates a "double materiality" approach, meaning it is focused on understanding material ESG topics that could represent a risk or opportunity to HPL as well as topics through which HPL may have impacts on external stakeholders.



In alignment with the Sri Lanka Financial Reporting Standard (SLFRS), we have chosen to estimate the anticipated financial impact of four material ESG risks. The estimation process considered current conditions, historical trends, and scientific studies, conducted using available information without incurring undue cost or effort. Nevertheless, our objective is to enhance our reporting to include a more detailed and fair presentation of sustainability and climate-related disclosures.

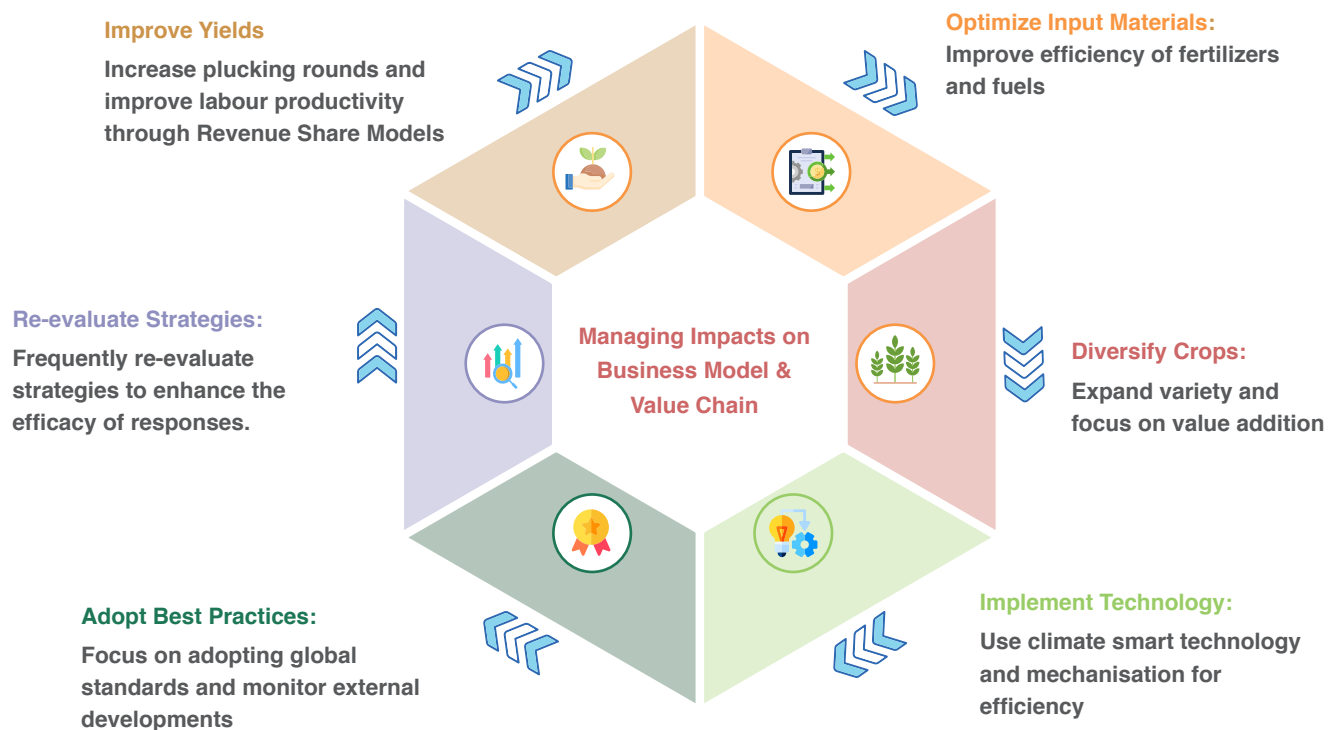
Time Horizon Definition		Link to Organisation's Planning Horizon for Strategic Decision-making
Short-run (SR)	< 1 year	Generally consistent with internal financial planning as well as the implementation of cost-effective energy solutions and community outreach.
Medium-run (MR)	2-5 years	To capture the impacts of material ESG topics, and the likelihood of their impacts, to help facilitate informed decisions on strategies and targets.
Long-run (LR)	> 5 years	To further comprehend the impacts of chronic and acute physical risks as well as other sustainability-related risks that could develop over the next decade.

SRR / CRR	Description	Anticipated Effect & Time Horizon Over Which Effects are Expected		Assumptions and Discussions
		Horizon	Financial Impact	
Temperature Increase - Up Country (CRR)	Even rainfall distribution benefits tea cultivation, but increased annual rainfall reduces production due to more cloud cover affecting photosynthesis. Nonetheless, the impact of high temperatures on tea shoot growth is more pronounced than that of rainfall. Understanding the financial implications of this temperature effect will be beneficial for the Company.	> 5 years (LR)	Due to the extensive research needed to understand climate impacts on tea growth, the Company will rely on existing scientific literature predicting climate change effects. Studies suggest a 1°C rise in average temperature will reduce green leaf production by 4.6% (Gunathilaka et al. 2016). Using a three-year average for green leaf production and gross profit per kilogram will enable us to comprehend the financial implications of temperature changes on the tea sector. Consequently, we can reasonably anticipate a loss of Rs. 88 Mn with a 1°C increase in average temperature.	The approach assumes stable production of green leaf and Gross Profit per kilogram, but both can vary due to factors beyond temperature extremes. Additionally, the approach utilises green leaf production to maintain alignment with the referenced scientific study. However, the estimation employs the Company's Gross Profit per kilogram of Made Tea (processed tea). Consequently, all else being equal, a 1°C increase may result in a loss of Rs. 18.5 Mn in Made Tea.

SRR / CRR	Description	Anticipated Effect & Time Horizon Over Which Effects are Expected		Assumptions and Discussions
		Horizon	Financial Impact	
Precipitation Change - Low Country (CRR)	Latex flow after tapping is affected by temperature, while abnormal rainfall can disrupt tapping activities. Both factors are crucial, but rainfall's impact is more variable due to climate change. Therefore, it's essential to assess the financial implications of reduced latex output from fewer tapping days.	1 year (SR)	By using the average intake per tapper and the total workforce, we can estimate daily latex yield under normal conditions. Multiplying this by the number of non-tapping days in 2024/25 and the 3-year average NSA helps calculate the opportunity cost from tapping disruptions. Considering the number of No Tapping Days, we can assume a minimum opportunity cost of Rs. 182 Mn in terms of lost revenue. This financial impact, though specific to 2024/25, can be reasonably anticipated in the short term due to current rainfall trends. However, its impact on Gross Profits will vary depending on the Cost of Sales, which is influenced by direct material and labour as well as manufacturing overheads.	The estimate assumes a stable workforce and average NSA next year. Due to limitations in temperature data and increasing rainfall trends in the Low Country over the past five years, precipitation changes were considered most significant for rubber plantations. Increased rainfall reduces tapping days and causes wetness on the tapping panel, interfering with latex flow and diluting the latex. But that being said, extreme temperatures can cause stress, leaf drop, and plant damage. Therefore, the impact of temperature should not be overlooked. Consequently, we aim to develop our approach to understanding the financial impact of temperature on rubber plantations.
Wage Spikes- Rs. 350/= impact (SRR)	The financial pressures already encountered due to high production costs will be exacerbated with wage hikes.	2-5 years (MR)	The recent government decision to increase minimum wages for the Tea and Rubber Plantation Sector has resulted in a 35% rise in wage-related costs, despite a reduction from the initial gazette rate. This decision is subject to review after a period of three years, allowing for a reasonable anticipation of its impact once the review period concludes. Considering the total man-days for 2024/25 and an additional cost of Rs. 350 per man-day, HPL could anticipate an additional expenditure of Rs. 264 Mn should wages be raised again.	This estimation presumes no change to man-days and that the wage increase will be equivalent to Rs. 350. However, total man-days may fluctuate with workforce changes, and the wage increase in the medium term may deviate from the assumed value. Furthermore, the method encompasses man-days worked by permanent employees. Consequently, the wage impact will be more substantial when contract workers are also considered.

SRR / CRR	Description	Anticipated Effect & Time Horizon Over Which Effects are Expected		Assumptions and Discussions
		Horizon	Financial Impact	
Escalating Customer Requirements on Sustainability (SRR)	Customer demands for sustainability are rapidly increasing, and sustainability is transitioning from a desirable attribute to a fundamental requirement for many consumers.	1 year (SR)	HPL holds numerous sustainability accreditations, including Rainforest Alliance and Fairtrade (refer to page 128 for a comprehensive list). Although accurately predicting the financial impact of future requirements is challenging, based on our current obligations, we can reasonably anticipate that the costs associated with maintaining these accreditations will be carried forward into the following year until new requirements arise. Consequently, we expect a cost of Rs. 8 Mn.	This assumes no significant changes in the short term to the current pool of sustainability accreditations and that upkeep requirements will remain unchanged.

Impact of CRR & SRR		
	On Business Model	On Value Chain
Current	Unpredictable and adverse weather conditions would disrupt the flavor seasons and peak crop season of tea, as well as the production of rubber latex.	Weather impacts on crops will affect the quality, yields, and revenues for bought green leaf and latex suppliers, leading brokers to market products in volatile markets.
	A decline in crop yield, combined with wage increases, will elevate production costs and reduce revenue, thereby adversely affecting profit margins	The distribution and movement of goods and services may be disrupted by natural hazards arising from adverse weather conditions.
Anticipated	Climatic changes may cause pest and disease outbreaks, leading to crop damage, affecting overall production and quality. These challenges are expected to result in financial losses and mitigation costs.	It will become increasingly challenging for smallholder farmers to comply with emerging standards and frameworks, necessitating the pursuit of new partners with aligned interest.
	Variations in quality, yield, revenue, and consumer expectations may impact our competitive advantage and organisational development, necessitating regular reassessment of strategies.	If production costs remain higher than those of competing producers due to low labour productivity and declining yields, it is likely to adversely affect the country's competitiveness in the international market.



ESG METRICS & TARGETS

Disclosure of Scope 1 & 2 GHG emission Targets and their Progress

Definition of Target	Target Metric	Type of Target	Unit of Measure	Base period	Progress of Target		
					2024/25	2023/24	2022/23
30% GHG emission reduction	Gross Global Scope 1	Absolute	metric tonnes (t) CO ₂ -e	2023/24	4148	3380	2226
	Gross Global Scope 2	Absolute	metric tonnes (t) CO ₂ -e	2023/24	1116	1130	1469
10% GHG emission reduction	Gross Global Scope 3	Absolute	metric tonnes (t) CO ₂ -e	2023/24	660	579	n/a

Agricultural Products Standard- Sustainability Disclosure Topics & Accounting Metrics

Definition of Target	Target Metric	Type of Target	Unit of Measure	Disclosure/Page
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Metric tons (t) CO ₂ -e	FB-AG-110a.1	Refer to page 189
	Discussion of long-and short-term strategy or plan to manage Scope 1 emissions, emission reduction targets, and an analysis of performance against those targets	N/A	FB-AG-110a.2	Refer to page 185
	Fleet fuel consumed,	GJ	FB-AG-110a.3	Refer to page 184
	Percentage renewable	%		N/A
Energy Management	Operational Energy Consumed	GJ		142504
	Percentage grid electricity	%	FB-AG-130a.1	8
	Percentage renewable	%		88
Water Management	(1) Total water withdrawn, (2) Total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Cubic Meters (m3)	FB-AG-140a.1	Refer to page 197
	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A	FB-AG-140a.2	Refer to pages 192-197
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	FB-AG-140a.3	0
Workforce Health & Safety	(1) Total recordable incident rate (TRIR)	Rate	FB-AG-320a.1	0
	(2) Fatality rate			0
	(3) Near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees			0
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities	N/A	FB-AG-440a.1	Refer to page 90
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Percentage (%) by cost	FB-AG-440a.2	N/A

ACTIVITY METRICS

Production by Principal Crop	Tea	MT	FB-AG-000.A	2500
	Rubber			500
Number of Processing Facilities		Number	FB-AG-000.B	11
Total Land Area Under Active Production		Hectares	FB-AG-000.C	3,506

REVIEW OF OPERATIONS

Empowering Values, Enriching Purpose

At Horana Plantations, Diversity, Equity, and Inclusion (DEI) are not just principles—they are the foundation of how we create equal opportunities, value every voice, and foster inclusive systems. Through this, we have cultivated a workplace where collaboration and fairness thrive. This commitment has strengthened our culture, empowered communities, and driven purposeful growth.

As you explore this report, we invite you to discover how the DEI values of Innovation Through, Inclusive Design and Access, Stronger Stakeholder Trust, Resilient Financial Growth, and Equity in Sustainability shape our vision for a progressive, inclusive, and sustainable future for all.



OPERATING ENVIRONMENT

HPL’s operations are influenced by economic, environmental, and social factors, including global commodity prices, climate changes, labour costs, government policies, export regulations, and international market demands.

GLOBAL ECONOMY

During the financial year under review (April 2024 to March 2025), the global economic landscape remained subdued, shaped by persistent geopolitical tensions and shifting trade dynamics.

GLOBAL ECONOMIC GROWTH

2022	2023	2024
3.5%	3.0%	2.9%

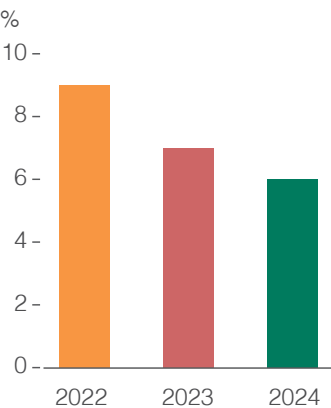
GLOBAL INFLATION

2022	2023	2024
8.7%	6.9%	5.8%

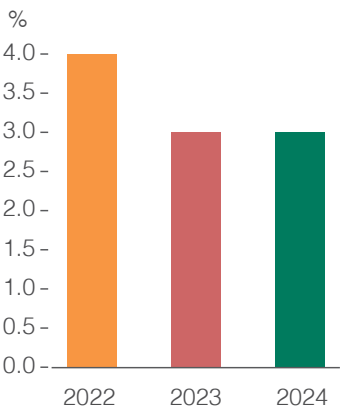
WORLD MERCHANDISE TRADE VALUE

2022	2023	2024
USD 24.9tn	USD 23.89tn	USD 24.43tn

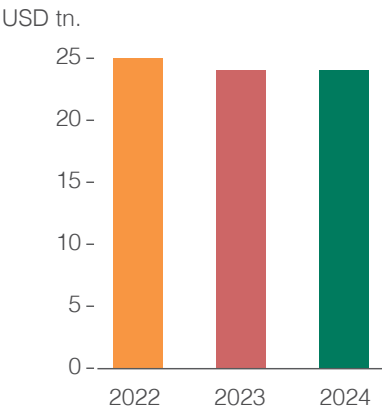
GLOBAL INFLATION RATE



GLOBAL ECONOMIC GROWTH



WORLD MERCHANDISE TRADE VALUE



As per the International Monetary Fund (IMF) World Economic Outlook of January 2024, global GDP growth, which had slowed to 3.0% in 2023 (from 3.5% in 2022), is projected to 2.9% in 2024 before uptick to 3.2% in 2025. Conflicts such as the ongoing war in Ukraine, the Gaza crisis, and disruptions to Red Sea trade routes continued to weigh on global trade and commodity flows.

According to the International Monetary Fund (IMF), global inflation is projected to decline to 5.8% in 2024, down from 6.9% in 2023, reflecting easing energy prices and moderated consumption growth.

In terms of trade, the World Trade Organisation (WTO) reported that the value of world merchandise trade decreased by 4% in 2023, totalling USD 23.89 Trillion. However, projections for 2024 indicate a recovery, with global trade poised to reach nearly USD 24.75 Trillion.

These factors had a ripple effect on Sri Lanka’s export-dependent sectors, particularly Ceylon Tea, which faced challenges due to slower demand from major markets in the Middle East and Russia. Global inflationary pressures, although easing, remained above historical averages, with inflation estimated at 6.9% in 2023, down from 8.7% in 2022. Overall, global economic uncertainty and supply chain disruptions presented a challenging backdrop for plantation sector exports.

SRI LANKA ECONOMY

Domestically, Sri Lanka's economy demonstrated encouraging signs of stabilisation during the year under review. Following a sharp contraction of 7.3% in 2022, the rate of economic decline moderated significantly in 2023, with GDP contracting by 2.3%. In 2024 GDP growth was 5% , the highest growth recorded by Sri Lanka since 2017.

This growth was driven by a broad-based recovery across all major sectors:

- Agriculture by 1.2%
- Industry by 11.0%
- Services by 2.4%

This performance exceeded early projections and reflected improving investor sentiment, the gradual recovery of domestic demand, and the positive impact of reforms implemented in the preceding years.

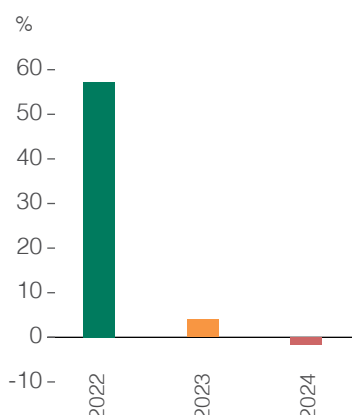
Inflation, as measured by the Colombo Consumer Price Index (CCPI), declined sharply from 57.2% in 2022 to 4.0% by the end of 2023, reflecting improved price stability and easing pressure on households and business costs.

In 2024, Sri Lanka experienced deflation for the first time in nearly three decades, with annual inflation recorded at -1.7% in 2024, a significant decline from 4% in 2023. This rare occurrence was primarily attributed to reduced consumer demand and the effects of monetary policy adjustments. In response, the Central Bank of Sri Lanka introduced a unified policy rate of 8.0%, aimed at encouraging credit growth and supporting continued economic recovery. The exchange rate also strengthened. During the year, with the Sri Lankan rupee appreciating by 12.1% against the US dollar, reversing the 44.8% depreciation recorded in 2022.

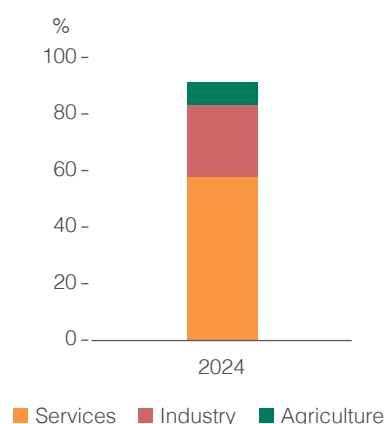
In 2024, Sri Lanka achieved a record-high total export earnings of USD 16.17 Bn, marking a 7.06% increase from the previous year. This comprised USD 12.77 Bn in merchandise exports, up 7.2% year-on-year, and USD 3.4 Bn in service exports.

Despite these positive developments, the macroeconomic environment remains exposed to external and domestic risks, and poverty levels remained high. Global market volatility, rising input and energy costs, and climate-related challenges continue to affect key sectors, particularly export-driven industries such as plantations. Moving forward, sustaining growth will depend on maintaining policy discipline, enhancing resilience, and prioritising productivity and sustainability within the economic framework.

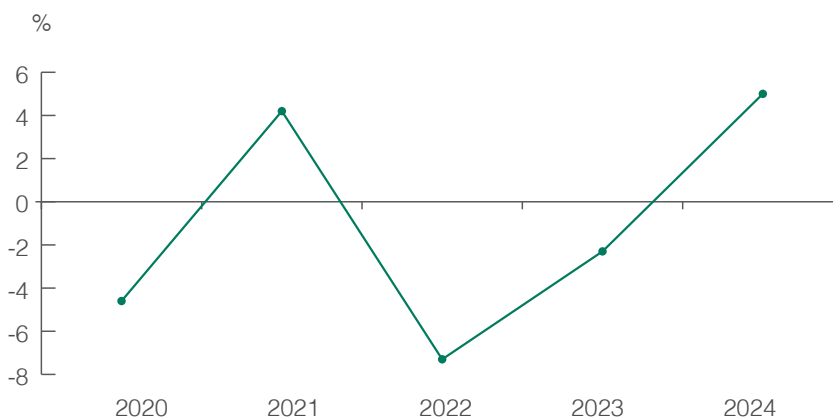
SRI LANKA INFLATION



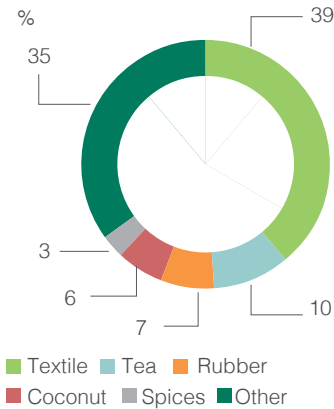
SHARE OF GDP



SRI LANKA REAL GDP GROWTH



SRI LANKA EXPORT MARKET CONTRIBUTION BY PRODUCT



AGRICULTURAL SECTOR

In 2024, Sri Lanka’s agriculture sector demonstrated a strong recovery, posting a year-on-year growth of 8.3%, significantly contributing to the nation’s overall GDP growth of 5%. This growth was largely driven by improved climatic conditions, increased input availability and targeted government support. Notably, sugar production surged by 109.8% in October 2024 compared to the same month in the previous year, reflecting a resurgence in domestic cultivation.

Rubber production followed suit, rising 38.0% year-on-year, because of favourable weather and rising demand in export

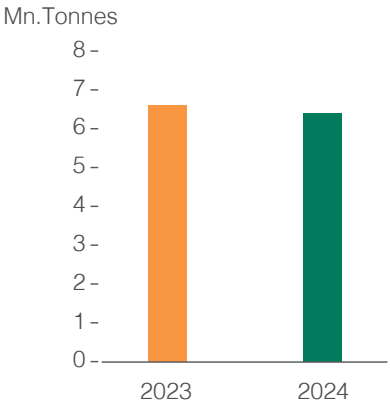
markets. The Yala paddy harvest was estimated at 2.02 million metric tons, an 11.4% increase from the previous Yala season, attributed to efficient water management and better seed varieties. Meanwhile, tea production recorded a 16.3% increase in the third quarter of 2024, bouncing back from earlier declines due to improved rainfall in plantation areas. The export crops segment, especially pepper and cinnamon, also showed strong performance, with higher global prices boosting revenue. These figures underscore the critical role of agriculture in Sri Lanka’s post-crisis economic revival and highlight areas of growth suitable for further investment and productivity improvements.

YEAR IN REVIEW - THE TEA MARKET

GLOBAL TEA MARKET OVERVIEW

The global tea industry in 2024-25 has been marked by a combination of growth, supply chain disruptions, and geopolitical uncertainties. The market continued to expand, with a compound annual growth rate (CAGR) exceeding 5%, driven largely by increasing consumer interest in health-conscious beverages . A further CAGR of 4.5% is expected between 2025 and 2033 as demand for premium teas and niche, particularly green and matcha varieties, continues to surge, especially in North American and Western markets. The global market is valued at 25.6 Bn USD in 2024.

VOLUME GROWTH IN GLOBAL TEA PRODUCTION



Geopolitical tensions played a significant role in shaping the industry’s performance. The ongoing war in Ukraine and economic sanctions on Russia impacted global trade flows, though Russia still managed to increase its imports of tea by 10% in

2024, reaching 24.9 million kilograms. Meanwhile, instability in the Middle East, a region accounting for nearly 50% of Sri Lanka’s tea exports, created additional risks.

Climate change continued to affect tea production worldwide. Unpredictable weather patterns and extreme climate events led to fluctuations in tea yields, particularly in key producing nations such as India, China, and Sri Lanka.

Additionally, shifting consumer preferences influenced the global tea market. There was growing interest in functional teas, cold brew and artisanal blends. The rise of direct-to-consumer (DTC) sales platforms also changed buying patterns, with more consumers opting for online tea purchases over traditional retail channels. Increasing disposable incomes in emerging markets also led to an increasing interest in

premium and specialty teas. However, in some traditional markets, like the UK, tea consumption has declined among younger demographics, who are increasingly favouring coffee and alternative beverages.

Supply chain disruptions also persisted due to rising fuel prices and shipping bottlenecks, particularly in the Red Sea region, where attacks on vessels led to increased freight costs and logistical delays.

SRI LANKAN TEA INDUSTRY: OPPORTUNITIES AND CHALLENGES

Sri Lanka’s tea industry faced a mix of opportunities and challenges in 2024-25. The country’s tea production reached 262 million kilograms in 2024, reflecting a 2.7% increase from the previous year. This growth was attributed to improved agricultural practices and relatively favourable weather conditions. However,

excessive rainfall in the second quarter negatively impacted high-grown tea production, leading to a 5% decline in output from these regions. Meanwhile, drought conditions in some areas also contributed to inconsistent yields.

In 2024, Sri Lanka’s tea industry faced challenges due to high fertiliser costs, which impacted production and profitability. In August the fertiliser subsidy was reintroduced, to reduce pressure on tea cultivators.

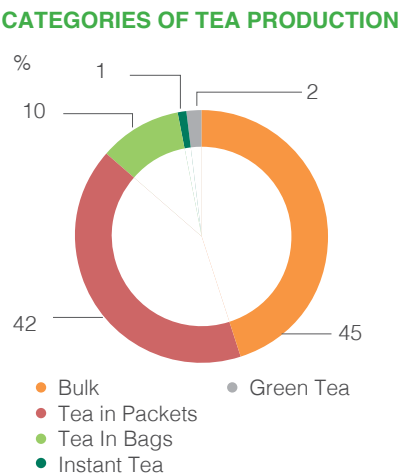
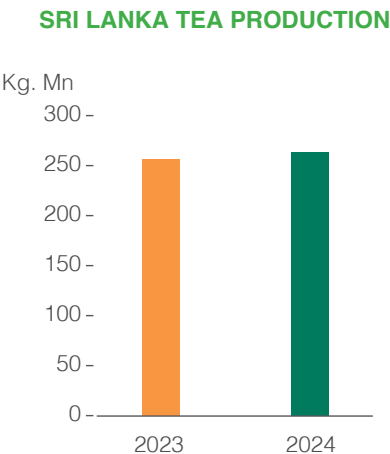
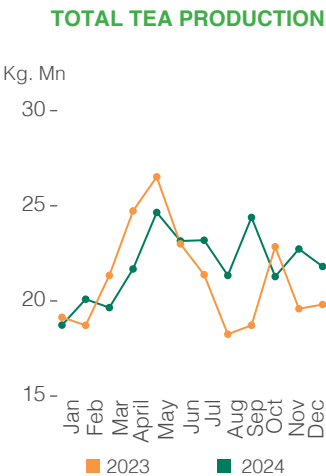
Despite production challenges, tea export revenue climbed slightly to USD 1.43 Bn. The UAE emerged as a significant buyer, boosting its imports of Sri Lankan tea, highlighting the region’s ongoing demand for premium Ceylon Tea. However, geopolitical tensions in the Middle East and sanctions on Iraq, created uncertainty for exporters as 50% of Sri Lanka’s tea is exported to the Middle East.

Russia remained a strong market for Sri Lankan tea, increasing its imports despite economic sanctions and supply chain hurdles caused by the Ukraine conflict. Meanwhile, currency fluctuations posed another challenge. The appreciation of the Sri Lankan Rupee against the US Dollar, while beneficial for macroeconomic stability, reduced local earnings from exports, impacting profit margins for tea producers.

to differentiate Sri Lankan tea from competitors.

The 2024 Sri Lankan presidential elections and potential policy shifts also created an uncertain business environment, particularly concerning agricultural subsidies and trade agreements that could influence the tea industry’s growth trajectory.

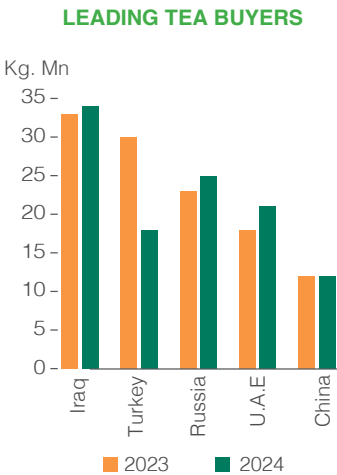
As Sri Lanka navigates the evolving global tea market, it must address these risks while capitalising on opportunities such as diversifying into premium tea products, expanding into emerging markets, and leveraging sustainable farming practices to ensure long-term stability and growth.



While inflationary pressures were a significant concern earlier in the year, Sri Lanka experienced deflation in the latter half of 2024, with inflation dropping to -0.2% in September, -0.7% in October, and -1.7% in November. This was driven by factors such as reduced power tariffs, lower fuel prices, and an appreciating rupee, easing cost pressures for tea producers.

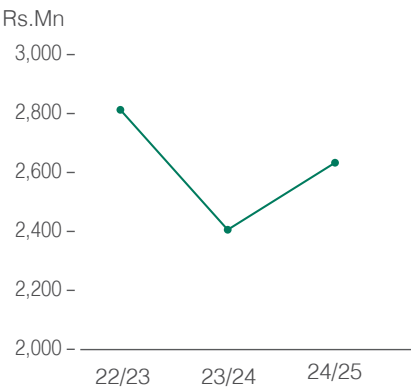
The tea plantation sector also witnessed labour strikes in 2024, as workers demanded an increase in their daily wage to Rs. 1,700. The government ultimately announced a wage increase in May 2024, but the unrest highlighted ongoing concerns about labour conditions and costs in the industry.

Additionally, Sri Lankan tea exporters had to comply with stricter EU pesticide regulations, adding to costs and logistical challenges. Soil erosion and degradation due to deforestation and monocropping can lead to reduced yields and plantations have been quick to move into crop diversification and sustainable agricultural practices. This also appeals to a growing global consciousness about sustainability and can be used

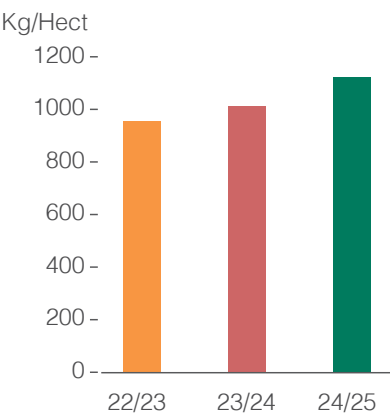


Our Performance

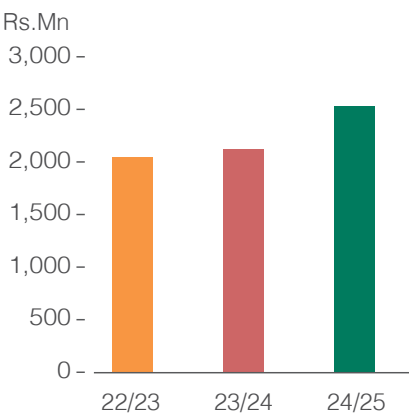
TEA REVENUE



YIELD PER HECTARE



COST OF PRODUCTION



In 2024, Horana Plantations PLC (HPL) recorded a significant increase in tea production, rising from 2.2 million kilograms in 2023 to 2.5 million kilograms, driven largely by an increase in high grown production. While High Grown teas continued to represent 95% of total production, growth in this segment remained nominal due to excessive rainfall in the highland regions.

Despite the Company yield has increased by 11%, 20% increase in Cost of Production (COP), HPL achieved a 26% increase in profitability. This was made possible by the company’s ability to consistently command above-average prices in the market. The price variance widened significantly to Rs.49/- per Kg in 2024, up from Rs.12/- per Kg in the previous year, underscoring the marked improvement in the quality of HPL’s teas.

This strong performance reflects the success of HPL’s targeted strategic interventions to enhance both sustainability and product quality. The adoption of high-density planting methods enabled more efficient land use, while the incorporation of shade trees helped protect bushes from temperature extremes and improved leaf quality. Shorter plucking rounds ensured harvesting at optimal maturity, and a combination of manual and mechanical plucking increased efficiency during peak seasons. Workers were equipped with ergonomic plucking baskets, leading to better productivity and consistency.

At the processing level, HPL introduced colour sorter machines to maintain uniformity and enhance the product quality. Factory operations were further supported through expert guidance from manufacturing advisers, ensuring consistent quality control and operational excellence.

The company also prioritised sustainable land management practices such as terracing and effective draining systems, particularly in sloped and rain-prone areas, to maintain healthy root systems and soil stability. Organic fertilisers, biochar, and rainwater harvesting were integrated across estates to promote environmentally sound cultivation. Additionally, fertiliser application was guided by site-specific soil testing, improving efficiency and minimising environmental impact.

These efforts have not only enhanced the resilience and sustainability of operations but have also positioned HPL’s teas as premium offerings in the market, resulting in improved profitability even amidst cost pressures.

BUSINESS LINE REVIEW – RUBBER

Global Market Overview

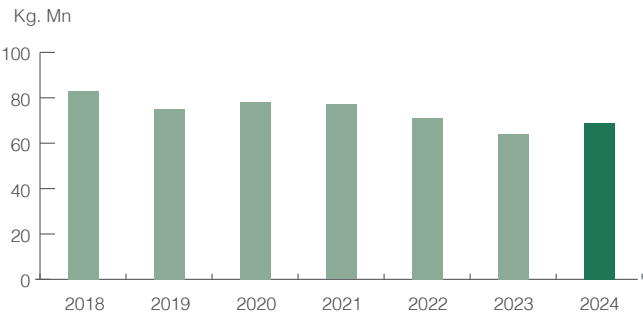
The global rubber market in 2024 remained dynamic and challenging, shaped by shifting weather patterns, economic uncertainty in China, and speculative movements in commodity trading. Global production of natural rubber reached 12.7 million metric tonnes, an increase of 2.4% year-on-year. Global demand outpaced production at 13.9 million metric tonnes, though the growth was modest at 0.5%. Severe flooding in Southern Thailand disrupted tapping activities over nearly 800,000 hectares, tightening global supply and briefly boosting prices. However, by December, rubber futures saw a correction due to improved weather, speculative sell-offs, and cautious year-end trading.

Downward price trends reflected softening demand from major buyers and increasing interest in synthetic rubber, which gained ground due to cost competitiveness and slower growth in vehicle production.

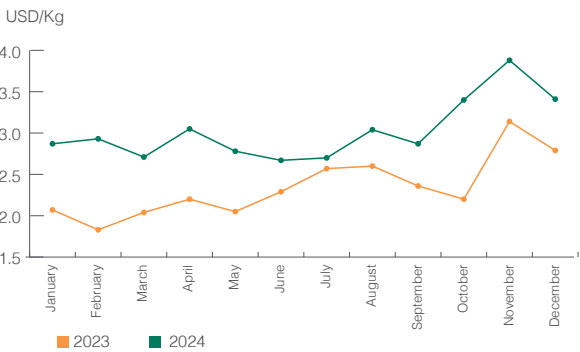
Sri Lankan Market Performance

Sri Lanka's rubber sector mirrored global trends, balancing early gains with a quieter end to the year. Rubber & rubber products exports grew by 8.25% YoY (Jan–Nov), reaching USD 920.81 million, driven by industrial and surgical gloves. In contrast, November saw a 1.96% YoY dip, mainly due to falling tyre and tube exports. Auction volumes in December totalled 452,555 kg, reflecting subdued local trading activity. Domestic prices declined steadily: Latex Crepe 1X averaged Rs. 1,050/kg in December, down from Rs. 1,075/kg earlier in the month. RSS1 slipped to Rs. 760/kg, a Rs. 42.50 decrease from November.

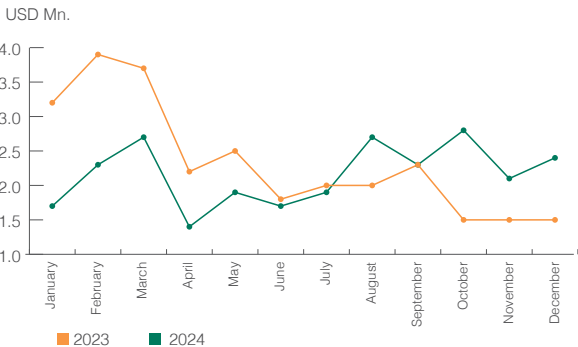
NATIONAL RUBBER PRODUCTION



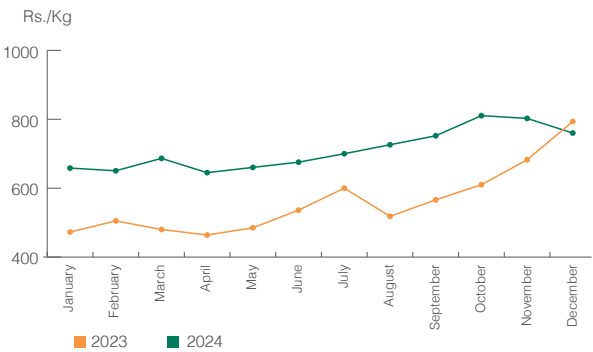
RUBBER EXPORT FOB PRICE MOVEMENT



SRI LANKA MONTHLY RUBBER EXPORT REVENUE



NATIONAL RUBBER PRICE MOVEMENT :RSS1



OPERATING ENVIRONMENT

Our Performance

Despite external pressures, HPL’s rubber segment performed strongly, leveraging strategic initiatives and timely market positioning. The company capitalised on favourable prices during the first half of 2024 before the global downturn. We maintained steady production levels, with improved estate management and replanting efforts supporting sustainability.

Importantly, HPL intensified its value addition strategy through the production of crepe rubber for premium shoe soles and targeted exports of speciality rubber grades that fetched higher margins. These value-driven initiatives not only insulated HPL from market volatility but also improved profitability in a competitive sector.

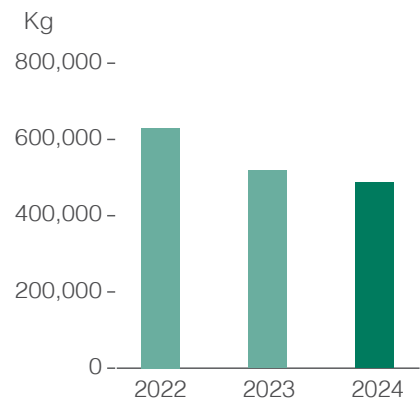
HPL Highlights

- HPL reported strong financials despite sector-wide pressures.
- Benefited from:
 - Higher rubber prices in the first half of the year
 - Operational efficiencies across rubber estates
 - Focused efforts on value-added products

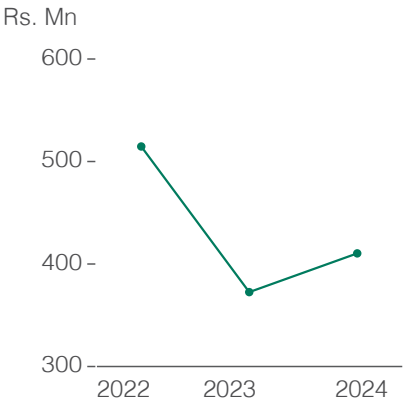
Value Addition

- HPL expanded into crepe rubber for shoe soles, which earned premium pricing.
- Continued shift from commodity-grade to specialty rubber grades.

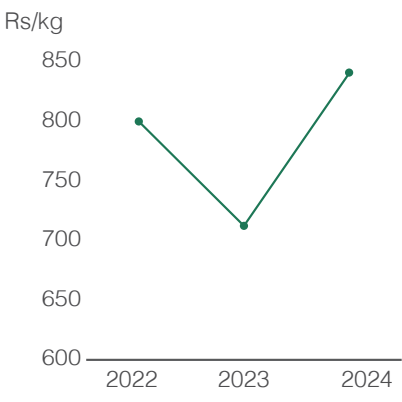
RUBBER PRODUCTION



RUBBER REVENUE



RUBBER NET SALE AVERAGE



OUTLOOK

Going forward, the rubber sector will need to navigate persistent challenges including price volatility, weather unpredictability, and global demand fluctuations. HPL’s focus on value addition, productivity improvements, and niche export markets positions the rubber business line for long-term resilience and incremental growth.

Aspect	Global	Sri Lanka	HPL (Horana Plantations PLC)
Production Trend	↑ 2.4%	Steady, local auctions ↓	Stable to slightly ↑
Demand Trend	↑ 0.5%	Exports ↓ 8.25% Jan–Nov	Strong overseas demand
Prices	Volatile, ↓	Latex crepe & RSS ↓ Rs. 40–75	Took advantage of early ↑
Challenges	Weather, demand, China slowdown	Tyre exports ↓, auction volume ↓	Managed well via efficiencies
Value Addition	Notable in SE Asia	Low in general	Crepe soles, premium rubber

YEAR AT A GLANCE - OTHER CROPS

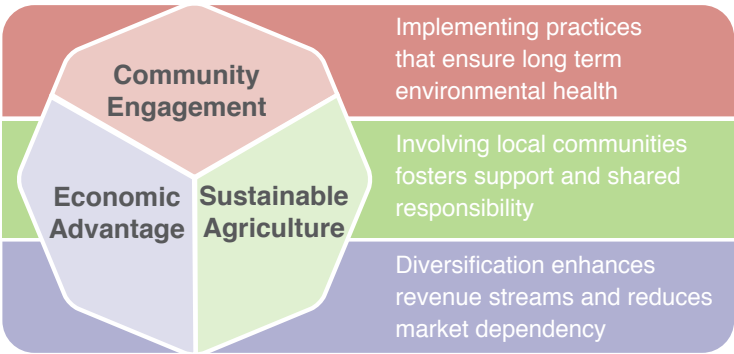
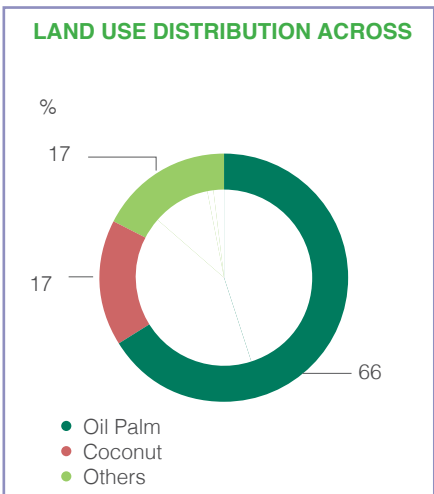
Enhancing Soil Health Through Diversification

Monoculture farming, especially in tea plantations, can lead to soil degradation, Soil erosion, and nutrient depletion over time. To counteract these effects, HPL has diversified its crop portfolio to include oil palm, timber, coconut, cinnamon, pepper, and various fruits such as soursop, lemon, and pineapple. This strategic shift not only improves soil structure and fertility but also promotes biodiversity and reduces the risk of pest outbreaks.

Intercropping practices, such as integrating legumes and fruit trees within tea plantations, have been shown to enhance soil nitrogen levels and organic matter content. These methods contribute to better water retention and overall soil health, which are crucial for sustainable agricultural practices.

Economic and Environmental Benefits

Beyond soil health, crop diversification offers significant economic advantages. By reducing reliance on a single crop, HPL mitigates risks associated with market volatility and climate change. Diversified crops can provide alternative revenue streams, ensuring more stable income for the company and its workers. Additionally, the introduction of crops like oil palm and timber has opened new markets and opportunities for value addition.



One area of focus has been oil palm cultivation, which has faced both local and international scrutiny. Globally, oil palm has come under criticism for contributing to deforestation, habitat loss, and environmental degradation, particularly in Southeast Asia.

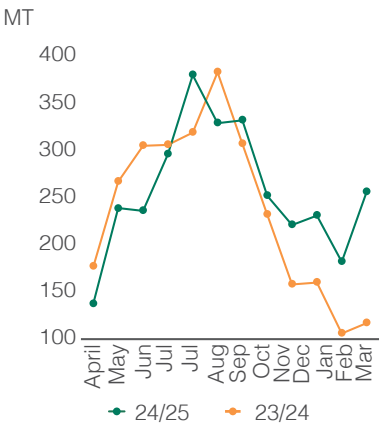
In response to these concerns, the Sri Lankan government imposed a ban on new oil palm cultivation in 2021, citing environmental risks. However, recent policy discussions suggest a more nuanced approach, with the potential for regulated expansion under sustainable practices.

In 2024, the average import price for palm oil stood at approximately USD 1,135 per tonne, with domestic demand far outstripping supply. Sri Lanka currently produces only about 20–25% of the edible oils it consumes, spending over USD 60 Mn annually on imports. Oil palm offers a highly profitable alternative for plantation companies, with average earnings of Rs. 605,000 per hectare more than double the returns from crops like coconut.

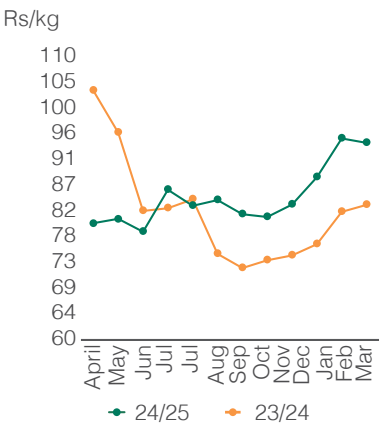
For companies like HPL, this means exploring oil palm cultivation cautiously and responsibly, within existing land use and environmental guidelines. With domestic production covering only a fraction of Sri Lanka’s annual edible oil demand, and with the country spending over USD 60 Mn annually on imports, there is a clear economic incentive. Oil palm continues to be among the most

economically advantageous crops in terms of yield per hectare; however, HPL’s corporate strategy maintains a deliberate focus on achieving equilibrium between financial sustainability and environmental stewardship.

OIL PALM PRODUCTION



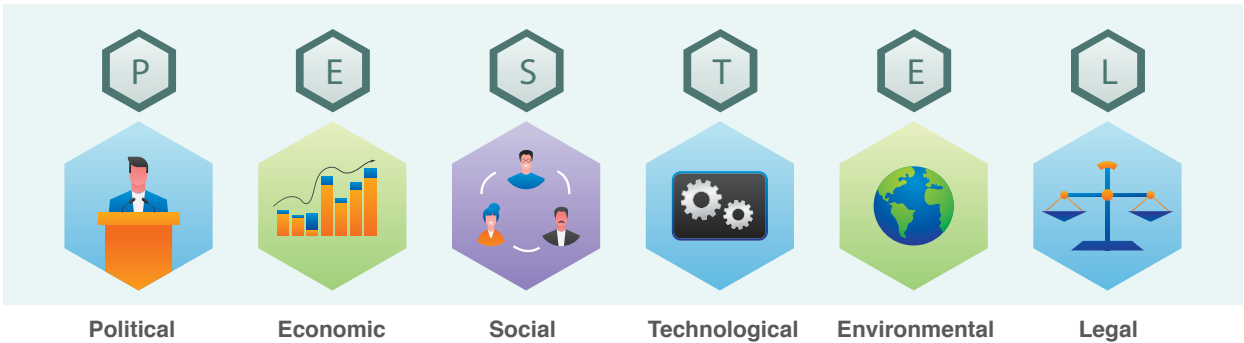
FFB PRICE MOVEMENT



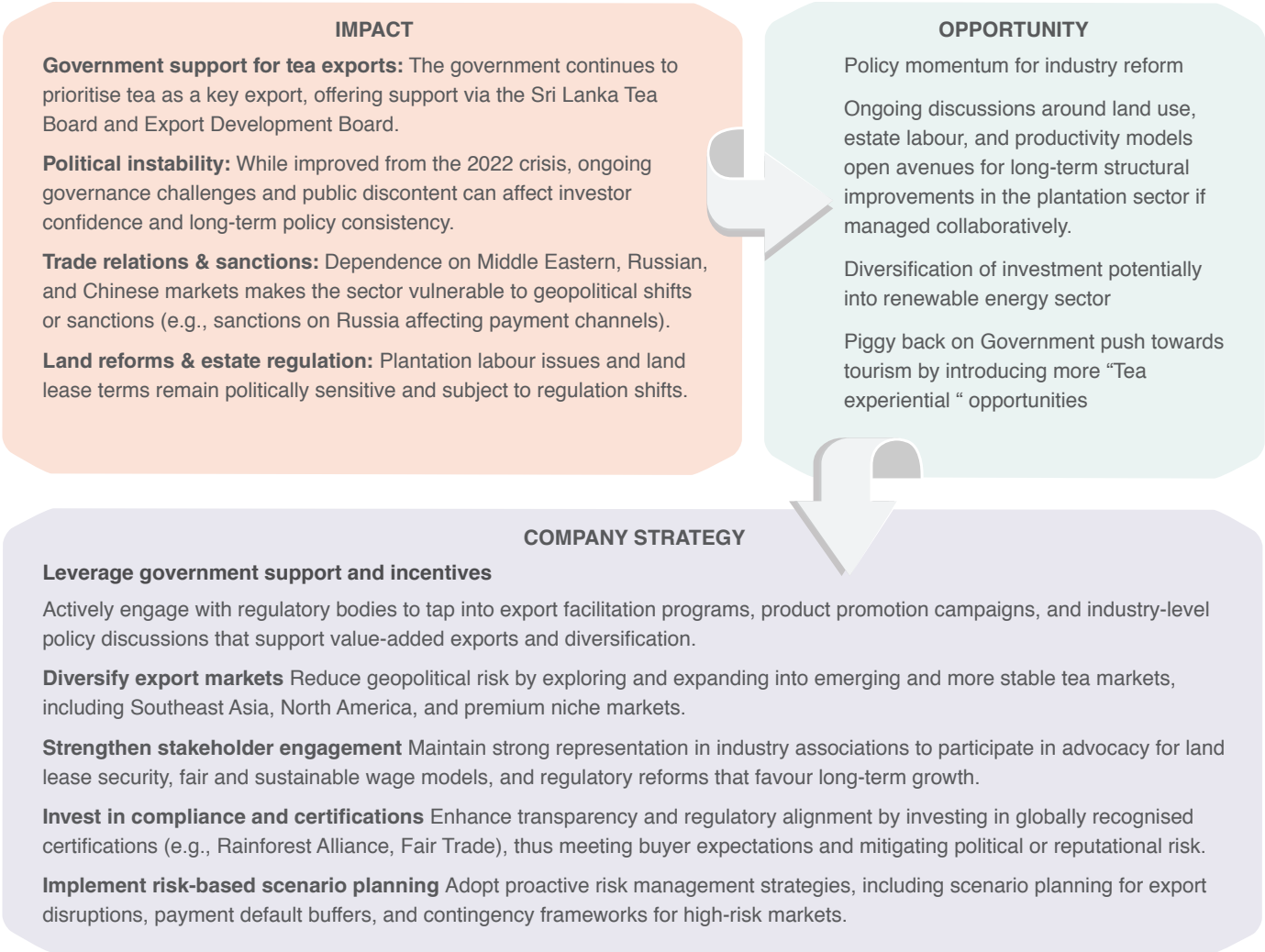
OPERATING ENVIRONMENT

PESTEL Analysis

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



Political



Economic

IMPACT

The economic environment remains fragile, with macroeconomic stabilisation underway but far from complete. High domestic interest rates though gradually increasing have elevated the cost of capital, restricting investments in replanting, infrastructure, and factory modernisation.

Persistent currency depreciation has enhanced export competitiveness but simultaneously raised the cost of imported inputs such as fertilizer, agrochemicals, fuel, and machinery.

Inflationary pressures remain a key concern, with estate operation costs rising across labour, transportation, and raw materials. These pressures are compounded by expectations for higher estate wages, affecting cost structures across the value chain.

On the global front, economic slowdowns in Europe and parts of Asia have softened demand for premium teas, while core markets like Russia and the Middle East remain resilient, albeit with payment risk and regulatory hurdles.

The industry faces an urgent need to shift from bulk tea exports to value-added, branded products to capture better margins. However, access to affordable financing and export facilitation support remain constrained

OPPORTUNITY

Export competitiveness supported by currency depreciation

Strong demand in resilient markets

Despite global slowdowns, core markets like Russia, the Middle East, and North Africa continue to demonstrate strong demand for Ceylon Tea, offering volume stability and brand recognition opportunities.

Shift to value-added products

The economic necessity to escape the low-margin bulk tea model opens up strategic potential for branded teas, organic infusions, and custom blends, which command higher price points and brand loyalty.

Growing appetite for sustainable investment

As impact investing and ESG-linked financing grow globally, there is an opportunity to explore green financing or climate-smart agri loans to support replanting and sustainability efforts.

COMPANY STRATEGY

Optimise capital expenditure through prioritised investment

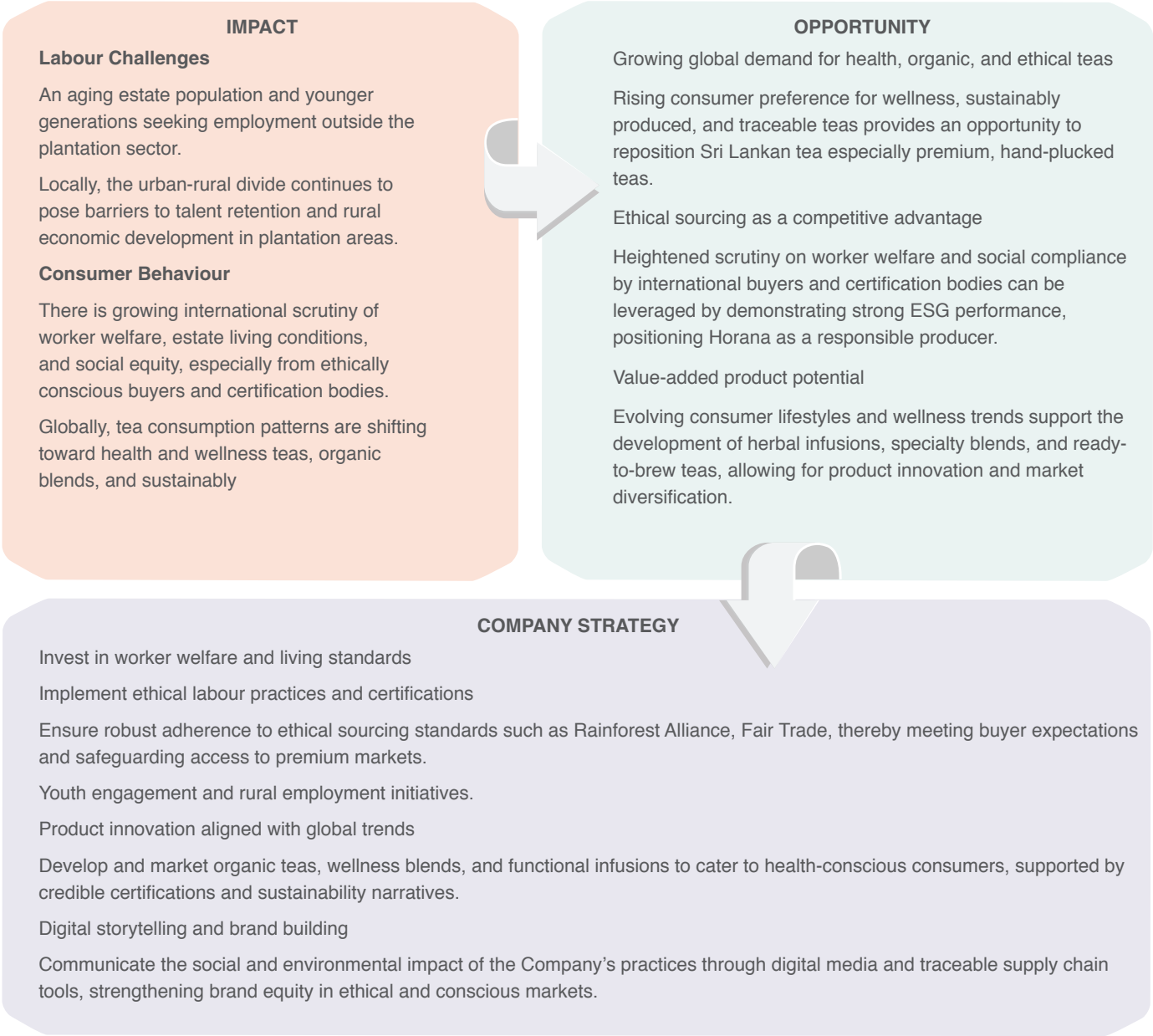
Cost optimisation and operational efficiency Implement stringent cost controls, improved procurement practices, and process automation to manage inflation-driven increases in input costs, labour, and logistics.

Enhance value addition and product diversification Expand into flavoured, wellness, organic, and single-origin teas through strategic partnerships or in-house R&D, reducing dependency on volatile bulk export pricing.

Pursue export financing and concessional credit Engage with export facilitation programmes through the EDB, Tea Board, and multilateral agencies to secure low-interest working capital and machinery funding.

Build resilience through market and product diversification Actively seek to enter new markets outside traditional regions, while developing alternative revenue streams such as private labelling, direct-to-consumer models, and online tea retail.

Social



Technological

IMPACT

Mechanisation remains limited due to the hilly terrain and cultural practices, although opportunities exist for adopting selective mechanisation and factory automation to improve productivity and quality.

Emerging technologies, such as blockchain and digital traceability systems, are increasingly being demanded by global buyers, offering scope for improved transparency and brand differentiation.

E-commerce platforms and direct-to-consumer channels are gaining traction, presenting new marketing avenues for branded Ceylon Tea.

Investment in precision agriculture and agri-tech tools

Increasing threats vis a vis cybersecurity and data protection

Lack of skilled workers

OPPORTUNITY

There is significant scope for targeted mechanisation in pruning, transport, and field operations to improve labour productivity and reduce operational costs.

Factory automation for consistency and quality Investment in automated processing, sorting, and packaging systems.

Digital traceability and blockchain adoption

E-commerce and direct-to-consumer potential

Online retail and digital marketplaces provide access to global consumers, especially for branded, premium, or wellness-oriented teas, bypassing traditional export limitations.

Precision agriculture for sustainability

Emerging agri-tech tools like drones, soil sensors, and AI-based pest detection can significantly enhance decision-making, reduce input costs, and increase crop resilience, particularly under climate stress.

Ensure up to sate security technology

COMPANY STRATEGY

Implement targeted mechanisation and automation

Adopt digital traceability systems

Pilot traceability solutions using QR codes or blockchain, enabling consumers and buyers to verify origin, ethical compliance, and environmental credentials, strengthening brand trust.

Explore e-commerce and digital brand channels

Build capabilities in online tea retail.

Foster partnerships with tech innovators

Collaborate with universities, agri-tech startups, and development agencies to trial and scale innovative tools, while accessing technical know-how and co-funding opportunities.

Outsource and increase upskilling opportunities for workers

Ensure up to sate security technology

Invest in renewable energy

Environmental

IMPACT

The sector is highly vulnerable to the effects of climate change, including erratic rainfall, rising temperatures, and frequent droughts, all of which directly affect crop yields and quality.

Soil degradation, deforestation, and biodiversity loss remain critical environmental challenges, with long-term implications for sustainability.

Increasing water scarcity, especially in mid and low elevation regions.

Global demand for environmentally certified teas (e.g., Rainforest Alliance, Organic, Fair Trade) is increasing,

OPPORTUNITY

Rising global demand for environmentally certified teas

The growing consumer preference for sustainably sourced, ethically certified teas (e.g., Rainforest Alliance, Organic, Fair Trade) offers opportunities to access premium markets and improve brand positioning.

Climate-smart agriculture as a value driver

Investment in sustainable land management, regenerative agriculture, and climate-resilient cultivars can enhance long-term productivity, reduce environmental risk, and align with global ESG trends.

Funding and partnerships for environmental initiatives

Availability of international grants, green financing, and sustainability-linked loans offers potential to support reforestation, water conservation, and climate adaptation initiatives.

Brand enhancement through environmental leadership

Demonstrating commitment to carbon reduction, biodiversity protection, and eco-friendly cultivation enhances corporate reputation and strengthens stakeholder trust

COMPANY STRATEGY

Adopt climate-resilient and sustainable cultivation practices

Strengthen certification and environmental compliance

Expand compliance with global environmental certifications and integrate sustainability KPIs into estate-level operations to meet international buyer standards and reporting frameworks.

Invest in efficient water and resource management

Rehabilitate degraded land and protect biodiversity

Leverage green financing and technical partnerships

Build on Projects like REGROW and Carbon Neutral tea factories

Legal

IMPACT

Labour laws and wage negotiations

The plantation sector is heavily regulated under estate labour laws, with periodic wage negotiations led by unions and the government. Rising pressure for higher daily wages impacts the company's cost structure and margins.

Land lease regulations and estate tenure

Most plantation land is state-owned under long-term leases, with specific requirements around land use, replanting, and environmental stewardship. Any changes to lease terms or non-compliance can threaten operational continuity.

Export and labelling regulations

Adherence to export standards, including traceability, MRL (maximum residue limits), and labelling laws in destination countries, is increasingly critical to market access, especially for value-added or certified teas.

OPPORTUNITY

Proactive compliance with evolving labour, environmental, and export regulations can be a competitive advantage differentiating Horana as a responsible industry leader.

Incentives and subsidies via formal compliance

often enabling access to government subsidies, export facilitation schemes, and low-interest credit, especially for replanting and sustainability projects.

Strengthening ESG credibility

COMPANY STRATEGY

Ensure robust legal and compliance frameworks

Strengthen in-house legal and compliance teams, invest in staff training, and deploy digital tools

Engage proactively in industry and policy forums

Leverage compliance for market and funding access

Conduct periodic legal risk assessments

FINANCIAL CAPITAL

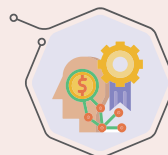
In the financial year 2024/25, HPL sustained its financial resilience, supported by consistent profitability that strengthened both its financial stability and capital position.

STRATEGIC COMPONENTS OF FINANCIAL CAPITAL



Planning

Plan resources strategically



Financial Strategy

Optimal mix of debt and equity to balance risk and return



Budgeting

Allocate funds efficiently



Reporting and Monitoring

Track performance transparently



Managing & Assessing Risks

Mitigate financial uncertainties

Rs. 460 Mn

Profit from Operation

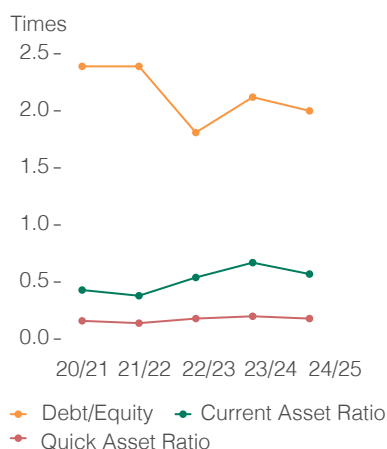


- OPTIMISE RESOURCE ALLOCATION
- BUILD RESILIENCE
- MANAGE COST OF CAPITAL
- TIMELY SETTLEMENT OF OBLIGATIONS
- TIMELY AND RELIABLE REPORTING
- RETURNS FOR SHAREHOLDERS

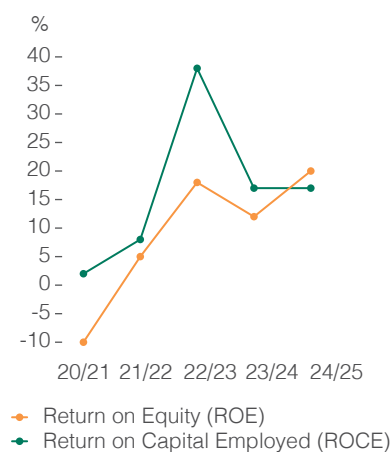
Financial capital is carefully managed to deliver value to investors who underwrite our operations expecting a commensurate return for the risks undertaken. This section of the report provides insight into how we managed financial capital during the year to deliver earnings growth of 73% and a Return on equity of 20% to shareholders for the year ended 31st March 2025.

Rs. 918 Mn
Net Assets

DEBT/EQUITY RATIO, CURRENT ASSET RATIO & QUICK ASSET RATIO



ROE, ROCE



FINANCIAL CAPITAL

Quarterly financial statements were submitted to the CSE on the following dates:

- 1st quarter – 30th Jul 2024
- 2nd quarter – 29th Oct 2024
- 3rd quarter – 30th Jan 2025
- 4th quarter – 29th Apr 2025

Our commitment to excellence in financial and sustainability reporting has been recognised with the following awards:

- CMA Excellence in Integrated Reporting Awards 2024 - Best Integrated Report
 - Best Integrated Report - Plantation Sector - First Runner Up
 - Merit Award
- TAGS Awards 2024 organised by CA Sri Lanka
 - GOLD AWARD - Plantation Sector (Group turnover up to LKR 5 Billion)
 - Certificate of recognition in Sustainability Reporting
 - Certificate of recognition in Integrated Reporting
 - Certificate of recognition in Digitally Transformative Reporting
- ACCA Sri Lanka Sustainability Reporting Awards 2024
 - Agriculture Category - Runner Up

MANAGING FINANCIAL CAPITAL

As a company operating in the plantation sector in Sri Lanka, managing finance is critical as the sector is vulnerable to vagaries of weather, exerting pressure on performance and cashflows. Accordingly, the Company needs to have sufficient capital buffers and access to finance to tide over lean periods as costs are mainly of a fixed nature with little variability. Additionally, it is imperative that borrowings and cost of capital are managed effectively to optimise returns to shareholder.

Quarterly financial statements are reviewed by the Audit Committee and recommended to the Board for approval. The Board maintains overall responsibility for management of this vital capital. The Chief Financial Officer who reports to the Chief Executive Officer has day to day responsibility for financial management and reporting and is a key member of the management team of the Company.

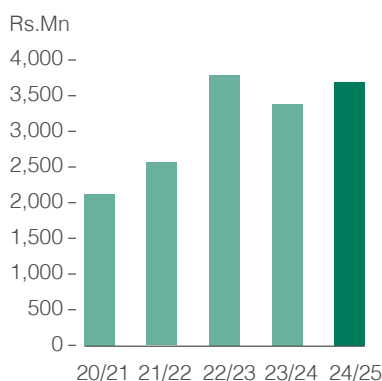
DELIVERING EARNINGS GROWTH

Revenue

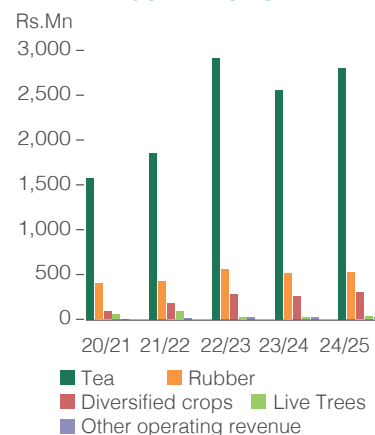
Revenue increased by 9% to Rs.3.7 Bn during the year boosted by increased sales volumes of tea and oil palm as well as favourable price movements for tea, rubber and oil palm (included in diversified crops). All three crops contributed positively to revenue growth with their relative contributions remaining largely in line with the previous year. Tea accounted for 76% of revenue while rubber accounted for 14% with diversified crops accounted for 10%.

Crop	2024/25	2023/24	Change
	Rs. Mn	Rs. Mn	%
Tea	2,803	2,557	10%
Rubber	532	513	4%
Diversified crops	299	261	14%
Live Trees	41	28	48%
Other operating revenue	22	27	-19%
Total	3,697	3,386	9%

REVENUE



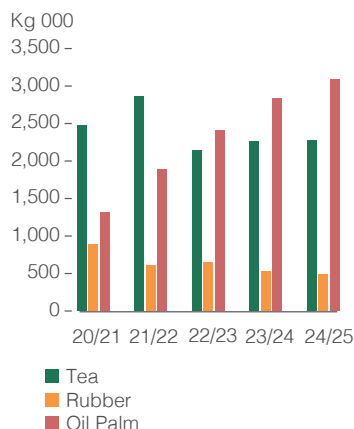
SEGMENTAL REVENUE CONTRIBUTION



While sales volume growth of Tea was marginal at 1%, focused efforts to improve quality of tea yielded results. This is affirmed by the improvement in net sales average for tea by 9% for HPL whereas the average change in selling prices recorded 4.6% growth at the Colombo Tea Auctions. Sales volumes of rubber contracted during the year as production declined due to the high number of rainy days during the year. However, an increase of 18% in the Net Sales Average of rubber to Rs.840/- per kg, boosted revenue growth by 10% year under review. The diversified crops portfolio comprises Coconut, Cinnamon, Coffee and Ancillary Crops which recorded healthy growth of 33% supported by

Rs.37 Mn to the total revenue. Oil Palm included in diversified crops recorded volume growth and price improvements of 9% and 3% respectively, boosting revenue from diversified crops by 14%.

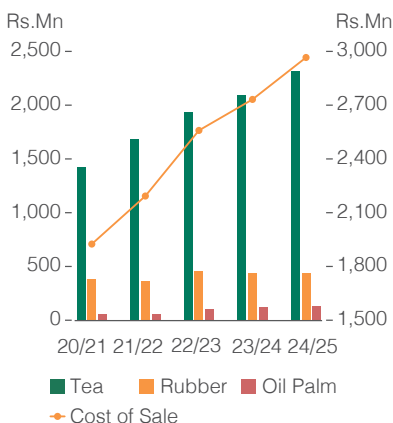
SEGMENTAL SALES VOLUME



COST OF SALES

Cost of sales increased by 9% to Rs.2.9 Bn as costs of sales per kilogram of tea increased by 10% and oil palm increased by 9% while the cost of sales of rubber remained the same. This was largely driven by the increase in cost of production which increased by 22% for tea and 9% for oil palm while rubber remained same. Cost of sales increased largely due to the Government mandated 35% increase in cost of wages from September 2024. The impacts were reflected in the increased cost of sales of tea and rubber, as these are more labour intensive. Cost management was aided by the low inflation environment in the country in other areas. However, the company continues to maintain the disciplined cost management initiatives to minimise wastage and inefficiencies while optimising returns.

COST OF SALES

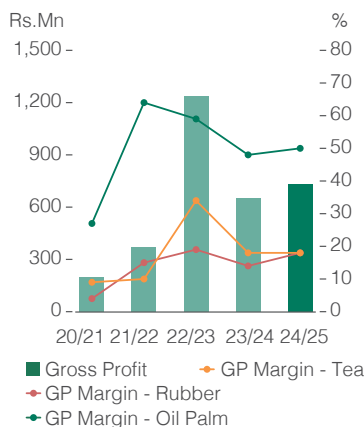


GROSS PROFIT

Gross profit increased by 12% to Rs.731 Mn as revenue growth exceeded the increase in cost of sales. A sector wise analysis reflects that gross profit margins improved for rubber and oil palm while tea remained same.

Tea sector contributed Rs.492 Mn to total gross profit while rubber and oil palm sectors contributed further Rs.96 Mn and Rs.129 Mn respectively.

GROSS PROFIT

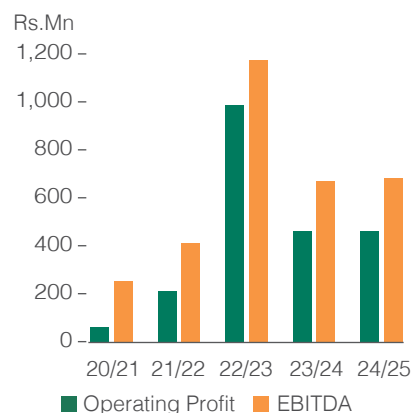


EBITDA AND OPERATING PROFIT

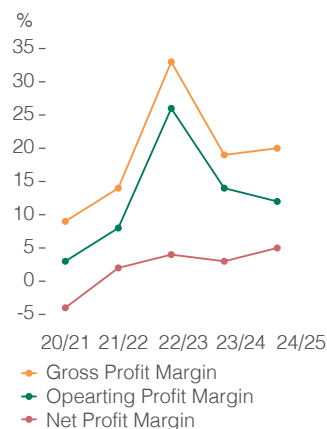
Earnings before interest, taxation, depreciation and amortisation (EBITDA) improved by 2% in contrast to the marginal decline of operating profit from Rs.461 Mn

to Rs.460 Mn. The improvement in EBITDA to Rs.683 Mn was due to depreciation increasing by 7% to Rs.224 Mn. The marginal decrease in operating profit is attributable to increased depreciation and administration costs.

EBITDA & OPERATING PROFIT



GROSS PROFIT/ OPERATING PROFIT/ NET PROFIT MARGIN



PROFIT BEFORE AND AFTER TAX

Profit before tax increased by 35% to Rs.305 Mn due to the decrease in finance costs. The continued decline in interest rates enabled HPL to reduce finance costs by 34% to Rs.154 Mn although borrowings declined by just 2%. Accordingly, Profit after tax recorded strong growth of 73% to Rs.181 Mn for the year under review.

FINANCIAL CAPITAL

RESILIENCE AND GROWTH

HPL recorded total asset growth of 9% to Rs.5.1 Bn with funded by increased equity and liabilities excluding interest bearing liabilities which decreased marginally.

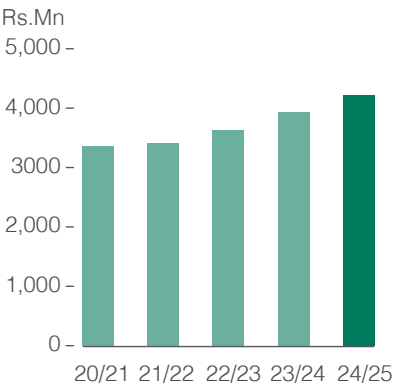
TOTAL ASSETS

Non-current assets increased by 7% to Rs.4.2 Bn driven by investments in bearer biological assets which stands at Rs.2.6 Bn has been distributed as set out in the chart below. Accordingly, the area under cultivation expanded to 3,661 hectares, significantly enhancing growth prospects of the HPL.

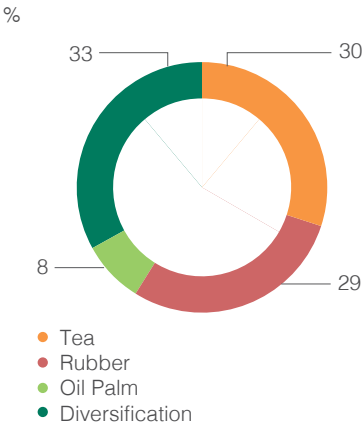
Property, Plant & Equipment increased by 17% to Rs.676 Mn as HPL aggressively expanded its rooftop solar to reach an installed capacity of 700 kwh. This is expected to generate around 30% of the Company’s requirement while also transitioning to cleaner energy.

Total current assets increased by 16% to Rs.884 Mn driven by growth of inventory and trade/other receivables.

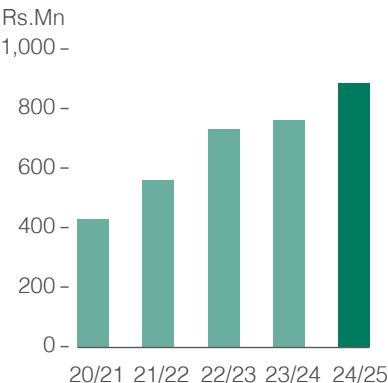
NON-CURRENT ASSETS



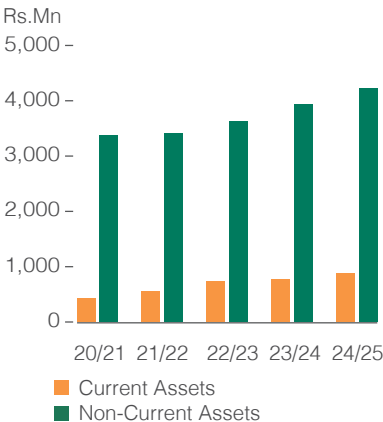
BEARER BIOLOGICAL ASSETS



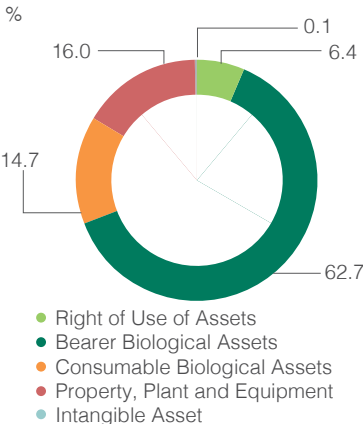
CURRENT ASSETS



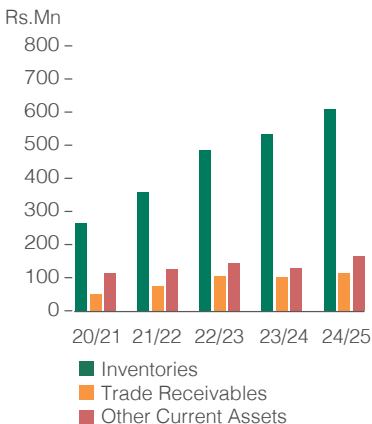
COMPOSITION OF TOTAL ASSETS



NON-CURRENT ASSETS SEGMENT



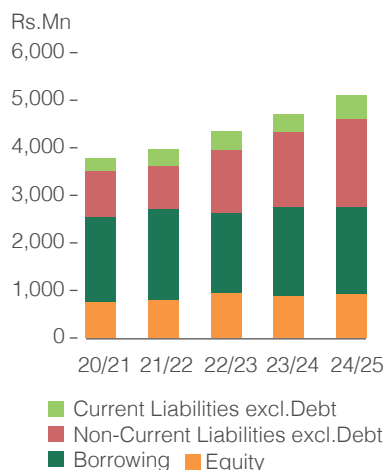
COMPOSITION OF CURRENT ASSETS



FUNDING GROWTH

Expansion of the financial position was funded by a liability growth of 10% to Rs.4.2 Bn and growth of retained earnings by 6% to Rs.668 Mn. Total borrowings are accounted for 36% of total liabilities and decreased by Rs. 31 Mn with net repayments. Additionally, borrowings were re-negotiated to reduce the weighted average cost of capital as interest rates declined during the year.

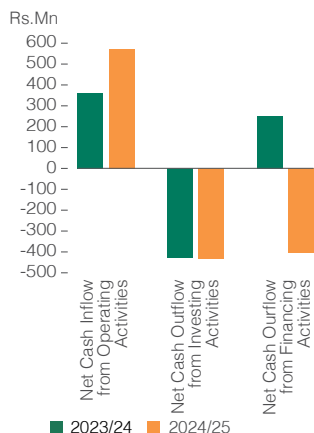
FUNDING GROWTH



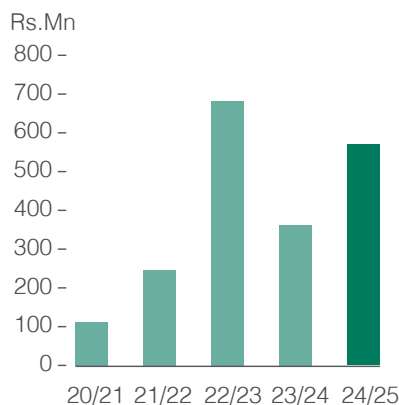
CASH FLOW

Net cash flows from operating activities increased by 57% to Rs.570 Mn largely due to increase in the cash generated from operations and the decrease in interest payments. Investing activities were maintained in line with the previous years in line with HPL strategy. Financing activities resulted in an outflow as HPL reduced borrowings by Rs.298 Mn. Accordingly, the financial position of HPL strengthened during the year although the cash and cash equivalents decreased from Rs.276 Mn as at 31st March 2024 to Rs.544 Mn as at 31st March 2025. A strong track record and the support of the parent company supports their access to finance which remains comfortable in case of additional liquidity requirements.

CASH FLOW



NET CASH INFLOW FROM OPERATING ACTIVITIES



VALUE TO SHAREHOLDERS



GRI 3-3, 13.2.1 & 13.22.1

Horana Plantations PLC supports the economic inclusion of farmers through land provision for crop cultivation, free seed distribution, livestock subsidies via NGO partnerships, and fair pricing for green leaf purchases. These efforts have improved farmer incomes and product quality, reflected in HPL's top-three national tea sales ranking. The company tracks effectiveness through regular audits and stakeholder engagement, while managing environmental and social impacts through sustainable practices and compliance monitoring.

GRI 201-1 & 13.22

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The main beneficiaries of the economic value created through our business activities during the 12 months under review were employees, who benefited in the form of Salaries and Other Benefits, accounting for 77% of total value creation, compared to 74% in the previous financial year. Our contribution to Government was 5% and 4% was paid to providers of funds. Our contribution to shareholders was 2%. We invested 12% towards Company expansion and growth.

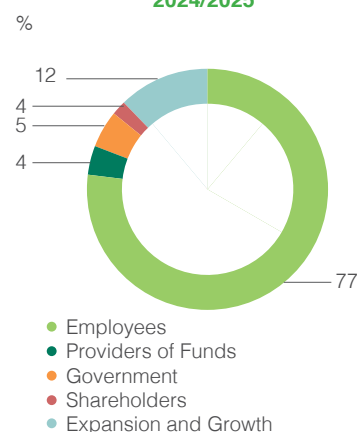
Direct economic value generated and distributed (EVG&D) on an accrual basis. Value Added Statement

For the year ended 31st March	2024/2025		2023/2024	
	Rs'000	%	Rs'000	%
Revenue	3,697,216		3,385,735	
Other Income	77,185		42,223	
	3,774,402		3,427,958	
Cost of Materials and Services obtained	(1,049,972)		(1,072,432)	
Value Addition	2,724,430		2,355,525	
Distribution of Value Addition:-				
To Employees				
Salaries and Other Benefits	2,096,551	77	1,745,029	74
To Providers of Funds				
Interest Cost	114,076	4	201,975	9
To Government				
Income Tax	89,752		84,344	
Lease Interest	40,023		32,645	
	129,776	5	116,989	5
To Shareholders				
Dividends to Shareholders	61,250	2	66,250	3
To Expansion and Growth				
Profit Earned	98,868		16,693	
Depreciation	223,910		208,590	
	322,777	12	225,282	10
	2,724,430	100	2,355,525	100

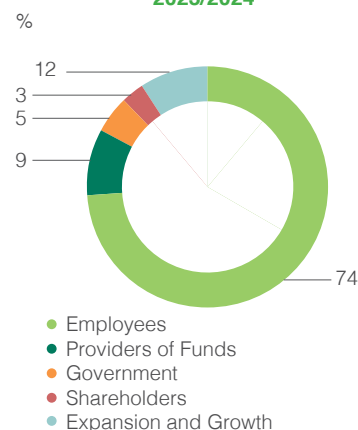
GRI 201-4

During the reporting period, the organisation received limited financial assistance from the government. There were no tax reliefs or tax credits granted during the year. In terms of subsidies, the organisation received tea replanting subsidies amounting to Rs. 0.5 million.

DISTRIBUTION OF VALUE ADDITION 2024/2025



DISTRIBUTION OF VALUE ADDITION 2023/2024



MANUFACTURED CAPITAL

During the financial year,
We strengthened our asset
base through targeted
investments in key physical
resources, aiming to unlock
growth opportunities, boost
operational efficiency, and
build a strong foundation to
support the company's long-
term resilience, sustainability,
and overall value creation.

STRATEGIC COMPONENTS OF MANUFACTURED CAPITAL



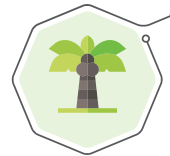
Tea Factories

08



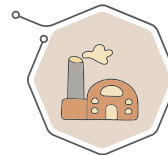
Tea Estates

09



Rubber Estates

05



Rubber Factories

03



Our Land

6,519 Ha

Rs. **257** Mn

Expenditure On
Biological Assets

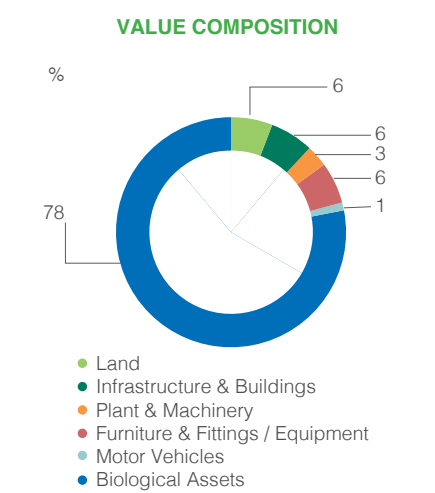
Rs. **178** Mn

Fixed Assets Investment



Our manufactured capital comprises the physical assets and infrastructure that support the cultivation, processing, and distribution of our agricultural produce. These include estate facilities, factories, machinery, irrigation systems, road networks, and transportation fleets, all of which are essential to operational continuity and long-term value creation, as well as the biological assets that make our agricultural output. Biological assets make up almost 78% of the total value of the assets of the company.

Manufacturing Targets	Progress to Date	Way Forward
Process Automation and Digitalisation of all Tea Factories by 2030	Semi automated tea factories 5	Finalise the automation of the Fairlawn Tea factory and implement the established phased plan to automate the remaining tea factories
Increase production volume of other crops to up their Revenue Contribution to 10% of total revenue by 2030. (Currently revenue from other crops is 1% of the total revenue)	Ongoing replanting programs of coffee in up country region and Coconut in the Low Country Region.	Expand the cultivation area of the existing diversified crop mix and introduce additional high-value crops
Establish a Specialty Tea Production Facility	Introduced a trim leaf manufacturing project at Tillicoultry Estate. Total quantity produced for the year was 121,297 Kgs.	Design and construct the facility with state-of-the-art equipment and enhance staff training on specialty tea production techniques
Expand the Coconut Oil Extraction Unit	A small-scale plant was established in Frocester Estate to operate as a pilot project.	Conduct continuous performance evaluations of the pilot project to identify areas for improvement and expand market reach through strategic partnerships
Establish a Coffee Processing Unit	In order to optimise the quantity of agricultural input materials to operate a processing unit, Commenced Coffee planting program.	Continue the expansion of Coffee planting to ensure a consistent supply, design and construct the coffee processing unit with state-of-the-art equipment, and establish a strong brand presence through comprehensive marketing efforts



ENHANCING OUR MANUFACTURED CAPITAL



Tillicoultry Tea Factory

During the year, we made key investments to upgrade and maintain our manufacturing and Estate infrastructure facilities. Three (03) factories were modernised with new withering troughs, automated rolling machines, and energy-efficient driers. These upgrades helped improve processing

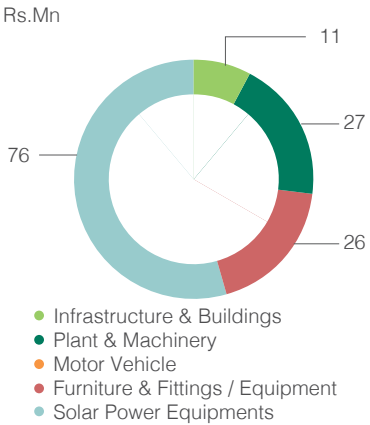
MANUFACTURED **CAPITAL**

efficiency, enhance output quality, and reduce energy use. We also rehabilitated internal roads and field infrastructure across our estates. This improved transport, reduced post-harvest losses, and increased worker safety and productivity.

Capital Investments in Fixed Assets

Crop	2024/25	2023/24
	Rs.Mn	Rs.Mn
Infrastructure and Buildings	11	25
Plant & Machinery	27	11
Motor Vehicles	-	14
Furniture & Fittings / Equipment	26	26
Solar Power Panels	76	18
Total	140	94

FIXED ASSETS ADDITIONS



Rubber Processing Centre

In 2024/25, HPL invested Rs. 27 Mn in machinery upgrades to reduce downtime and improve processing performance. An additional Rs. 76 Mn was allocated to expand renewable energy use.

Managing energy use and exploring clean energy options is a key priority for HPL. With rising energy costs and a goal to become carbon neutral by 2030, we are actively reducing our reliance on fossil fuels.

We continued to enhance our commitment to renewable energy across our operations. Rooftop solar systems were operational at five of our factories,

delivering a total on-grid capacity of 715 kW. In addition, 18 off-grid solar units installed on bungalow rooftops contributed a further 80 kW to our clean energy portfolio.

Our mini-hydro power units maintained a steady output of 120 kW, supporting our diversified renewable energy strategy.

As part of our sustainability drive, we expanded our rooftop solar capacity during the year. Solar installations were completed on two additional factory rooftops, with a total Capacity of 195 kWh, along with installations on four bungalows, generating an additional 20 kWh. The

energy produced is primarily utilised for internal operations, with surplus electricity supplied to the national grid, further contributing to the country’s renewable energy goals.

A colour sorter machine was installed at one factory, significantly lowering energy use and improve process efficiency during the sifting stage.

Two of our tea brands—Gouravilla and Alton Garden marks, have already achieved carbon neutrality, producing certified Carbon Neutral Tea for the market.



Rainwater Harvesting ponds Hillstream

Rainwater Harvesting Ponds



Solar Units



High Density Planting



We have also built rainwater harvesting ponds across our estates. These ponds help store water during dry spells, support new aquatic ecosystems, and function as carbon sinks. The presence of microalgae allows them to absorb atmospheric carbon dioxide through photosynthesis, adding another layer to our environmental commitment. More details are available in the Natural Capital section on page 168.

These efforts reflect our commitment to sustainable growth, supporting both present productivity and long-term operational resilience.

Capital Investments in Fixed Assets

Investment Description	Location	Investment Rs. Mn	Purpose
Purchase of Tea Colour Sorter Machine	Fairlawn Estate	22	<ul style="list-style-type: none"> Enhancing sorting efficiency Process Efficiency Improve the Quality of outputs
Rooftop Solar Panel Installation	Bambrakelly Tea Factory	32	<ul style="list-style-type: none"> Improve the Energy Efficiency Enhance renewable energy strategy
	Fairlawn Tea Factory	16	
	Kobowella Rubber Factory	23	
	Neuchatel Tempo Bungalow	3	
	Tillicoultry Holiday Bungalow	1	
	Bambrakelle Assistant Manager's Bungalows (02)	2	
Upgrades to Factory Machinery (Roll Breakers and Shifter)	Fairlawn Tea Factory	4	<ul style="list-style-type: none"> Processing upgrades Process efficiency
Establishment of Digital Weighing System	Halwatura, Neuchatel and Frocester Estates	4.7	<ul style="list-style-type: none"> Accuracy in field latex measurement Process Efficiency
Infrastructure and New Colour Sorter Room	Fairlawn Estate	1.5	<ul style="list-style-type: none"> Factory building upgrades. Energy efficiency

MANUFACTURED CAPITAL

Investment Description	Location	Investment Rs. Mn	Purpose
Electrical Installation and Cable Terminal Upgrades	Elidon Hall Estate	2.3	<ul style="list-style-type: none"> • Safety and efficiency • Energy efficiency
Modification of Factory Roof	Bambarakelly Estate	2.2	<ul style="list-style-type: none"> • Structural improvements
Purchase of New Computers	All Estate Offices	4	<ul style="list-style-type: none"> • Office digitalisation • Process Efficiency

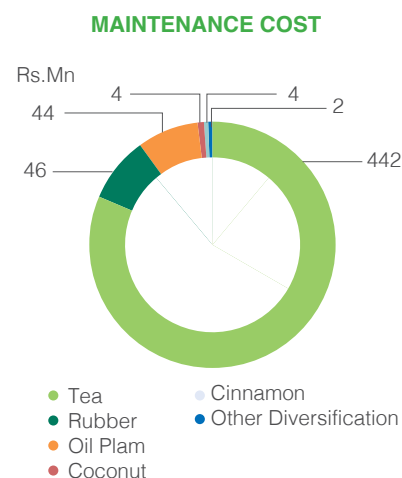
INFRASTRUCTURE MAINTENANCE FOR LONG-TERM EFFICIENCY

At Horana Plantations PLC, the regular maintenance and enhancement of our manufactured capital—spanning tea factories, machinery, vehicles, and infrastructure is essential to sustaining operational efficiency and ensuring product quality. Routine inspections and a structured maintenance schedule are in place across all estates to identify issues early and address them promptly. These efforts are guided by stringent standards under certifications such as ISO 22000:2018, and Rainforest Alliance, reinforcing our commitment to sustainable and efficient operations.

Maintenance remains a core priority. Routine factory servicing, equipment audits, and refurbishment of estate buildings were undertaken to preserve asset quality and extend operational lifespan. Our approach balances cost-efficiency with long-term sustainability, ensuring our assets remain resilient to climate variability and market fluctuations.

Despite our commitment, several challenges have affected our ability to maintain infrastructure seamlessly. Financial constraints arising from rising production costs and volatile market prices continue to pressure our target. Labour shortages due to workforce migration have also strained our capacity to carry out daily operations and maintenance work. Additionally, import restrictions, rising transport costs, and material shortages have further complicated infrastructure upkeep. Nonetheless, we continue to adapt and invest prudently to preserve the integrity of our physical assets while supporting long-term operational sustainability.

CROP	Maintenance cost Rs. Mn
Tea	442
Rubber	46
Oil Palm	44
Coconut	4
Cinnamon	4
Other Diversification	2
Total	542



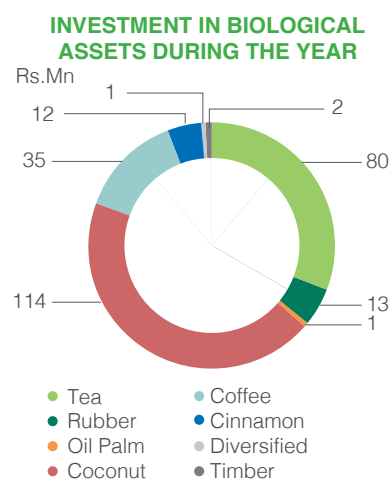
NURTURING OUR BIOLOGICAL ASSETS

Horana Plantations, our biological assets form the backbone of our agricultural operations, supporting a diverse portfolio of crops. Our biological assets also encompass well-maintained nurseries that produce seedlings for future planting cycles. These nurseries support the growth of tea, rubber, coconut, coffee, cinnamon, bamboo, and shade trees, ensuring a sustainable pipeline for the future.

We also maintain commercial forestry blocks, cultivated primarily for firewood to support our operational energy needs, underscoring our integrated approach to resource use and environmental responsibility.

Investments in Biological Assets During the year

	Rs. Mn
Tea	80
Rubber	13
Oil Palm	1
Coconut	114
Coffee	35
Cinnamon	12
Diversified	1
Timber	2
Total	258



As at 31st March 2025	Hectares	Value (Rs. Mn)
Tea		
Mature	1,850	688
Immature	24	112
Rubber		
Mature	854	715
Immature	29	49
Oil Palm		
Mature	250	210
Immature	-	5
Coconut		
Mature	57	62
Immature	366	543
Cinnamon		
Mature	69	56
Immature	7	35
Diversified Crops		
Mature	149	30
Immature	122	142

Snapshot of our Biological Assets

- **Tea:** A cornerstone of our business, grown across various estates
- **Rubber:** Cultivated in the Low Country region, contributing to our agricultural diversity
- **Oil Palm, Coconut, Cinnamon, Coffee:** These crops are integral to our varied plantation landscape.
- **Other Crops:** Including pineapples, lemons, and pepper, adding to the richness of our plantations.



Coconut intercrop with pineapple Hillstream Estate

MAINTENANCE OF OUR BIOLOGICAL ASSETS

Horana Plantations follows a structured and sustainable approach to tea cultivation, focusing on both productivity and environmental care. The following practices are central to maintaining healthy crops and high yields:

- **Pest Monitoring:** Regular checks are conducted by estate staff under HPL's Integrated Pest Management (IPM) strategy to detect and manage pests early.
- **Plucking Rounds:** We aim for four plucking rounds per month, following Tea Research Institute guidelines, to maintain quality and maximise harvest.
- **Pruning:** Timely pruning helps rejuvenate tea bushes, promote new growth, and maintain the ideal bush shape—essential for both yield and quality.
- **Nutrient Management:** We use a balanced mix of nitrogen (N), phosphorus (P), potassium (K), and magnesium (Mg) to support healthy plant growth.
- **Use of Biochar and Organic Fertilizer:** These improve soil structure and fertility while reducing dependency on chemical fertilizers.
- **Lopping of Shade Trees:** By trimming tall trees, we manage sunlight levels to ensure optimal light for tea growth.
- **Integrated Pest Management (IPM):** This approach reduces pesticide use, lowering residue levels on tea leaves and minimising potential health and environmental risks.

While the tea sector remained resilient, HPL's rubber plantations in the Low Country faced challenges due to **Pestalotiopsis Leaf Fall Disease (PLFD)**, which led to crop losses. The issue was addressed in collaborations with the Rubber Research Institute, whose research guided effective mitigation. No major climate-related damage was reported across plantations during the year, reflecting the effectiveness of HPL's proactive strategies in managing plant health and mitigating environmental risks

In 2024/25, Horana Plantations PLC (HPL) continued to priorities the sustainability and productivity of its biological assets, with focused investments in replanting, rehabilitation, and health management of its tea and rubber cultivations. A notable initiative was the introduction of High-Density Tea Planting at Millakanda Estate in the Low Country region. This method maximises yields and quality on limited land while optimising the use of water, fertiliser, and labour—making it both economically viable and environmentally sound.



Timber Block Tillicoultry Estate

VALUE ADDED PRODUCT PORTFOLIO

Value Added Tea
Value Added Coffee
White Coconut Oil
Cinnamon Oil
Cinnamon Powder
Bee Honey-Bottled
Value Added Cinnamon and Pepper
Greenhouse Products
(Scotch bonnet, Bell Pepper and Tomatoes)

Horana Plantations PLC has strategically diversified its agricultural operations by expanding into a wide-ranging portfolio of value-added products. These efforts align with HPL's commitment to sustainability, innovation, and long-term value creation.



Six in one Tea canisters pack



Coffee drip pack



Coffee beans



Black pepper



Pure bee honey bottle



Cinnamon sticks



Pure coconut oil bottle

INTELLECTUAL CAPITAL

At Horana Plantations PLC, our intellectual capital forms the foundation of our long-term success, driving innovation, quality, and market leadership. Our strategic investments in brand reputation, research, and digitalisation enhance our competitive edge while preserving the deep-rooted expertise of our employees.

STRATEGIC COMPONENTS OF INTELLECTUAL CAPITAL



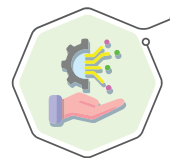
Workforce Knowledge

Leveraging employee expertise



Brand Reputation and Estate marks

Enhancing market presence and trust



Digital Transformation

Modernising operation and practices



Research and Development

Driving innovation and quality

06
MOUs



FUTURE-FOCUSED THINKING: ADVANCING HPL’S INTELLECTUAL CAPITAL

To remain competitive and sustainable in a rapidly evolving agricultural landscape, HPL has set clear targets to strengthen its intellectual capital by 2030. These goals focus on integrating innovation, automation, and sustainable practices across operations. The table below outlines our key targets, the progress we’ve made so far, and the steps ahead.

Intellectual Property Targets 2030	Progress to Date	Future plans
Replace 25% inorganic Foliar by vermi-compost and vermi wash.	2024/25 <ul style="list-style-type: none">Vermi compost - 9,000 KgVermi wash – 8,600L	<ul style="list-style-type: none">Organic fertilizer Production increased by 10% each year
Increase machine plucking to 30% and tapping to 20%	<ul style="list-style-type: none">Green leaf 52,611 Kg	<ul style="list-style-type: none">Introduce tapping machines for Rubber Estates
100% agrochemical spraying by drones	2024/25 <ul style="list-style-type: none">A feasibility study was conducted, and GIS maps were developed.	<ul style="list-style-type: none">Introduce drones for foliar spraying.
Automate all our factories	2024/25 <ul style="list-style-type: none">Semi-automated tea factories – 05Automated Temperature control systems in Rubber Factories (IoT)Installed Colour sorter machines in Fairlawn and Bambrakelly estates	<ul style="list-style-type: none">Introduce AI technologies for factory operations and real-time monitoring systems.



Machine Plucking



IoT-Based Dryer Tower Temperature Monitoring



Factory Automation

BRAND VALUE

With decades of heritage in premium tea cultivation, Horana Plantations PLC has earned a distinguished reputation for excellence. Our unwavering commitment to ethical and sustainable practices has strengthened consumer trust and brand loyalty. As a responsible plantation company, we continuously innovate while preserving traditional craftsmanship, ensuring that our teas remain synonymous with quality, authenticity, and sustainability.

Tea Experience Centre at Gouravilla Estate: A Gateway to Tea Tourism & Brand Engagement



A significant milestone in Horana Plantations PLC’s brand-building journey has been the establishment of the Tea Experience Centre at Gouravilla Estate. This initiative plays a pivotal role in our tea tourism strategy, providing the perfect setting to showcase the diversity and excellence of HPL’s teas to both local and international visitors. More than just a tasting venue, the centre serves as a platform for brand promotion, customer relationship development, and immersive education on Ceylon tea craftsmanship.

Visitors from key international markets—including the UK, France, China, and Japan—along with leading local stakeholders such as John Keells, Forbes & Walker have explored the centre to experience the depth and richness of HPL’s tea portfolio. In addition to guided tastings, guests are given the opportunity to visit HPL’s sustainable tea manufacturing facilities, where they gain firsthand insight into ethical production, tea grading, and the art of tea tasting.

INTELLECTUAL CAPITAL

Through this experiential initiative, HPL has received overwhelmingly positive feedback, with visitors acknowledging our teas as among the best in the world and describing the experience as truly fabulous and memorable. This direct engagement reinforces our brand’s prestige and strengthens relationships with key market influencers, positioning HPL as a leading advocate for sustainable, high-quality Ceylon tea.

ESTATE MARKS A TESTAMENT TO QUALITY

Horana Plantations PLC (HPL) has built a strong brand reputation rooted in quality, consistency, and innovation. With 14 distinct estate marks (9 for tea and 5 for rubber) each estate offers a unique terroir and flavor profile, reinforcing HPL’s position as a producer of diverse and premium Ceylon teas, Natural Rubber, Oil palm, Coconut and other crops.

TOP PRICE RANKINGS
Ceylon tea auction



Alton : Mahanilu : Gouravilla : Stockholm
TOP 25 among all marks in Western High Grown



Tea Experience Centre – Gouravilla

Our commitment to excellence is reflected in RPC rankings, where HPL has consistently secured a top 5 position in High Grown teas and maintained a top 5 ranking in Low Grown teas over the past two years. This consistent recognition underscores the superior quality of our teas and the expertise behind our cultivation and processing methods.

CERTIFICATIONS & ACCOLADES – CELEBRATING EXCELLENCE IN TEA PRODUCTION

Horana Plantations PLC upholds the highest industry standards, with globally recognised voluntary certifications that underscore our commitment to quality, sustainability, and food safety. Certifications such as Rainforest Alliance, ISO, and HACCP , Fairtrade, FSC, ERV, EUDR validate our adherence to best practices, while industry accolades recognise our excellence in ethical plantation management and high-quality tea production. These achievements not only enhance our brand credibility but also strengthen our competitive edge in international markets.

Horana Plantations PLC received several prestigious awards and recognitions, further strengthening our brand reputation and industry leadership. These accolades underscore our commitment to quality, sustainability, and innovation in tea cultivation and production.

Industry Accolades: A Testament to Our Standards

Estate Mark	Unique Characteristics	Estate Highlights	Awards and Accolades
ALTON	Alton Estate is situated in the Maskeliya Upcot agro climatic area in the Nuwara Eliya district and has a history that can be traced back to 1927. The principal crop on the Estate is tea. The Estate, covering an area of 350 Ha, is 10Km from Maskeliya and 22Km from Hatton, nestling at an elevation between 4700 and 5550 feet.	Carbon neutral certified, First Ever Asian Ecosystem Restoration Verification, One of the 1st Tea Processing Centres in Sri Lanka to obtain ISO 45001: 2018, Leopard corridor established.	Runners Up, Total Excellence in Tea Production 2023, Silver Award - 8th Asia Pacific Tea Competition 2023, Presidential Environment Awards 2024 – Alton Tea Factory, Upcot- Tea Factory Category – Bronze Trophy.

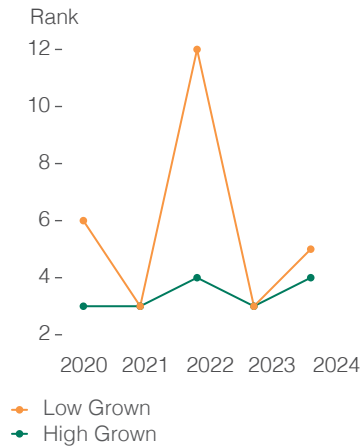
Estate Mark	Unique Characteristics	Estate Highlights	Awards and Accolades
STOCKHOLM	Stockholm Estate is situated in the Central Western high range around the Upcot, Maskeliya agro climatic area of the Nuwara Eliya district. It lies at an elevation of 4800 feet from mean sea level bordering the Balangoda mountain range and close to Adam's Peak. The principal crop on the Estate is tea, covering an area of 305 hectares	First Ever Asian Ecosystem Restoration Verification Leopard corridor established Pekoe trail traverses Stockholm estate	Silver Awards, 8th Asia Pacific Tea Competition 2023 (Stockholm :BOP sp)
GOURAVILLA	Gouravilla Estate is situated in Upcot, Maskeliya in the Nuwara Eliya Western high grown range. The Estate is 10Km from Maskeliya and 22Km from Hatton via the Alton Road. The Estate covers an area of nearly 381 hectares and lies at an elevation of 3600 to 5300 feet. The Gouravilla Estate produces a premium tea that is recognised for its quality both locally as well as internationally. Its teas have a fine flavour and are strong in the cup.	Carbon neutral certified estate, First Ever Asian Ecosystem Restoration Verification, One of the 1st Tea Processing Centres in Sri Lanka to obtain ISO 45001: 2018, Leopard corridor established.	Bronze Winner, Ceylon Speciality Tea of the year Competition 2024 (Dimbula : BOP) Gold Award, 8th Asia Pacific Tea Competition 2023 (Gouravilla :BOP sp) Green Productivity Awards organised by Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP) 2022– Bronze Award
MAHANILU	Mahanilu Estate is situated in Upcot, Maskeliya in the Nuwara Eliya district. The Estate is 10Km from Hatton via Norwood and 15Km from Maskeliya via Upcot. The Estate covers an area of 236 hectares. The scenic Maskeliya Oya River also winds its way through the Estate. The principal crop on the Estate is tea and is grown on a steep terrain at elevations between 4500 and 5000 feet.	First Ever Asian Ecosystem Restoration Verification Leopard Corridor established, Pekoe trail traverses Mahanilu estate	Green Productivity Awards organised by Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP) 2022– Bronze Award
FAIRLAWN	The Fairlawn Tea Garden is located in Upcot in the Nuwara Eliya district 25Km from the town of Hatton. The Estate consists of 5 divisions; Fairlawn, Bargeany, Sooriyakande, Mincinglane and Blairavon, with the principal crop being tea. The Estate lies at an elevation ranging between 4500 feet and 4870 feet above sea level, with a temperate climate of 20 and 25C. The Estate covers an area of 448 hectares.	First Ever Asian Ecosystem Restoration Verification, One of the 1st Tea Processing Centres in Sri Lanka to obtain ISO 45001: 2018.	Silver Awards, 8th Asia Pacific Tea Competition 2023 (Fairlawn: BOP sp), Green Productivity Awards organised by Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP) 2022– Merit Award

INTELLECTUAL CAPITAL

Estate Mark	Unique Characteristics	Estate Highlights	Awards and Accolades
EILDON HALL	Eildon Hall Estate is situated in the Nuwara Eliya district in Lindula, approximately 11Km from Talawakelle. The Estate covers an area of nearly 162 hectares and lies at an elevation of 4430 feet. The principal crop on the Estate is tea, of which most are mature plants.		Special Gold Awards, (Eildonhall: BOP) - 8th Asia Pacific Tea Competition 2023.
TILlicoulTRY	Tillicoultry Estate is located in the Nuwara Eliya district and is 2Km from the Lindula town and 7Km from Talawakelle Railway Station. The Estate covers an area of 377 hectares at an elevation between 4200 and 5000 feet above sea level.		Special gold awards. (Tillicoultry: Handmade green tea) - 8th Asia Pacific Tea Competition 2023 Green Productivity Awards organised by Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP) 2022– Merit Award
BAMBRAKELLY	Bambarakelly Tea Estate is situated in Lindula, in the Nuwara Eliya district. The Estate is perched at an elevation between 4200 and 5400 feet, and covers an area of nearly 591 hectares.		Silver Awards - 8th Asia Pacific Tea Competition 2023 (Bambrakelly :BOP sp)
NEUCHATEL	Neuchatel Estate is located in Neboda, 50Km from Colombo and bordering the Kalu Gaga River. The Estate covers an area of 902 hectares. Neuchatel Estate's factory is equipped with modern rubber mills and tanks for producing high quality crepe rubber. Equipped with two lofts for natural drying and two lofts for quick drying using a burner system, the factory has a total production capacity of 400,000Kg of crepe rubber per year.	1st in Sri Lanka to be EUDR compliant	
FROCESTER	Frocester Estate lies 11Km from the Horana town in Govinna at an elevation between 165 and 330 feet. The Estate is situated in the Kalutara district and primarily grows rubber, while cinnamon is also cultivated on a smaller scale. The Estate's factory is equipped to manufacture Sole Crepe Specialised Rubber.	1st in Sri Lanka to be EUDR compliant	
MILLAKANDA	Millakanda Estate is situated in the Kalutara district close to the town of Bulathsinhala . The Estate lies at a low elevation of 100 feet. The Estate's principal crop is tea and covers an extent of 387 hectares.	Practice high density planting in large scale.	
MIRISHENA	Mirishena Estate is situated in the Kalutara district close to the Bulathsinhala town. The Estate lies at an elevation between 246 and 330 feet. Mirishena Estate is a rubber plantation covering an area of nearly 504 hectares. The Estate factory focuses on manufacturing crepe specialised rubber.	1st in Sri Lanka to be EUDR compliant	

Estate Mark	Unique Characteristics	Estate Highlights	Awards and Accolades
HALWATHURA	Halwatura Estate is situated in Ingiriya, bordering the Kalugaga River in the Bulathsinhala electorate. The Estate covers an area of 612 hectares. The terrain is primarily made up of small natural mountains and rocks. The primary crop on the Estate is rubber.	1st in Sri Lanka to be EUDR compliant First Ever Asian Ecosystem Restoration Verification	Merit Award for Halwathura estate for the Best Estate Worker Housing Co-operative Society - 2023 in Commemoration of 30th Anniversary at Galle region organised by Plantation Human Development Trust – Galle Region.
HILLSTREAM	Hillstream Estate is a mixed crop estate of rubber and coconut. The Estate is situated in Bulathsinhala, in the Kalutara district. Rubber trees occupy a majority of the Estate's cultivated land area while coconut trees make up the rest. Overall, the Estate covers an area of 400 hectares of low country steep hilly terrain and boasts a temperate climate between 15 and 25C.	1st in Sri Lanka to be EUDR compliant	

RPC RANKING



HIGH GROWN TEA

HPL has maintained a **consistently strong performance** in the high grown tea segment, remaining within the **top 4 rankings for five** consecutive years. The company held the **3rd position** in three of those years (2020, 2021, and 2023), indicating **stable excellence and competitiveness** in this category. The slight shifts to 4th place in 2022 and 2024 may reflect **minor market fluctuations or increased competition**, but the overall trend demonstrates **reliable, high-quality production**.

LOW GROWN TEA

The low grown segment shows **more volatility** compared to high grown rankings. A **notable improvement** occurred in 2021 and 2023, where HPL reached the **3rd position**, reflecting **strong operational performance** in those years. However, the sharp drop to **12th place in 2022** suggests **operational challenges or external pressures** during that period. The rebound to 5th in 2024 signals a **positive recovery trend**, though it indicates the need for **sustained focus** to maintain a top-tier position consistently.



CERTIFICATIONS AND ALLIANCES

Garden Mark	Certifications
Alton	RA, Fairtrade, Eco label, GHG Inventory Verification, ISO 22000:2018, ISO 45001:2018, Carbon Neutral, Ecosystem Restoration Verification
Stockholm	RA, Fairtrade, Eco label, GHG Inventory Verification, ISO 22000:2018, Ecosystem Restoration Verification SL GAP
Gouravilla	RA, Fairtrade, Eco label, GHG Inventory Verification, ISO 22000:2018, ISO 14001: 2015, ISO 45001:2018, Carbon Neutral, Ecosystem Restoration Verification
Mahanilu	RA, Eco label, GHG Inventory Verification, Ecosystem Restoration Verification
Fairlawn	RA, Eco label, GHG Inventory Verification, ISO 22000:2018, ISO 14001: 2015, ISO 45001:2018, Ecosystem Restoration Verification
Eildon Hall	RA, Eco label, GHG Inventory Verification, ISO 22000:2018
Tillicoultry	RA, Eco label, GHG Inventory Verification, ISO 22000:2018
Bambrakelly	RA, Eco label, GHG Inventory Verification, ISO 22000:2018
Neuchatel	ISO 9001:2015, GHG Inventory Verification, Preferred by Nature Certification EUDR
Frocester	FSC&COC, ISO 9001:2015, Fair Rubber, GHG Inventory Verification, Sri Lanka GAP, Preferred by Nature Certification EUDR
Millakanda	ISO 22000: 2018, GHG Inventory Verification
Mirishena	GHG Inventory Verification, preferred by Nature Certification EUDR
Halwathura	GHG Inventory Verification, Ecosystem Restoration Verification, Preferred by Nature Certification EUDR
Hillstream	GHG Inventory Verification, Preferred by Nature Certification EUDR

TACIT KNOWLEDGE

As a leading plantation company, Horana Plantations PLC (HPL) possesses deep-rooted expertise in producing high-quality teas, including orthodox black, green, and specialty teas across high and low-grown elevations and high quality natural rubber. Our commitment to innovation and continuous improvement is reinforced by our robust management systems, enabling us to enhance our knowledge and add greater value to our products. Key initiatives in climate-smart agriculture, regenerative agronomic practices, and the promotion of specialty teas, including organic, chemical-free options, highlight our capabilities in sustainable and high-value tea production.

The average tenure of our employees is more than 15 years and we believe in maintaining a low employee turnover rate so as to capitalise on the tacit knowledge and expertise of our workforce. We make significant investments in training our management-level staff at both the corporate and estate levels through structured internal training programs, progressive mentoring, and succession planning initiatives. In 2024/25 we spent a total of Rs 3.6 Mn on training and development of our employee cadre. We also invest in the well-being of our employees and their families to further encourage continuity of tenure. Integral to our success is an effective institutional knowledge management process that ensures seamless knowledge sharing and learning. Our Board of Directors, with their pragmatic leadership and industry acumen, further strengthens these efforts.

This unwavering commitment to knowledge transfer and skills development guarantees the continuity of our operations while reinforcing excellence in tea production and plantation management.

The following training programs conducted throughout 2024/25 demonstrate our commitment to enhancing expertise

and knowledge within our workforce, spanning key areas of agriculture, sustainability, technology, and management. These initiatives ensure continuous learning, skill development, and the transfer of industry best practices across all levels of our organisation.

Innovation in Agriculture

A full-day workshop organised by Wayamba University for Estate Management Team which provide hands-on experience sessions on tissue culture techniques, guided labouratory visits, soil testing, and nutrient analysis. The workshop aimed to empower participants with actionable insights into sustainable plantation management.

Kiyota Coffee company Pvt Ltd conducted coffee training session at Matale – training related to innovative value addition and product development.

Top Management participated oversees training in Malaysia related Oil palm agronomy production, innovative aspects.

Sustainability team participated Biodiversity Sri Lanka Symposium related to Advancing Environmental Responsibility through innovation - plastic waste management



Training Session on Determining Soil Texture



Sustainability

- GHG and Carbon Footprint calculation training program conducted by NCPC
- EY Sri Lanka conducted SLFRS S1 and S2 standard training – discussed climate related disclosures
- Participated green industry symposium organised by Industrial Development Board – Presentations on new green projects to address climate change
- Participated Biodiversity Sri Lanka annual technical sessions related to climate risks and biodiversity
- PROMISE forum for Waste management
- ISO 50001 energy management training program

INTELLECTUAL CAPITAL

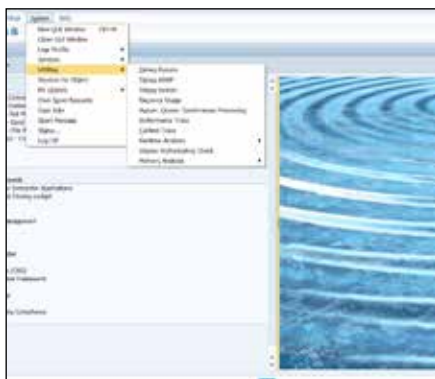


Training Session on Energy Management



Digitisation

- Series of training programs related to SAP ERP system implementation
- Digital weighing training session conducted for Lindula cluster of estates
- Olax ERP implementation training program conducted for low country.



Leadership and Management

- Strategic planning and Leadership development training program conducted for Hayleys Plantations Management team at Laya leisure, Kukuleganga – conducted by Managing Director
- Hayleys Plantations Management Symposium conducted for estate management to showcase their projects and improve presentation skills.
- Few estate managers participated overseas training in Thailand – related to lean management.
- Management team participated fairtrade Tea tray workshop – Capacity building training program
- The Centre for Child Rights and Business conducted a workshop for Managers and Asst managers related to Gender equality, sexual harassment policy implementation.
- Leadership Experiential workshop conducted by the Centre for managers at Amba estate.
- CIMA and Fairtrade organised capacity building and marketing training sessions.



Tea Tray Event and SAP ERP System Go-Live

The Health and Safety of our workforce remain a top priority, particularly for those engaged in high-risk activities such as agrochemical application. In line with our Occupational Health and Safety (OHS) Plan, we conduct regular health assessments for our chemical sprayers and ensure that all employees have access to Personal Protective Equipment (PPE).

As part of our commitment to environmental and workplace safety standards, including Rainforest Alliance, Fairtrade and FSC certifications, and ISO 45001, we provide continuous training on chemical handling and storage, reinforcing best practices to minimise risks.

Furthermore, our OHS framework includes first aid and fire drill training, conducted by qualified professionals from the Sri Lanka Red Cross Society. In collaborations with Humedica, a German NGO, we have also facilitated first responder training, equipping employees with essential knowledge to recognise early symptoms of medical conditions such as epileptic seizures. Additionally, the Sri Lanka Red Cross continues to conduct periodic first aid training, ensuring that our workforce remains prepared to handle workplace emergencies effectively.



First Responder Training by HUMEDICA

Digital Transformation and Smart Plantation Practices

A key pillar of our intellectual capital strategy is the gradual expansion of our intellectual asset base in agro-manufacturing. While our expertise has historically been rooted in the specialised agro-production knowledge of our people, we are now actively integrating modern research and development (R&D) practices to enhance our capabilities.

Through strategic partnerships with leading scientific institutions and the adoption of advanced technology solutions, we are transforming our traditional cultivation and manufacturing systems. These initiatives are designed to reduce costs, drive value addition, improve productivity and efficiency, and enable greater diversification, all while maintaining our commitment to sustainable resource management. These technological advancements that we are adopting are shaping the future of plantation management, positioning HPL as a leader in the sector

Sustainability

Solar Energy Projects & Sunny Portal Integration

HPL has implemented on-grid and off-grid solar energy solutions across key estates such as Upcot-Maskeliya, Lindula, and Horana. This aligns with the EU’s Net Zero 2050 vision, reducing carbon emissions and promoting the use of renewable energy. The integration of Sunny Portal allows for real-time monitoring of energy generation, optimising performance and enhancing operational transparency.

Weather-based Decision Making

The Weather Channel app provides minute-by-minute weather forecasts, which support key operational decisions in tea and rubber plantations. This helps in optimising processes like fertilisation, planting, plucking, and latex collection, minimising emissions associated with fertilizer usage and ensuring better management of environmental factors, especially in rubber tapping. This helps minimise wastage, prevent runoff from excessive fertilizer use, and reduce emissions associated with fertilizer application. It is also invaluable in optimising the quality of latex collected, which is easily contaminated by water in inclement weather.

IoT-based Rubber Drying Process

The use of IoT technology to monitor and control the rubber drying process has significantly helped in managing emissions and improving energy efficiency, ensuring that the process is more environmentally friendly.



The Weather Channel App

Safety

Track My Car GPS System

HPL has implemented a GPS tracking system across its estates to improve transportation management. This technology enables real-time vehicle location tracking, optimising routes, reducing fuel costs, and ensuring timely and secure leaf deliveries. It also enhances driver safety, especially when navigating remote and challenging terrains.



Operational Efficiency

SAP ERP System Implementation

HPL is transitioning to a cloud-based SAP ERP solution with an investment of Rs. 4.6 million. This upgrade streamlines core business functions, enhances data management, and integrates planning across departments, driving operational excellence and improved decision-making.

Machine Plucking and Tapping

To combat labour shortages and enhance productivity, HPL invested Rs. 11.74 million in 200 single-handled tea plucking machines, which doubled the daily plucking output from 20 kg to 40 kg per worker, improving cost-efficiency in tea production.

Green Leaf Collection & Digitalisation

An IoT Tea Weighing Automation Solution has replaced traditional, manual tea collection methods. This cloud-based system ensures real-time data integration, accurate attendance tracking, and field-to-factory traceability, significantly reducing errors and cutting costs.

Digitalisation of Rubber Latex Collection

IoT-based systems have replaced traditional manual measurements in rubber latex collection. This automated system improves the accuracy of latex volume and density measurements, reducing errors and wastage and improving operational efficiency.

Dry Tea weighing Machines

The dry tea weighing machines at the Tea Processing Centres accurately measure fired tea weight and integrate with the ERP system to continuously monitor data. The software tracks latex density, reducing errors and improving rubber collection accuracy. Weighbridges ensure quick, accurate weighing, minimising delays and boosting operational efficiency.

Color sorter machines

To enhance the efficiency and accuracy of the tea sorting process, new color sorter machines have been installed at Fairlawn and Bambrakelley factories. This advanced equipment utilises high-resolution cameras and intelligent sorting technology to detect and separate tea based on color, ensuring a higher level of consistency and quality. By automating the sorting process, the machine significantly reduces manual labour, minimises human error, and boosts overall productivity, contributing to improved operational performance and better product standards.



Color Sorter Machine Installed at Fairlawn Estate

Research and Development

HPL prides itself on prioritising Research and Development initiatives as part of its ongoing drive towards operational efficiency and sustainability. In 2024, a number of research and development (R&D) initiatives were undertaken to improve both tea and rubber cultivation techniques.



MOU Signed with Earth Systems Organisation



High-Density Tea Planting

Tea

1. The TeaShade program in Gouravilla and Mahanilu estates focused on shade management. This program includes planting Gravelia and Dadaps trees across 100 hectares and 55 hectares of reforestation areas with native species, including riverbanks and leopard corridors. The trees are designed to sequester carbon and facilitate carbon credit trading. This program enhances environmental sustainability, while also contributing to operational efficiency through carbon management.
2. At the Millakanda estate, an experiment on high-density planting was initiated to test crop yield and productivity. The aim is to compare high-density planting with traditional methods, providing valuable insights for optimising plantation space and increasing tea production efficiency.
3. As an alternative to polythene bags, the Gouravilla estate introduced sustainable bamboo pots for tea nurseries. These pots, designed with proper drainage to support healthy root growth, not only reduce

our dependence on plastic but also promote a circular economy. This R&D project focuses on both economic and environmental impacts. The design of bamboo pots has been applied for patent rights.

4. In collaborations with Earth Systems Australia, we are developing a biochar production unit. This system aims to generate biochar, which can be used as a soil amendment, while also capturing heat for the tea drying process. The project will generate wood vinegar as a byproduct, which can be used as a nematicide and fungicide, contributing to both operational efficiency and environmental sustainability.
5. Working in collaborations with SLINTEC and Fairtrade we are working on a biodegradable chemical development as an alternative to Glyphosate.

Rubber

1. In rubber cultivation, we are experimenting with machine tapping to assess latex yield and efficiency. This R&D initiative aims to determine

the feasibility and efficiency of machine-assisted tapping to improve productivity and minimise labour costs.

2. The high-density planting of rubber for latex timber is another ongoing initiative. The project focuses on analysing and comparing crop yield and operational parameters to improve efficiency and long-term rubber production.



Process Innovations

1. In terms of process innovation, we have introduced an innovative umbrella for tea pluckers. This customised umbrella is designed to protect workers from both rain and sun during harvesting, enhancing their working environment and well-being. Currently in the experimental stage, this innovation is aimed at improving the

efficiency of the harvesting process. We have applied for patent rights for this design.



Innovative Umbrella

2. In partnership with Arthur C Clarke Centre, Initiatives have been taken to install two weather stations—one in the upcountry and one in the low country. These stations will track critical weather parameters, including rainfall, humidity, and sunshine hours, enabling us to make better-informed decisions for optimising tea and rubber cultivation processes based on real-time data.
3. We are in the process of installing soil probes in both the upcountry and low country to analyse site-specific soil nutrients. This data will enable us to formulate field-specific fertilizer mixtures, improving the efficiency and effectiveness of our fertilization practices and supporting sustainable soil management.

Through these R&D efforts, we aim to improve operational efficiency, sustainability, and productivity in both tea and rubber cultivation, contributing to the long-term success of our plantation operations.

Climate-Resilient Crops and Sustainable Agriculture Initiatives

In our ongoing efforts to enhance sustainability and climate resilience in our agricultural practices, HPL has undertaken several R&D initiatives focused on climate-resilient crops and sustainable agricultural methods.

Climate-Resilient Crops: In line with our commitment to environmental stewardship, we have introduced Agarwood as native shade trees in the Gouravilla Estate. This initiative not only supports the cultivation of climate-resilient crops but also enhances the biodiversity and carbon sequestration potential of our estates.

Sustainable Agriculture: In addition to exploring climate-resilient crops, HPL is advancing sustainable farming practices through the incorporation of beekeeping with oil palm. This integrated approach not only promotes pollination but also supports a circular agricultural system that enhances both crop yield and environmental sustainability.

These initiatives are part of our broader commitment to reducing the environmental impact of our operations, while fostering long-term agricultural sustainability.



Coffee Planting and Beekeeping



Product

Tea Innovation:

We have embarked on the production of innovative artisanal teas, which are currently in the R&D stage. Estate workers have been specially trained to craft these unique teas, which are also being distributed to leading buyers for market demand assessment. The following artisanal teas are produced at specific estates:

- Eagle Nest - produced at Alton
- Muguru Tea - produced at Eildonhall
- Ring Tea - produced at Eildonhall
- Handmade Green Tea - produced at Tillicoultry



Rubber Product Innovation:

In our rubber sector, the Frocester Rubber Factory has developed colour sole crepe rubber sticks for a special inquiry, which is currently undergoing R&D. This product is expected to meet the growing demand in the Chinese market, offering an innovative product that could significantly expand our rubber product range.



Coloured Crepe Rubber

During the reporting period, HPL invested Rs.62.8 Mn in R&D and innovation projects. Moving forward, there are five ongoing projects in collaborations with Wayamba University, as part of a Memorandum of Understanding (MOU), aimed at further advancing our research and development efforts.

“Analysis of the impact on chemical composition and sensory attributes of Sri Lankan coffee by its roasting time and temperature” - This study aims to address the gaps by optimising roasting conditions to enhance both chemical composition and sensory quality. Coffee samples collected from Lindula cluster of estates of Horana Plantations PLC

“Stakeholders’ Perception Towards Oil Palm Cultivation: A Case Study from Horana Region in Sri Lanka” - Despite

economic benefits, oil palm cultivation faces social and environmental resistance. This study explores stakeholder perceptions regarding its sustainability and expansion. Data collect from Oil palm cultivation areas in Horana region under Horana Plantations PLC.

“Analysis of the potential use of Bamboo (*Bambusa vulgaris*) pots as an alternative in Tea (*Camellia sinensis*) nurseries in up country and low country Sri Lanka” – through this study Compare the growth parameters of young tea plants grown in un-treated bamboo pots, heat-treated bamboo pots and polythene bags, Determine the moisture retention in bamboo planting pots over polythene pots, Determine the irrigation interval for untreated bamboo pots and heat-treated bamboo pots in tea nursery.

“Performance Evaluation of an Automated Withering Trough System Used in Black Tea Manufacturing” – this research conducted in Bambrakelley Estate of HPL. This study conducts to assess the moisture content, withering rate, and time required for withering completion in automated and conventional withering systems.

“Evaluating the Effectiveness of Solar Energy as a Supplementary Heat Source for Drying in Black Tea Manufacturing” - This study covers evaluate the overall drying time, rate and energy consumption of the combine solar-electric oven drying method compare to the electric oven drying method, to analyse the quality and chemical composition of the tea produced by the combine electric oven drying method vs the electric oven only drying method.



Bamboo Pots – Innovation



HPL has established a comprehensive risk management and internal controls policy, which includes specific measures to safeguard intellectual property and ensure compliance with all relevant laws and regulations. In addition, the company has a dedicated intellectual property management policy, which outlines procedures for the acquisition, use, maintenance, and disposal of intellectual assets. This policy ensures the effective and efficient utilisation of intellectual property while minimising associated risks.

HUMAN CAPITAL

At Horana Plantations PLC, our people are more than just a workforce, they are the heartbeat of our progress. From the field to the factory, their dedication and resilience power every aspect of our operations. We recognise that the strength of our company lies in the skills, well-being, and commitment of our diverse employee base spread across our estates.

STRATEGIC COMPONENTS OF HUMAN CAPITAL



Employee Well-being & Safety

Ensuring safety and health across all HPL estates expertise



Capacity Building & Skill Development

Building employee skills through targeted training and leadership programs.



Gender Equality & Inclusion

Advancing equality at every organisational level.



Employee Engagement & Empowerment

Fostering a culture of communication, participation, and recognition.

3,149

Total Number of Employees

Rs. 3.6 Mn

Investment on Training & Development



PILLARS OF THRIVING WORKPLACE



HUMAN CAPITAL: TARGETS AND TRAJECTORY

Human resource targets	Progress to date	Way forward
Implementation of HRIS – ORACLE IT Solution	Yet to commence, negotiating with qualified vendors	The task is expected to be completed by the end of August.
Training on GMRs and GAPs	Several programs have been conducted	Company will continue to conduct programs as it has direct impact on productivity and quality
Literacy rate of 90%	76%	Implement distance learning centres within the plantations.
Capacity building of worker community	Refer table in training section for a detailed list	We have planned several programs during the year
Appointment of women supervisory staff	Few have been appointed	We will increase the number up to 10% of the required staff
Safe and Affordable Housing	Construction of 30 units have been commenced on Stockholm state	We will target for another 60 units on low and up country estates with the assistance of PHDT
Zero anaemia among workers	1 %	Awareness programs will be conducted by an MBBS doctor, focusing on mothers, pregnant mothers, and children.

GRI 13.20.1

EMPLOYMENT PRACTICES

Horana Plantations PLC is committed to ethical and transparent recruitment practices that fully comply with national labour laws and international conventions, including those of the International Labour Organisation (ILO). We uphold fair labour standards and promote equal opportunity in recruitment, without discrimination based on race, religion, gender, civil status, or sexual orientation. All employees are hired directly—never through intermediaries—and must be over the age of 18, with preference given to individuals from neighbouring communities. HPL strictly prohibits child labour and has established robust systems to verify the age and identity of all recruits. We also support a child rights-based approach, taking appropriate measures to ensure no form of child exploitation exists within our operations or supply chain. Our policies safeguard freedom of association, ensure fair compensation, and guarantee that all workers enjoy the legal rights to rest, leave, and safe working conditions.

HPL follows the Hayleys HR policy and its own Internal Code of Business Conduct and Ethics, which affirms our commitment to equal opportunity employment and compliance with local and international labour laws. The policy prohibits discrimination on any grounds, including race, gender, religion, or disability, and firmly rejects the use of child or forced labour. HPL's Human Rights Policy further supports these principles by collaborating with suppliers to eradicate illegal labour practices and ensuring no persons under 18 are employed. Our Zero Recruitment Fee Policy guarantees that no worker bears the cost of recruitment—including medical checks, permits, or travel. We also strictly prohibit the withholding of identity documents; all employees retain full control of their personal documents, with only copies securely maintained in personnel files. These measures reflect our commitment to ethical recruitment and the protection of workers' rights.

GRI 13.21.1

UPLIFTING LIVELIHOODS: HPL’S COMMITMENT TO LIVING WAGES

Horana Plantations PLC (HPL) is committed to ensuring all employees receive a fair wage that supports a decent standard of living for themselves and their families.

HPL’s remuneration framework is transparent, norm-based, and aligned with the Global Living Wage Coalition, ILO guidelines, Sri Lanka’s Wages Board Act, including unions. The methodology considers basic needs, household size, inflation, and cost of living.

In sourcing and pricing, HPL factors in living income by:

- Partnering with ethical suppliers
- Complying with sustainability certifications
- Performing regular wage audits
- Setting product prices that reflect ethical labour costs.
- Through fair compensation and responsible business practices, HPL promotes dignified livelihoods and long-term sustainability.

HPL does not hire any foreign employees for its operations, 100% of senior management is hired from the local community.

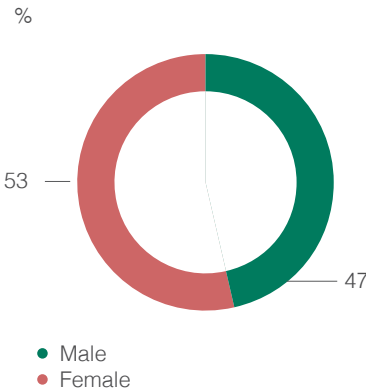
Extending Fair Wage Practices Across the Supply Chain

Horana Plantations PLC (HPL) is committed to fair wage practices not only within its own operations but throughout its entire supply chain. All suppliers and vendors are required to comply with HPL’s Procurement Policy, which mandates adherence to living wage standards. This policy ensures that workers engaged by suppliers receive fair compensation aligned with national laws and international best practices, supporting ethical sourcing and sustainable livelihoods.

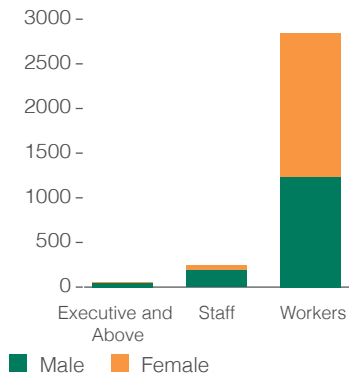
OUR EMPLOYEE PROFILE
Total Employees by Gender and Region

Region	Category	Gender	
		Male	Female
Head Office	Above Executive Level	47	9
	Below Executive Level	4	0
Upcot	Workers	618	781
	Staff	72	28
Lindula	Workers	282	385
	Staff	38	17
Low Country	Workers	332	443
	Staff	72	21
Total		1,465	1,684
Net Total		3,149	

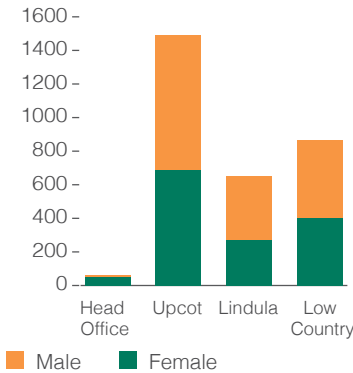
EMPLOYEES



EMPLOYEES BY CATEGORY



PERMANENT EMPLOYEES BY REGION



- Employee split by gender is a little more than 50% female.
- Most employees are plantation workers.
- Most employees are employed at the Estates.

GRI 2-7

Total Number of Permanent Employees

Region	Category	Gender	
		Male	Female
Head Office	Above Executive Level	47	9
	Below Executive Level	4	0
Upcot	Workers	618	781
	Staff	67	26
Lindula	Workers	232	368
	Staff	37	16
Low Country	Workers	332	443
	Staff	70	20
Total		1,407	1,663
Net Total		3,070	

GRI 2-8

Total Number of Workers Who are not Employees.

We employ approximately 314 contractual workers, primarily within our company. They are paid based on pre-agreed tasks according to the type of work they perform. These tasks include various sundry activities such as weeding, fertilisation, draining, forking, replanting, and office work.

The methodology used to compile this data involves a physical count, and the numbers are accurately recorded and reported.

As at the end of the reporting period, Horana Plantations PLC employed a total of 3,070 permanent employees, all of whom are engaged on a full-time basis. This is 97% of the total cadre. The Company does not engage part-time, temporary, or non-guaranteed hours employees. Our workforce is also notably gender-balanced, with a near equal distribution of male and female employees across estates and the head office, reflecting our ongoing commitment to inclusive employment practices.

Total Remuneration

 **Rs 1.56 Bn**

Total No of Females

 **1,684**

GRI 2-30

Collective Bargaining Agreements

Horana Plantations PLC recognises and respects the right of all employees to engage in collective bargaining, in alignment with Sri Lankan labour laws

Total no of Employees

 **3,149**

Total No of Males

 **1,465**

and International Labour Organisation (ILO) conventions. A Collective Bargaining Agreement, signed in 28th January 2019 all Regional Plantation Companies (RPCs) and worker unions, remains in effect—excluding the clause on wages, which since 2019 has been determined

by the Wages Board. In the financial year 2024-25, there was no collective agreement in force as negotiations were inconclusive. However, 100% of HPL's manual grade labour force & estate non executive staff are normally covered by collective agreements. Collective bargaining has historically served as a critical mechanism for addressing the needs and rights of plantation workers, particularly in relation to working conditions and employment benefits. HPL maintains open and transparent relationships with trade unions and worker representatives, fostering constructive dialogue and mutual understanding. Through legally recognised processes, the Company is committed to ensuring fair labour practices and giving employees a meaningful voice in workplace decisions.

GRI 3-3

Employment Offer and Contracts at HPL

Once a candidate in the category of staff and executives is selected, HPL extends a formal offer of employment detailing the key terms and conditions, including job title, salary, benefits, and start date. This ensures transparency and mutual understanding before finalising the employment relationship. The employment contract, a formal agreement between the employer and the employee, outlines roles, responsibilities, working hours, probation period, leave entitlements, and termination conditions. In alignment with Sri Lankan labour laws. Candidates are encouraged to thoroughly review the terms and seek clarifications if needed. Upon mutual agreement, the candidate signs the contract, with one copy issued to the employee and the other retained in their personal file.

In the case of recruitment of the manual worker, management follows procedure by obtaining personal data of the worker and approving recruitment finally by Managing Director with recommendation of Director/ CEO. Employment condition pertaining to the worker is conveyed by estate

HUMAN CAPITAL

management to the worker concern which include benefits he/she gets throughout its employment, or after the report.

HPL does not engage third-party employment agencies in its recruitment process. All hiring is conducted internally to ensure adherence to ethical standards and company policies.

GRI 401-1 NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Region wise Recruitments			
Region	Executive & Managers	Staff	Workers
Upcot	0	9	130
Lindula	0	7	44
Low Country	0	8	60
Head Office	20	0	0
Total	20	24	234

Region wise Turnover			
Region	Executive & Managers	Staff	Workers
Upcot	0	9	168
Lindula	0	3	146
Low Country	0	6	150
Head Office	13	0	0
Total	13	18	464

The employee data reveals distinct trends across different employment categories. At the executive and staff levels, hiring has outpaced resignations, indicating healthy growth and relatively stable retention. Executives saw a net gain of 7 employees, while staff increased by 6, reflecting effective recruitment and retention strategies in these categories.

Ethical Recruitment at HPL: Our Commitments

Zero Recruitment Fees

No job applicant or worker at HPL is required to pay for applications, medical checks, travel, or work permits. Recruitment is 100% free for all candidates.

No Withholding of Documents

HPL prohibits the retention of identity documents such as passports, NICs, or certificates. Employees maintain full control of their personal documents.

No Child or Forced Labour

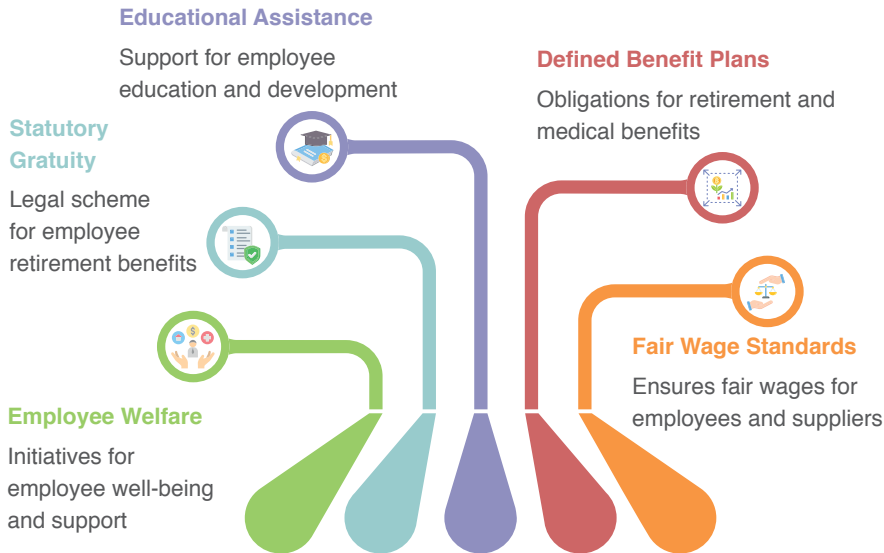
We do not employ individuals under 18 and uphold a zero-tolerance policy on forced or compulsory labour in any form.

Equal Opportunity Employer

We ensure fair treatment and equal opportunities for all, regardless of race, gender, religion, disability, or background.

Number of recruitment							Total
	Male			Female			
	Under 30 Years	30-50 Years	Over 50 Years	Under 30 Years	30-50 Years	Over 50 Years	
Executives	11	5	1	3	0	0	20
Staff	0	20	0	4	0	0	24
Workers	20	60	2	24	112	16	234

GRI 201-3 & 401-2 **EMPLOYEE BENEFITS**



Defined Benefit Plan Obligations

HPL meets all statutory payment requirements and goes above and beyond. In Sri Lanka, by law, the monthly minimum wage is Rs. 21,000 however worker has a potential of earning minimum of Rs.33750 per month, on the basis of daily wage structure.

In addition, many other clearly defined employment benefits are available to permanent employees.

Retirement Savings

In line with the Payment of Gratuity Act, No. 12 of 1983, HPL offers a fully company-funded gratuity scheme for employees who have completed five or more years of continuous service.

Full-time employees receive job security through long-term contracts, providing stability and other legal protections, which are not available to temporary or part-time workers. They also receive profit-sharing incentives depending on the estate they are with. Additional benefits include death donation payments, infrastructure facilities and access to nutrition programs.

Training and development is offered to all full-time employees to help develop skills and support ongoing professional enhancement. More details are available in the Section on page 136.



Medical and Health and Benefits

- **Health Insurance:**
All estate workers and their families are covered.
Dependent coverage for immediate family members.
- **Executive Coverage:**
Personal Accident Insurance
Surgical and Hospitalisation Insurance
- **Workers' Compensation:**
Coverage under the Workmen's Compensation Act.
Medical incentives for workers.
- **Insurance:**
Workers are insured by Janashakthi Insurance.



Death, Injury and Disability Benefits

- **Work-Related Injury & Disability Compensation:**
Coverage for employees in case of workplace injuries.
Disability benefits for employees who suffer permanent or temporary disabilities.



Employee Welfare and Other Benefits

- **Housing & Accommodation:**
Estate-based employees receive free housing, electricity, and water.
- **Sanitary Napkins:**
Provided under the She Essentia Project.
- **Healthcare Services:**
Free dental and eye clinics.
Maternity benefits and nutrition programs.
Hygiene awareness programs.
- **Breastfeeding Facilities:**
Feeding programme available at plantations.



**Educational Assistance and
Childcare Support**

- **Scholarships & educational grants:**
Support for employees’ children, including university students.
- **CDC (Child Development Centres):** Operated at all estates.



Employee Assistance Programmes

- **Mental Health & Stress Management:**
Counselling services provided by the plantation doctor.



Statutory Payments - Gratuity, EPF, ETF

- **Statutory Gratuity Scheme**
Gratuity Payments:
In compliance with the Payment of Gratuity Act (No. 12 of 1983).
Paid to employees with five or more years of continuous service.
Formula: Gratuity = (Last Drawn Daily Salary) × (Years of Service) × 14
In years 2024/25, Rs. 90,116,069 was paid as gratuity for 357 employees.
- **EPF (Employees’ Provident Fund) Contributions**
Employee Contribution: 8% of gross salary
Employer Contribution: 12% of gross salary
- **ETF (Employees’ Trust Fund) Contributions**
Employer Contribution: 3% of gross salary
ETF provides additional financial security post-retirement.

ADDITIONAL EMPLOYEE BENEFITS
Health and Nutrition programmes

Committed to lifting standards in this area for employees and the community at large, HPL has invested heavily in community health initiatives. The company employs a female MBBS doctor who provides doorstep healthcare services to estate communities, focusing on preventative care, health education, and medical screening. These efforts include oral and breast cancer screenings, nutrition awareness, and first-aid programs for both male and female workers.



Medical Screening Program



A fully equipped Primary Care Unit, staffed by a qualified Doctor and supplied with government-provided medicine, is maintained at the Gouravilla estate to provide medical treatment for a wide range of illnesses. This facility serves not only the estate’s resident community but also individuals from surrounding villages. The outpatient department (OPD) registers approximately 100 patients daily. In addition to general medical care, the medical officer conducts specialised clinics for child healthcare and prenatal care. Within a short period, the medical officer has earned the trust and confidence of both estate residents and nearby villagers.

To further strengthen healthcare accessibility, HPL has established a primary healthcare facility in the upcot region. The company also conducts regular eye and dental clinics, distributes reusable sanitary napkins, and organises awareness campaigns on alcohol and drug abuse prevention, all as part of its broader health and wellness initiatives.

HPL also places significant emphasis on Occupational Health and Safety (OHS), adhering to strict OHS protocols. The company has developed a comprehensive occupational health and safety plan to minimise accidents and provide workers with the necessary Personal Protective Equipment (PPE). Training sessions, including first aid and fire drills, are conducted by qualified professionals to ensure that workers are prepared for any emergencies.

Sustainable Living / Working Conditions

HPL aligns with Goal 11: Sustainable Cities and Communities by improving living conditions for its workers. The company has built eco-friendly female hygiene units using bamboo materials, further demonstrating its commitment to sustainability. These units, which serve to enhance sanitation and hygiene practices, ensure that workers have access to clean facilities, thereby promoting a healthier and safer environment.



Eco-Friendly Female Hygiene Units



Free Education for Estate Children

In collaborations with Ahmad Tea, Horana Plantations PLC has established an E-Learning Centre for the children of employees in the Upcot cluster estates, especially Alton and Gouravilla. This initiative offers free English language and computer literacy classes, aiming to equip children with essential skills for future employment and higher education opportunities.

Given the limited English proficiency in plantation communities, these classes help bridge the gap, boosting communication skills and confidence. Computer literacy is equally critical for schooling, social integration, and navigating the digital world. By offering structured programs in these areas, the initiative ensures children—who are quick to learn languages and technology—gain access to vital tools for a better future.

SHE-ESSENTIA

At Horana Plantations, we take meaningful action to empower women through initiatives like the She Essentia project—our response to period poverty in estate communities. With 54% of our workforce being women, many of whom are family breadwinners, we recognised the urgent need to address menstrual health, particularly following Sri Lanka's 2022 economic crisis. Cultural stigma, financial hardship, and limited access to sanitary

products were significantly impacting school and work attendance. To tackle this, we established a reusable sanitary napkin manufacturing facility at Alton Estate, supported by a Rs. 1 Mn grant from the Centre for Child Rights and Business, and further donations from buyers like Martin Bauer and Ahmad Tea. The project also includes a health-focused E learning Centre and training in other income-generating activities such as slippers, uniform, soap and candle production.



She Essentia Project

Since its launch in November 2023, She Essentia has produced and distributed over 1800 dignity packs to women and adolescent girls at Alton and Gouravilla Estates and begun local production of slippers, with 280 pairs completed during 2024/2025. Six women are now employed full-time at the facility, and awareness sessions on menstrual hygiene have been conducted across 12 estates to ensure community engagement. The initiative is now drawing interest from international buyers and is poised for expansion across other Horana Plantations estates—advancing not only women's health and dignity but also environmental and economic sustainability.

The She-Essentia initiative by Horana Plantations has received significant recognition for its impact, winning the 2023 Seal Challenge by The Centre for Child Rights and Business for its innovative support of women and adolescent girls in tea-growing communities. It also contributed to Horana Plantations earning CSR Excellence award in outstanding contribution for women empowerment at Commonwealth Business Excellence Awards in 2024 and Best use of CSR practices in women and children empowerment at the South Asian Business Excellence Awards 2024, where the program was praised for its effective approach to addressing period poverty and empowering women in Sri Lanka's plantation sector. It continues to benefit our female community.

GRI 401-3 PARENTAL LEAVE

HPL is committed to supporting employees in balancing their work and family responsibilities through inclusive and equitable parental leave policies. In line with Sri Lankan labour laws and international best practices, HPL ensures that all employees have access to fair and adequate leave for childbirth, adoption, and childcare.

In the financial year 2024/25, 1684 female employees were eligible for leave, with 6 female employees taking maternity leave. This reflects the company's commitment to a supportive and inclusive work environment.

Employees who took parental leave during the reporting period all returned to work, achieving a 100% return-to-work rate. 7 employees remained employed 12 months later after returning from leave, and Horana Plantations PLC maintained a 77% retention rate for employees who returned to work in the previous reporting period. This reflects the company's supportive

workplace culture and commitment to employee well-being and work-life balance

Eligible female employees are entitled to maternity leave, providing essential support during pregnancy, childbirth, and postnatal recovery.

Identifying and Addressing Non-Compliance

HPL ensures compliance with its labour policies and ethical commitments through regular external audits / internal audits. These audits assess recruitment practices, wage payments, and working conditions to identify any deviations from internal policies or regulatory standards. HPL did not receive any significant instances of non-compliance with laws and regulations during the reporting period. Additionally, HPL collaborates with certifying bodies such as Great Place to Work, aligning its operations with globally recognised labour standards. Any instances of non-compliance are promptly addressed through corrective action plans and continuous engagement with relevant stakeholders to ensure sustained improvement and accountability.

Driving Performance, Delivering Value: HPL's Approach to Worker Compensation

HPL adopts a fair and structured approach to worker compensation, balancing performance-based incentives with statutory benefits. Workers receive productivity bonuses, annual festival bonuses, and attendance-based incentives. While standard deductions apply—such as EPF, loans, and cooperative contributions, unauthorised deductions, recruitment fees, and wage withholding are strictly prohibited, ensuring timely and transparent payments.

We provide a living wage that enables workers to meet the basic needs of themselves and their dependents,

ensures that workers are provided leave in accordance with national standards and ensures that all workers have an official employment status.

In-kind payments are minimal and in line with Sri Lankan labour laws and ILO standards. HPL guarantees a living wage with equal pay at entry level (1:1 gender ratio), a minimum guaranteed wage of Rs. 1,552.50 (with ETF & EPF) per day for manual grades, and performance-based remuneration for management and executive levels, as per the Hayleys Group Remuneration Policy.

As per the Hayleys Group Remuneration Policy, which is designed to attract, retain, and reward a qualified and high-performing workforce. The policy ensures compensation packages are aligned with industry norms, tailored to individual expertise, contributions, and the performance of the business unit. Salaries and benefits are structured to reflect the value each employee brings, with oversight from the Remuneration Committee.

Additionally, the company contributes 12% to provident funds and 3% to the Employees' Trust Fund, reaffirming its commitment to long-term employee welfare. This productivity-linked wage model not only enhances worker earnings but also drives engagement and performance across the board.

Furthering our commitment to employee well-being and productivity, we have implemented a dynamic, productivity-based wage model that incentivises higher output and empowers workers to enhance their earning potential—particularly across our estate workforce.

GRI 3-3

WORKER/ MANAGEMENT RELATIONS

During the current financial year, HPL did not face major negative impacts on industrial relations, though ongoing wage negotiations may affect the broader economy. Positively, strong labour relations have contributed to employee income stability and overall economic value.

HPL follows national labour standards, including verbal agreements accepted under Sri Lankan law, and has a structured reward and recognition system across all employee levels. The company actively manages industrial relations through continuous communication with unions, internal reporting systems, and labour rights awareness programs.

(UNGC Principle 3 and GRI 2-30) The HR Department monitors labour disputes, updates policies based on lessons learned, and engages with stakeholders through regular union discussions and participation in industry-level forums.

GRI 402-1

Notice Period for Significant Operational Changes

HPL is committed to transparency and responsible communication in all aspects of its operations. As part of this commitment, management has established a minimum notice period of 4 weeks for informing relevant stakeholders about any significant operational changes.

These changes may include, but are not limited to:

- Restructuring of operations
- Outsourcing of services
- Closures or expansions
- New facility openings
- Mergers or takeovers
- Sale of all or part of the organization

This notice period ensures that employees and other affected parties are given

adequate time to prepare for transitions, in line with our principles of fair practice and accountability.

GRI 3-3, 403-1 & 13.19.1 & 2

EMPLOYEE WELL-BEING

Occupational Health and Safety

During the 2024–25 financial year, HPL successfully managed the implementation of ISO 45001:2018 Occupational Health and Safety Management Systems (OHSMS) across its estates. A major milestone was achieved in 2023 when three of our factories—Alton, Gouravilla, and Fairlawn—became the first tea processing facilities in Sri Lanka to receive ISO 45001:2018 certification. This achievement reflects HPL's strong and ongoing commitment to employee well-being.

To further enhance workforce health and safety, HPL has appointed a full-time qualified MBBS doctor—an initiative unmatched by any other company in the sector. This ensures a higher standard of care and well-being not only for employees but also for the surrounding communities.

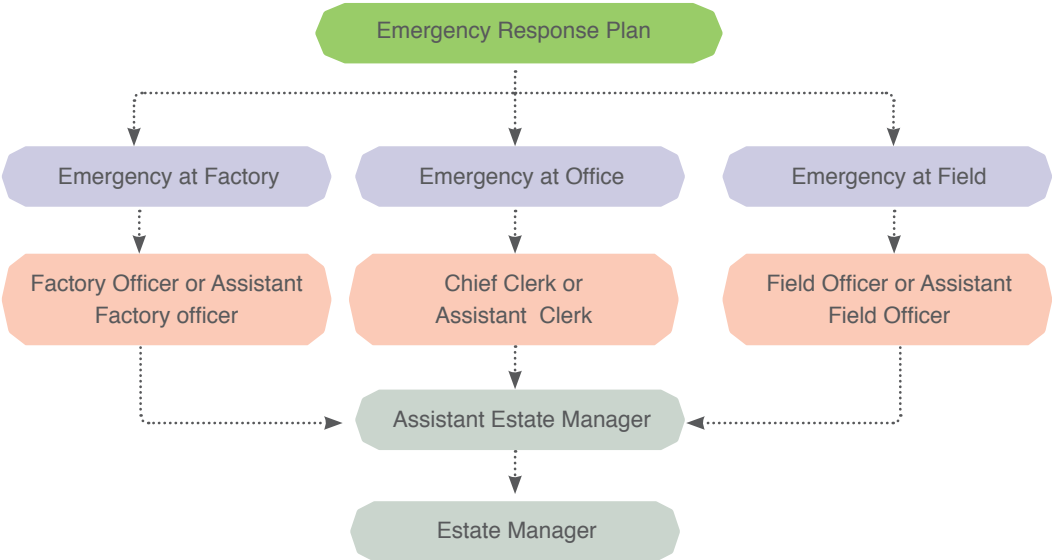
There were no fatalities or serious injuries reported during the year, with only six minor injuries and no lost workdays. HPL proactively manages health and safety through pre-employment medical screenings, regular training, and the provision of Personal Protective Equipment (PPE). Employees are also protected by comprehensive insurance and compensation schemes, with additional policies for accidents and near-miss incidents.

The company measures effectiveness using key metrics such as injury rates, absenteeism, and feedback. Stakeholder input—including from regulatory bodies, customers, and employees—shapes continuous improvements, helping ensure a safe, productive, and sustainable working environment.

HPL's Commitment to occupational health and safety

We aim to eliminate accidents and occupational illnesses by fostering a strong safety culture across all estates. Our commitments include:

- Maintaining hygienic, safe, and healthy work environments, equipment, and practices, with necessary training and instructions.
- Ensuring full compliance with applicable health and safety laws, ISO 45001:2018 standards, and client requirements.
- Proactively identifying hazards, assessing risks, and implementing corrective actions.
- Providing health and safety training to nurture a safety-first mindset among all employees.
- Ensuring all contractors and third parties are aware of and adhere to our safety standards.
- Driving continuous improvement through training, communication, and performance targets.
- Ensuring 100% accurate monthly reporting to the ESG team in line with GRI Standards and Hayleys' Cube System.



HPL encourages all workers to follow the health and safety guidelines to minimise the occupational health hazards and accidents to maintain healthy workforce. Health and safety training programs will be conducted at regular intervals for all workers.

In collaborations with Hummedica, comprehensive first aid training programs were conducted for employees at all levels — including field workers, managerial staff, and executive-level personnel



First Aid Training Program

However, the need of abiding with the health and safety practices will be

emphasised to all workers at regular meetings such as Muster Meetings. Farm management will provide necessary safety gear to workers to protect them from the accidents and guarantee that the tools, infrastructure, machinery, and all equipment used will be in good condition and will not pose a danger to human health or the environment. Workers will not be allowed to work without safety gears at any time.

Also, all our factories comply with central environmental authority (CEA) directives and are subject to annual inspections by the CEA. We also comply with the factory ordinance including its health and safety directives which are inspected annually by the labour department.

HPL commits to providing safe and healthy working facilities and takes appropriate precautionary measures to protect employees from work-related hazards and anticipated dangers in the workplace. HPL ensures that workers are provided with the protective equipment and training necessary to perform their tasks safely and are actively involved in health and safety efforts. Chemical Sprayers, Factory Workers, and Other Workers who vulnerable to Health Hazards are provided with PPE's.

Standard

As an organisation with significant interest in manufacturing, HPL is committed to maintaining the highest standards of health and safety across its operations, thereby providing a safe and injury-free working environment for all employees. This guideline serves as the minimum standard on health and safety management practices that all estates should adopt.

Scope

This policy is applicable for all estates and relevant service providers of Horana Plantation PLC.

GRI 403-2 & 13.19.3

Hazard Identification , Risk Assessment and Incident Investigation

At HPL, safeguarding the health and safety of our workforce is integral to sustainable operations. Our Occupational Health and Safety (OHS) system is built on proactive risk management, ongoing performance evaluation, and worker engagement — in full alignment with ISO 45001:2018 and Sri Lankan labour laws.

Monitoring and Performance Evaluation

HPL maintains a robust system to track and assess health and safety performance:

- Incident & Accident Reports: All workplace injuries, near misses, and fatalities are reported and analysed.
- Occupational Illness Records: Long-term and work-related illnesses are recorded to help us understand health trends.
- Safety Audits & Inspections: Routine audits ensure that operational standards meet legal and corporate safety requirements.
- Employee Feedback & Surveys: Worker input is regularly collected and integrated into OHS improvements.
- Compliance with the following national frameworks is maintained:
 - Factory Ordinance No. 45 of 1942
 - Workmen's Compensation Act
 - Occupational Health and Safety Policy 2014
 - Agrochemical MSDS compliance

We also conduct internal and external audits to verify adherence to ISO 45001:2018 standards.

GRI 403-3 & 13.19.4

OCCUPATIONAL HEALTH SERVICES

HPL is committed to a proactive approach in managing occupational health, focusing on early identification of workplace hazards and the elimination of risks to safeguard employee well-being.

These services are integrated into our broader health and safety management system and are supported by qualified medical staff and Estate Medical Assistants (EMAs). HPL's focus remains on creating a healthy, informed, and resilient workforce.

Wasp Sting Mitigation Project: A Winning Innovation

A significant achievement in this area is HPL's Wasp Sting Mitigation Project, which has been recognised globally through the Centre for Child Rights and Business's 2024 Seal Challenge Round 1 Award in 2024.

HPL's innovative approach to addressing the risks posed by wasp stings in tea fields has been transformative for the safety and well-being of its female workers.

The project was designed to create safe and comfortable covered protective areas in the tea fields, significantly reducing the risks of wasp stings—a common and dangerous issue, especially for women in the fields.



Wasp Sting Mitigation Project

The project was piloted at Bambarakelly Estate, which is located in a high-risk wasp zone and is one of the estates with the largest resident population. Historically, this estate had recorded several incidents of wasp stings, including one tragic death, highlighting the need for preventive measures. The newly introduced protective sheds offer workers a safe space for breaks, designed with special netting to protect them from wasps. Educational signage inside the sheds informs female workers about safety measures and provides guidance on how to react in case of an encounter with wasps.

The impact has been significant—female workers now have safer, more comfortable working conditions, which not only reduce the physical risks but also contribute to a better, more productive work environment. This initiative is a key step in empowering women in the workforce and creating a more inclusive, safe working environment.

We offer the following occupational health services across our estates:

- **On-site Clinics:** Accessible medical facilities provide immediate care and preventive health support to employees and their families.
- **Health Awareness Campaigns:** Regular internal and community outreach programs promote awareness on general health, hygiene, and disease prevention.
- **Proactive Disease Communication:** Clear and timely communication channels are in place to inform workers about outbreaks of communicable diseases such as dengue, chickenpox, and viral fevers, and to implement rapid response measures.

Protection from the Elements

Additionally, HPL's HER-SHIELD initiative—a customised umbrella designed to shield tea harvesters from rain and sun—demonstrates the company's continued commitment to the comfort and safety of its workforce. This innovation, currently in the experimental stage, is set to provide long-term benefits, further enhancing worker satisfaction and productivity.



HER-SHIELD Initiative Project

GRI 403-4 & 13.19.5

WORKER PARTICIPATION IN OCCUPATIONAL HEALTH AND SAFETY

HPL has established Occupational Health and Safety (OHS) Committees at each estate, ensuring inclusive and structured Worker Representatives in maintaining a safe work environment. These committees consist of Estate Executives, Factory Officers, Welfare Officers, and worker representatives, promoting a collaborative approach to health and safety management.

Monthly meetings are held to review current OHS practices, discuss new policies or risks, and evaluate the effectiveness of preventive measures. These forums empower employees to voice their concerns, contribute ideas, and remain informed about ongoing safety initiatives. This participatory structure ensures that safety remains a shared responsibility across all levels of the organisation.

Each estate is supported by a qualified MBBS doctor responsible for community health and safety education. All injuries and their causes are thoroughly verified, documented, and addressed through corrective actions integrated into the estate's safety protocols. Workers are actively encouraged to report unsafe conditions via structured channels,

including anonymous reporting, without fear of retaliation. HPL strictly enforces a zero-reprisal policy to protect employees who raise safety concerns

GRI 403-6 & 13.19.7

PROMOTION OF WORKER HEALTH

The organisation actively supports the well-being of its workforce by providing access to non-occupational medical services. Tailored programs ensure seamless access to essential healthcare resources, including assistance with navigating healthcare systems, scheduling appointments, and accessing community services. This approach guarantees timely and effective support for employees' healthcare needs, promoting a strong culture of health and wellness.

- **First Aid Training**

Conducted by Humedica to equip employees with emergency response skills.

- **OHS Training**

Delivered in collaborations with the ILO to build awareness of workplace safety standards.

- **Maternal Care Programs**

Focused on health, nutrition, and well-being of female employees during and post-pregnancy.

- **Workplace Violence & Harassment Awareness**

Training aligned with ILO conventions to prevent and address workplace misconduct.

The organisation is deeply committed to promoting the well-being of its workforce by providing access to non-occupational medical services. Through thoughtfully designed programs, employees can easily access essential healthcare resources—ranging from guidance on navigating healthcare systems to assistance with

scheduling appointments and connecting with relevant community services. This proactive approach ensures timely and effective support, fostering a workplace culture that prioritises health and wellness.



Promotion of worker Health

Over the past year, several initiatives have been rolled out to support this commitment, including a well-attended medical camp. The distribution of spectacles to those in need, and a range of health and nutrition programs. Employees also benefited from Occupational Health and Safety (OHS) training and regular awareness sessions that helped build knowledge and encourage healthier lifestyle choices.

In addition to these initiatives, the organisation offers a suite of voluntary health promotion services aimed at

addressing non-work-related health risks. These include fitness classes to encourage physical activity, nutritional counselling to support better eating habits, stress management workshops, and smoking cessation programs. Together, these efforts aim to empower employees to take charge of their well-being both in and outside the workplace.

To maximise engagement and accessibility, the organisation has put in place clear communication channels, flexible scheduling options, and regular awareness campaigns—ensuring that every employee can benefit from these supportive services.

GRI 403-7 & 13.19.8

Prevention and Mitigation of Occupational Health and Safety Impacts Linked to Business Relationships

The organisation proactively manages occupational health and safety risks associated with its operations, products, and services, with particular focus on its business relationships. Acknowledging the interconnected nature of these risks, the organisation prioritises effective risk assessments and implements preventive measures accordingly. This comprehensive approach ensures the well-being of all individuals involved in or impacted by its activities, promoting a strong culture of health and safety across its entire business network.

GRI 403-8 & 13.19.9

Workers covered by an Occupational Health and Safety Management System

HPL covers 100% of its workforce—3,149 employees and workers whose work and workplaces are controlled by the organisation—under its occupational health and safety management system. This system is internally audited for all covered workers. Additionally, 35% of these workers have been audited or certified by an external party. There are no exclusions from this disclosure. The system is based on the ISO 45001:2018

standard, which guides the methodologies and assumptions used in the management and auditing processes.

GRI 403-9 & 13.19.10

Key Performance Indicators (KPIs)

To drive accountability and transparency, the following KPIs, which are standard and globally recognised, are tracked and reported:

KPI	Target FY 2024/25	Status
Lost Time Injury Frequency Rate (LTIFR)	≤ 2.5	To be updated annually
Total Recordable Injury Rate (TRIR)	≤ 5.0	0
% of employees receiving safety training	100%	To date, 40% of the workforce has completed the training program, with efforts currently underway to cover the remaining employees. Management regularly gathers feedback from participants who have already undergone the training to continuously improve the program's effectiveness.
No. of PPE non-compliance incidents	0	Monitoring via site audits
OHS compliance audits conducted	100% of estates annually	Scheduled
Near-miss reports logged	≥ 10% increase YoY	0
Corrective actions closed within 30 days	≥ 95%	In progress

These KPIs are reviewed monthly by the ESG team and reported via the Hayleys Cube platform as part of our GRI-aligned sustainability reporting.

During the reporting period no fatalities or other significant injuries or ill health were reported during the year due to our activities or that of our business partners.

Additionally, no TRIR , fatality rate, near miss frequency rate were reported during the year due to our activities or that of our business partners.

Right to Refuse Unsafe Work and Protection from Reprisals

HPL upholds the right of all employees to remove themselves from work situations that they believe could cause injury or ill health, in line with International Labour Organisation (ILO) conventions and local labour laws. This policy is clearly communicated during safety training and is reinforced through regular engagement with worker representatives and unions.

To ensure that workers are protected from any form of retaliation or disciplinary action, HPL strictly adheres to labour laws that prohibit reprisals against employees who refuse to work in unsafe conditions. Additionally, workers in high-risk roles are provided with

HUMAN CAPITAL

Personal Protective Equipment (PPE) and trained in safe work practices to minimize potential hazards.

HPL encourages the active involvement of trade unions in promoting workplace safety and values their role in advocating employees' health and safety rights. The company also demonstrates flexibility and responsiveness when workers request changes in work arrangements due to health, safety, or other concerns. This approach reflects our commitment to building a culture of trust, safety, and open communication across all levels of the organisation.

GRI 3-3

BUILDING CAPABILITY, EMPOWERING GROWTH

Training and Development

Training and Development

HPL places strong emphasis on employee development, as reflected in a substantial 47% increase in training expenditure and a remarkable 109% rise in training hours per employee during the year.

At Horana Plantations PLC, we recognise that continuous learning and upskilling are essential to building a resilient and future-ready workforce. Our training and development initiatives are strategically designed to enhance technical knowledge, leadership capabilities, and personal growth across all levels of our organisation. By investing in our people, we not only improve individual performance but also foster a culture of empowerment and inclusion.

In line with this commitment, we conducted the WIL Training Workshop under the ETP initiative. This programme focused on Leadership, Empowerment, Communication, Gender Equality, and

Personal Development, specifically targeting Women Team Leaders, Field Supervisors, Female Staff, and Key Women Members of the estate communities. The workshop was designed to build confidence, enhance communication skills, and prepare participants for greater leadership responsibilities, thereby promoting gender equity and creating pathways for women's advancement in our estates.

In the reporting period 48 employees were given training on Women and Leadership across categories and genders. A total of Rs 400 000 was spent on training and development in this aspect across the organisation. On average 8 hours per employee was dedicated to upskilling.

GRI 404-1

AVERAGE NO OF TRAINING HOURS PER EMPLOYEE

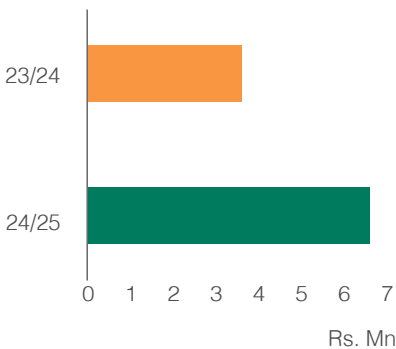


Male
7.95Hrs



Female
7.5Hrs

RS. 3.6 MN SPENT TRAINING & DEVELOPMENT



GRI 404-2

TRAINING DURING THE YEAR

Employee Development Initiatives Across Organisational Levels

Category	Type of Training	No of Programs
Workers and Staff	Health and Safety	16
	Leadership Program	1
	Skills Development	6
	Good Manufacturing Practices	1
	IT Skill development	3
Executives and Staff	Professional Skills Development	13
	Environmental/ Sustainability Certification	18
	Leaderships Skill	2
	IT skills	1
	Financial Skills	5



Training & Development Program

Capacity Building for Estate Families

HPL has been dedicated to improving educational opportunities for employees and their families in an effort toward capacity building and to improve future prospects for employees' children. Through a collaborations with Ahmad Tea, HPL has established an E-Learning Centre that offers English language and computer literacy courses to children from the Upcot estates, including Alton and Gouravilla. This initiative is crucial in empowering the next generation with the skills necessary for future employment and higher education.

In addition to the e-learning programs, HPL provides sewing training for unemployed women and has established various youth clubs, children clubs, and volunteer clubs across its estates. These programs foster personal growth, skill development, and social cohesion, creating a more empowered workforce and vibrant communities.

Addressing Alcohol-Related Challenges Through Capacity Building

Horana Plantations PLC (HPL), in collaborations with the Alcohol and Drug Information Centre (ADIC), launched a focused alcohol prevention program across five selected estates. Acknowledging the significant social and economic toll of



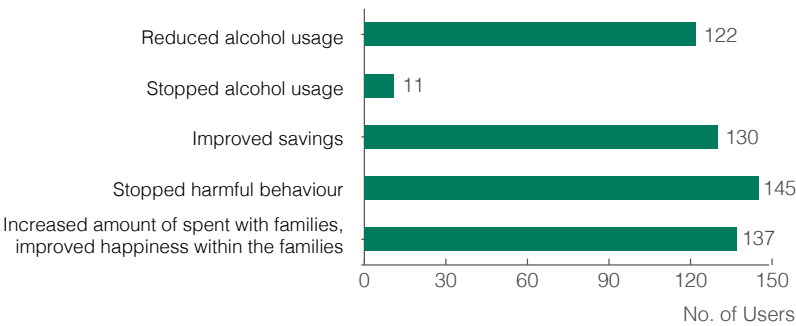
alcohol misuse, the initiative aimed not only to reduce alcohol-related issues but also to build long-term capacity among estate HR teams. Through a structured training program, over 50 estate personnel were trained to identify, address, and intervene in cases involving alcohol, tobacco, and drug-related problems. These trained individuals now serve as catalysts for change, leading awareness sessions, offering support, and fostering healthier estate environments.



ADIC Program

The program engaged 267 identified alcohol users and produced measurable social benefits. Reports from the field indicate a 30–40% reduction in alcohol expenditure among participating families, leading to increased household savings. There was also a marked decline in alcohol-related conflicts and domestic violence incidents within the communities. Importantly, several individuals reported a reduction in both the frequency and quantity of alcohol consumed, and over 20 users voluntarily quit alcohol altogether. The initiative reinforced a critical insight: while technical training is essential, sustainable community change stems from a broader approach that promotes health, happiness, and collective well-being. Through this program, HPL not only enhanced employee welfare but also contributed to the long-term resilience and social upliftment of its estate communities.

IMPACTS : OUT OF 267 ALCOHOL USERS



GRI 404-3 PERFORMANCE EVALUATION
Employee Recognition

At Horana Plantations PLC, our people are the heart of our success. We believe in cultivating a culture of appreciation and recognition—one that values hard work, dedication, and continuous improvement across all levels of the organisation.

Through regular performance and career development reviews, we ensure that our employees—both in the estates and at the corporate level—receive timely feedback, guidance, and encouragement. A high percentage of our estate workforce participates in these reviews, which have played a significant role in improving retention and morale. Executive and staff members are assessed annually, allowing the company to not only monitor performance but also identify skills gaps and training needs.

Recognising Our Estate Workforce

Across our estates, recognition programmes are deeply woven into daily operations. Monthly and annual initiatives help shine a light on individual excellence and team spirit. HPL has a very transparent rewards system in place, but we also have many awards to recognise individuals in various capacities and roles.

One of the most cherished traditions is the “Best Plucker and Best Tapper of the Month” recognition, where selected employees receive certificates in appreciation of their consistent performance. Alongside this, we offer productivity incentives—rewarding harvesters who exceed 18 kg per day with additional allowances for each extra kilo harvested. These schemes not only enhance motivation but also align individual output with estate-wide productivity goals.



Awarding Best Plucker and Best Tapper of the Month



Attendance-based incentives are granted to pluckers demonstrating high commitment by consistently reporting to work, while profit-sharing incentives are linked to estate profitability, promoting a shared sense of ownership and success. In addition, appreciation incentives are awarded to those who maintain excellent standards in field and cultivation work. Retiring employees are honoured with letters of appreciation personally signed by our Managing Director—a simple but meaningful gesture that celebrates years of service.



Annual Best Harvester Competition

The Best Harvester Competition



Among our most anticipated annual events is the Best Harvester Competition, which celebrates exceptional skill and dedication in harvesting. Preceded by rigorous training and nutritional support for divisional winners, the grand finale is held with great pride. In 2025, this event took place on 1st March at Radalla Grounds, where over 40 skilled women harvesters who won at the estate level competed in a high-energy final round. They were judged on leaf quantity, leaf quality, and bush maintenance during a 15-minute harvest and a 5-minute sorting segment.

- 2025 Gold Winner: Sugumaran Rajaletchumy from Bambarkelley Estate.

ANNUAL GOLD COIN CEREMONY



Annual Gold Coin Ceremony



As a lasting token of appreciation, we hosted an Annual Gold Coin Award Ceremony, recognising the Best Harvester of the Year from each estate. In 2025, this prestigious event saw the distribution of 19 half-sovereign (22KT) gold coins and 8 three-quarter sovereign (22KT) gold coins. These awards not only honour hard work but also contribute to the financial security of our workers. The day concluded with a celebratory lunch, reinforcing the sense of community and recognition.

Recognition Beyond the Field

Appreciation at HPL goes beyond harvesting roles.

- The “Great Division to Work” / Annual Staff Symposium Competition, organised by Hayleys Plantations, benchmarks each estate against ten criteria—ranging from health and nutrition to training, engagement, and work-life balance. It encourages

holistic development and motivates estate teams to improve both working and living conditions. Our Annual Staff Symposium provides a formal platform to acknowledge excellence across different departments—office, factory, field, HR, and welfare. Staff are recognised based on annual performance rankings and presented with meaningful awards and gifts.



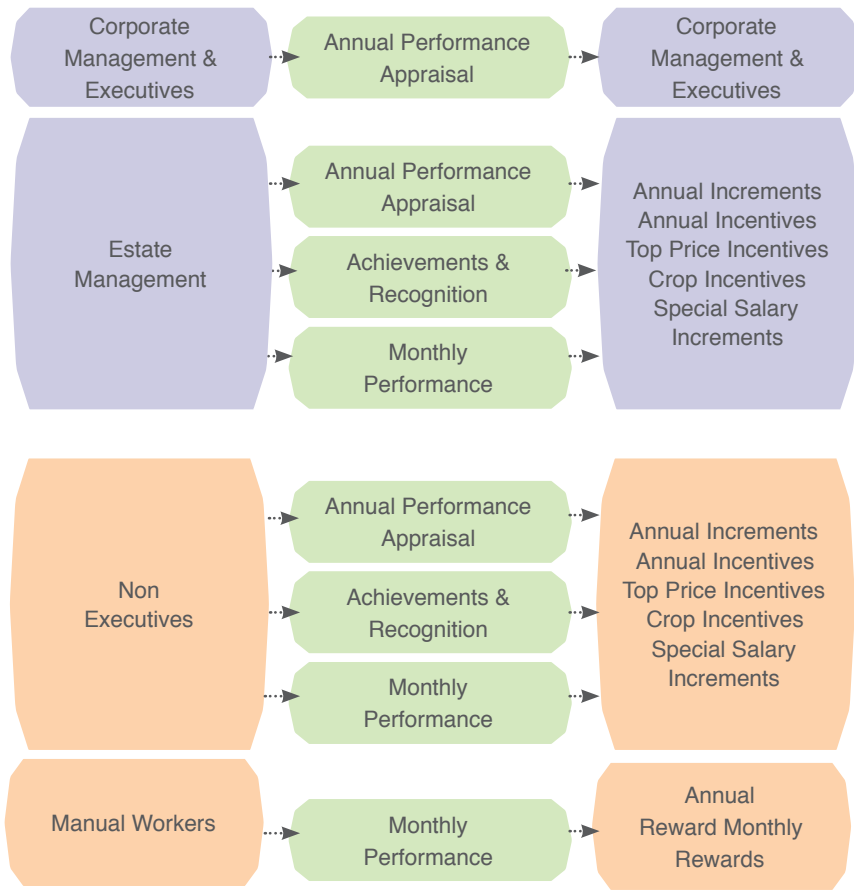
Staff Symposium Competition

- HPL also actively engages its estate leadership through the Management Symposium, where management teams present innovative business ideas under the theme “Innovative Business Thinking and Applications.” Judged on criteria such as relevance, sustainability, and creativity, the best ideas are rewarded—driving a culture of innovation and forward-thinking across our operations.



Management Symposium Competition

HPL Performance and Reward System



EMPLOYEE ENGAGEMENT HIGHLIGHTS 2024/25

At Horana Plantations PLC (HPL), our workforce is not just a pillar of our operations—it's the heart of everything we do. In 2024/25, our employee engagement efforts went beyond recognition, creating memorable experiences that honoured performance, nurtured community values, and encouraged personal growth.

Sinhala and Tamil New Year Celebrations

Celebration Theme; Celebrating Unity Through Tradition



To foster unity and cultural appreciation among our diverse workforce, HPL organised Sinhala and Tamil New Year celebrations across all estates. The event aimed to promote employee engagement, strengthen team spirit, and honour the rich traditions shared by our communities.

Mother's Day Celebration Celebration Theme; Celebrating Strength, Love, and Motherhood



At Horana Plantations PLC, Mother's Day is celebrated to honour and appreciate the incredible role of mothers within our workforce and community. This special event recognises their strength, care, and unwavering dedication—both at home and in the workplace.

Women's Day Celebrations

Celebration Theme; Role of Women in Plantation Success



In March, estates across the Company hosted Women's Day events featuring awareness sessions, recognition ceremonies, and community conversations on empowerment. Gold coins were also awarded to top-performing women in Lindula.

Vesak Celebration

Celebration Theme; Let the Light of Vesak Guide Our Path

Vesak is celebrated to honour the birth, enlightenment, and passing of Lord Buddha. At HPL, this event promotes peace, compassion, and unity while encouraging reflection on mindfulness and kindness within our estate communities.



CDC Activities

Activities conducted in Child Development Centres (CDCs) aim to support the early childhood development of estate children by fostering cognitive, social, and emotional growth. These programs provide a safe, nurturing environment that promotes learning through play, creativity, and structured routines, ensuring a strong foundation for their future education and well-being.



Great Place to Work (GPTW)



Engagement Snapshot

Sense of Belonging

Manager Fairness

Team Camaraderie

Compared to previous year's internal survey.

HPL took part in the Great Place to Work certification survey to better understand employee satisfaction and culture. This year's results highlight our progress and guide improvements for tomorrow.

Human Resources Targets

In 2024/2025, HPL is committed to continuing its focus on the development and well-being of its workforce through several key initiatives. The company plans to roll out comprehensive training programs across all levels, with specific focus on skills development for workers, staff, and executives. Key areas for training will include Leadership Development, Occupational Health & Safety (OHS), Technical & Skill Enhancement, and Digital Literacy for administrative staff to ensure a well-rounded and future-ready workforce.

Additionally, HPL aims to establish a proper grievance handling process at each estate to ensure that employees have a clear, accessible avenue for addressing concerns. Quarterly employee feedback surveys will also be conducted to gauge workplace culture and identify opportunities for improvement. Recognising exceptional performance, HPL will select and award the best employee of the month across all categories at each estate, culminating in a year-end award ceremony to recognise the Best Employee of the Year. This initiative reflects the company's commitment to fostering a culture of excellence and motivation.

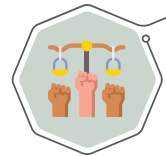
HPL is also committed to community engagement, with a quarterly CSR activity planned for all estate workers, non-workers, and local communities. These activities aim to improve the quality of life and contribute positively to the areas surrounding the estates. Further, the company will actively participate in national and international competitions related to Human Resources, Environmental, Social, and Governance (ESG) initiatives, sustainability, and Facility Management (FM), to benchmark its practices and continue evolving in line with global best practices.

Finally, the implementation of an HRIS system - ORACLE will streamline processes, ensuring efficient management of human resources across all estates, improving data accessibility and decision-making.

SOCIAL & RELATIONSHIP CAPITAL

Horana Plantations prioritises people's well-being through ethical sourcing, community development, and food security. These initiatives promote fair growth, enhance lives, and support the UN SDGs, reflecting our commitment to strong, responsible relationships across our entire value chain.

STRATEGIC COMPONENTS OF SOCIAL AND RELATIONSHIP CAPITAL



Human Rights

Upholding fundamental rights and freedoms



Supplier Engagement

Building sustainable supply chains



Community Development

Supporting local growth and infrastructure



Food Security

Enhancing food security at a local and national level

42

Pre-school & Day care centres

40

Water Schemes



PEOPLE FIRST: HPL'S RELATIONSHIP GOALS FOR A SUSTAINABLE FUTURE

Social Targets 2030	Progress to date	Way forward
Safe drinking water facilities for all family units	100% completed. (Tillicoultry water project, ADRA water projects, World Vision water projects, Bambrakelley PHDT water projects)	Continue implementations and monitor water projects
Open e-learning centres in all estates	Ahmad Tea sponsored to establish E-learning centre in Alton Estate with 20 computers and multimedia facility	Arrange English and ICT classes at the e-learning centre covering school going children in Upcot cluster of estates. Implement another two e-learning centres in Lindula and Horana Regions
Literacy rate of 90%	76%	Implement distance learning centres within the plantations.
Zero school drop outs	With the collaborations of ADIC, Mahanilu - Support for one school dropout student to return to school	Continue ADIC Interventions – direct household visits, continue monitoring
Open skill development centres in 3 regions	Skill development programs conducted during the financial year and spoken English classes held in collaborations with ADIC	The Mincinglane factory premises will be converted into a Centre of Excellence for study, equipped with all necessary facilities.
Increase female representation by 50% in administration	2024/2025 = 36% 2023/ 2024 = 32% 2022/ 2023 = 10%	Establish gender-balanced hiring practices with specific outreach initiatives to attract qualified female candidates for administrative positions



GRI 3-3 & 13.10.1

CUSTOMER SAFETY AND COMPLIANCE

Horana Plantations PLC (HPL) is committed to maintaining the highest standards of product safety and compliance across all aspects of our operations. Our dedication to adhering to stringent environmental, health, and safety regulations ensures that we consistently deliver high-quality products to our customers while minimising risks to the environment and public health. We implement rigorous processes for quality assurance, from sourcing and production to packaging and distribution, to ensure that every product meets both national and international safety standards. This commitment to excellence enables HPL to maintain the trust of our stakeholders and contribute to the long-term sustainability of the tea industry.



Water Project



Buyers' Visit



ADIC Training Programme



Factory Employees

Ensuring Product Integrity from Factory to Shelf

HPL prioritises the use of high-quality packing materials to ensure the safety and integrity of products during both storage and transportation. By selecting durable and protective packaging, we minimise the risk of physical damage, such as dents, cracks, or contamination, that can occur during handling or transit. This careful approach not only maintains the product’s quality but also helps ensure that it reaches its destination in optimal condition. HPL’s commitment to using top-grade packing materials reflects our dedication to customer satisfaction and the preservation of our products throughout the supply chain.

GRI 13.10

FOOD SAFETY AND QUALITY ASSURANCE

HPL adheres to both domestic and international quality standards, ensuring compliance with ISO 22000:2018, SL GAP, ISO 14001:2015, ISO 9001:2015, Rainforest Alliance, FSC, Fairtrade and other international food safety systems.



Tea Tasting

- **Regular Testing:** Our teas are assessed by accredited laboratories to monitor residue levels, ensuring compliance with safety thresholds set by markets such as Japan, USA, and the EU.
- **Integrated Pest Management (IPM):** HPL reduces reliance on chemical pesticides by adopting biological controls and cultural practices, following guidelines from the Tea Research Institute (TRI) and certification bodies like Rainforest Alliance (RA) and FSC.
- **Worker Training and Hygiene Practices:** HPL provides comprehensive training for workers on hygiene, proper equipment use, and contamination prevention. Personal cleanliness protocols and regular health checks are in place to mitigate risks of contamination.

GRI 416-1 & 13.10.2

Health and Safety Impacts of Products

HPL implements a rigorous Maximum Residue Level (MRL) Assurance Process as part of its overarching Food Safety Management System, with dedicated teams stationed at each processing centre. The process begins with agrochemical inputs, where suppliers must provide self-assurance of product safety. Random samples are then tested by third-party laboratories, and any consignment that exceeds the permissible residue levels is immediately rejected. Only those inputs that meet the required standards are approved for use.

In the tea production process, samples are collected at the final stage, using random or representative sampling methods at the factory level. These are sent for laboratory testing

to ensure compliance with established MRL limits. If any residue is detected beyond the acceptable threshold, the entire batch is rejected, and a traceability audit is conducted to identify the root cause and implement corrective action. Batches that pass all safety checks are cleared for dispatch.

Through this comprehensive and tightly controlled process, HPL ensures its products meet stringent food safety standards, minimising contamination risks and maintaining the trust of international markets.

TEST REPORT

Report No: (74)K010-01000

Max. No. 2010

Page 1 of 1

TEST RESULTS

No.	Parameters	Results	LRQ	Unit	Test Method
1	Micron	4.2	-	mg/kg	ISO 11771: 2008
2	Chlorophyll	100	1.00	mg/kg	ISO 11771: 2008
3	Iron (ppm)	100	1.00	mg/kg	ISO 11771: 2008
4	Micron (ppm)	100	0.01	mg/kg	ISO 11771: 2008
5	Copper (ppm)	100	1.00	mg/kg	ISO 11771: 2008
6	Acidity (ppm)	100	0.01	mg/kg	ISO 11771: 2008
7	Total Plant Content	0.1010	-	mg/kg	ISO 11771: 2008
8	Total Plant Content	0.1010	-	mg/kg	ISO 11771: 2008
9	Total Plant Content	0.1010	-	mg/kg	ISO 11771: 2008
10	Fluoride (ppm)	100	1.00	mg/kg	ISO 11771: 2008
11	Fluoride (ppm)	100	1.00	mg/kg	ISO 11771: 2008
12	Water content	10.4	-	mg/kg	ISO 11771: 2008
13	Total Ash	5.1	-	mg/kg	ISO 11771: 2008
14	Acidity of water	1.1	-	mg/kg	ISO 11771: 2008
15	Acidity of water	1.1	-	mg/kg	ISO 11771: 2008

NOTE:

Only use the following test methods:
 LRQ: Limit of Quantification
 Min: Not Detected
 (ppm): Parts Per Million
 (mg/kg): Milligrams Per Kilogram
 (ppm): Parts Per Million
 (mg/kg): Milligrams Per Kilogram

The test report and test results are the property of the test laboratory and shall not be reproduced without the written consent of the test laboratory.

Product and Service Information & Labelling Compliance

We remain fully compliant with the regulatory requirements set out by the Sri Lanka Tea Board and the Colombo Tea Traders’ Association for tea, as well as the Colombo Rubber Traders’ Association for rubber. During the reporting period, there were no incidents of non-compliance relating to product or service information, or labelling. All tea packaging includes clear information in English on product quality — including grade, selling mark, weight, invoice number, number of bags, and relevant certifications — ensuring transparency and consistency. Furthermore, the paper sacks used for

packaging carry the certification details of the packaging manufacturer, reinforcing our commitment to quality and regulatory compliance across the supply chain.



GRI 416-2 & 13.10.3

INCIDENTS OF NON-COMPLIANCE CONCERNING THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES

We are pleased to report that there were no incidents of non-compliance with regulations related to Health and Safety of Product and Services during the reporting period. Additionally, there were zero breaches of customer privacy.

Our Marketing Team maintains a strong and transparent communication channel with brokers and buyers, ensuring that all marketing activities are conducted ethically and in line with industry regulations. Our customer base primarily comprises tea and rubber buyers who cater to an international clientele, requiring a high level of professionalism and accuracy in our communication.

Over the years, targeted marketing initiatives have enhanced our understanding of market expectations and strengthened the positioning of our products. These efforts continue to foster meaningful and enduring relationships with both brokers and buyers.



Industry Expo 2024

Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data

We confirm that no substantiated complaints were received during the reporting period regarding breaches of customer privacy or loss of customer data.

All data collected through our marketing campaigns and feedback mechanisms is treated with the highest level of confidentiality. This information is used solely for the purpose of improving our product range and enhancing customer satisfaction, while strictly safeguarding customer privacy.

We periodically conduct customer satisfaction surveys among our buyers, focusing on key quality indicators such as appearance, taste, aroma, cup colour, packaging quality, delivery performance, certification of garden marks, and alignment with specific customer requirements. These insights guide

continuous improvement and ensure our products meet the evolving expectations of our international clientele.

Non-Compliance with Laws and Regulations in the Social and Economic Area

We are committed to full compliance with all applicable social and economic regulations. During the reporting period, there were no incidents of non-compliance with laws or regulations in these areas.

A robust customer complaint management process is in place to ensure timely and effective resolution of buyer grievances. This process includes prompt responses to inquiries and complaints, professional handling by a dedicated team, and structured investigations to ensure fair and transparent outcomes.

Our management team places strong emphasis on providing swift redress to any aggrieved customer, not only to uphold trust but also to identify operational gaps for continuous improvement.

During the year under review, we received ten quality-related claims concerning tea from two leading buyers. All claims were addressed and resolved immediately, with no economic loss incurred by the buyers. These cases were managed efficiently, demonstrating our commitment to customer satisfaction and responsible business practices.

Discussion of strategies to manage the use of genetically modified organisms (GMOs)

HPL does not use genetically modified organisms.

Environmental Management Systems

The Gouravilla and Fairlawn Tea Factories have achieved ISO 14001 certification, showcasing HPL's dedication to effective environmental management. This certification highlights the company's efforts to enhance resource efficiency, minimise waste, and reduce its environmental footprint.

Energy and Emission Management

HPL operates within a structured framework aimed at minimizing the adverse environmental impact of greenhouse gas emissions and resource depletion. The company actively encourages energy optimisation and the adoption of clean energy sources to ensure sustainable tea production.



Factory Rooftop Solar Installation

EU Deforestation Regulation Compliance

HPL is the first company in Sri Lanka to develop a management system fully compliant with the European Union Deforestation Regulation (EUDR), setting a new industry benchmark for sustainability.



EUDR Certificate



GRI 3-3, 203-1, 413-1,2 & 13.12.1, 2,3 & 13.22.1, 3

COMMUNITY DEVELOPMENT

At HPL, community development is a cornerstone of our commitment to improving the lives of the people who contribute to our success. We continuously invest in the well-being of our estate communities by developing essential infrastructure, improving living environments, and creating innovative solutions for the welfare of our workforce.

Improving Living Environments: Essential Infrastructure Development under Safe Haven initiative



HPL also focuses on enhancing the living conditions of our estate communities through a wide range of infrastructure projects aimed at improving the quality of life for estate workers and their families. These projects include:

- **Access Road Development:** We have invested in the construction and improvement of access roads, ensuring better connectivity and easier transportation for workers and their families.
- **Safe housing:** HPL collaborates with PHDT to provide new housing units for workers. We allocate suitable land to build these new housing units.
- **Water and Sanitation:** Clean water and proper sanitation are fundamental to good health. We provide access to clean drinking water and invest in sanitation facilities to improve the health and hygiene of our estate communities.
- **Child Development Centres (CDC):** We recognise the importance of early childhood development and have established 42 pre-schools and daycare

centres across our estates. Early Childhood Development activities are conducted, and each CDC has a separate breastfeeding corner for nursing mothers.

- Alton Estate: Twinkle, Kutti Chutti Agam
- Fairlawn Estate: Little Rose, Fair Stars, Bright Kids
- Gouravilla Estate: Kids, Malarum Mottugal, Mihiri
- Bambarakelly Estate: Sunflower, Little Jasmine, Kids' Corner
- Low Country CDC: Little Rose, Pragathi, Punchi Rosa Mala



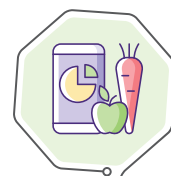
Facilities Provided by Estates

HPL has taken significant steps to improve worker facilities by constructing field restrooms. As part of this initiative, we recently built eco-friendly restrooms in our Estate, utilising Eco friendly construction materials. This innovative approach not only provides essential sanitation facilities but also promotes environmental sustainability.



We are happy to report that no actual or potential negative impacts on local communities were reported through 2024/25, and no incidents were recorded during this period.

NUTRITION PROGRAMMES



03

ALCOHOL & DRUG PREVENTION PROGRAMS



40

MEDICAL CAMPS



33

NEW HOUSING UNITS



50

RESIDENT POPULATION



29,240

SOCIAL & RELATIONSHIP CAPITAL

Empowering Communities and Improving Quality of Life

Through ongoing investments in infrastructure and well-being, HPL strives to create an empowered and thriving community. By improving living conditions, providing better access to essential services, and promoting safety and health, we aim to create a sustainable environment for all our estate families.

The Alton Estate Fairtrade Premium Committee has significantly contributed to community development by constructing a permanent bus stop with a well-structured design. This new bus stop ensures that both workers and community members have a safe and comfortable waiting area, to enhancing their daily commute. Such infrastructure projects reflect our commitment to improving the living conditions of the broader community, integrating sustainable and community-driven solutions into our operations.



Multipurpose Building – Fairlawn Estate

In line with our focus on Women empowerment through “She-Essentia”, we have created job opportunities for unemployed women, such as providing employment for six women at the Alton Sanitary Napkin Production Unit. Our efforts also extend to skill development programs, including training in sewing, production of sanitary napkins, paper bags, slippers, and uniforms. The initiative has successfully produced and distributed over 1800 reusable sanitary napkins and 280 slippers. Moreover, we support entrepreneurial initiatives through programs like polyhouse cultivation and sewing, empowering women to become self-sufficient and contribute to the local economy.



“She-Essentia” - Project



Slipper Production

We are equally committed to youth empowerment, offering programs designed to support the growth and development of young people within the community. These include English classes, sports skill development, entrepreneurial skill workshops, and vocational training.

We also engage youth through volunteer-led poster campaigns, fostering a sense of leadership and active participation in their communities.



Training Session on Fairtrade Young Naturalists

Furthermore, the company has invested in health education, alcohol, and drug prevention programs, and has made midday meals available for children at crèches and protection focal points. HPL also engages the community through organising social and cultural events for Women’s Day, Mother’s Day, Children’s Day celebrations, Pirith Chanting ceremony, Pooja Ceremony, Appreciation lunch.



Social and Cultural Events

These initiatives aim to improve the well-being of workers and their families while fostering a sense of community and care.

Our initiatives are designed to provide not just immediate benefits, but long-term improvements to the overall quality of life for the communities we serve.

GRI 13.9.1

FOOD SECURITY

Food Security Programs and Initiatives:

At Horana Plantations (HPL), we are deeply committed to supporting food security and improving nutrition for our estate communities. In alignment with the UN Sustainable Development Goal 2: Zero Hunger, we have implemented several strategic initiatives designed to address food security.

One key initiative is our promotion of diversified crop cultivation, where we encourage intercropping and mixed cropping practices. This approach reduces dependency on a single cash crop and ensures that our communities have access to a variety of income sources.

Recognising the importance of self-sufficiency, we have implemented home gardening projects where estate families are encouraged to cultivate vegetables in their own gardens. To support this initiative, we distribute seeds, giving families the tools they need to grow their own food. HPL also continues its polyhouse cultivation programs at the Stockholm estate. These initiatives ensure to empower women by providing additional income-generating opportunities beyond traditional work such as plucking.

As part of our commitment to sustainability, we have incorporated apiculture, or beekeeping, into our oil palm plantations at Neuchatel estate. This practice enhances pollination, which improves crop yields, and produces honey, benefiting both the environment and the local community. Furthermore, we recognise the importance of nutritional support, particularly for expectant and new mothers. Through regular check-ups by plantation doctors and midwives, we monitor the health and nutrition of estate workers and their children, providing supplements where needed and tracking progress on malnutrition cases.



Medical Checkup



Estate Welfare Activities

To further support the well-being of our communities, we provide free mid-day meals for children at our Child Development Centres, ensuring they receive nutritious meals to support their growth and development. Additionally, we conduct community nutrition programs by distributing essential food packs to workers, helping to address immediate needs in times of hardship.



Mid Day Meal



Food Pack Distribution

Partnerships Addressing Food Security

We are also committed to collaborating with key partners to tackle food security challenges. In response to the rising cost of living, HPL has initiated Home Gardening Projects. These programs, implemented in partnership with experts from the Ministry of Agriculture, NGOs and PHDT, provide training for estate families, helping them to build sustainable food sources and improve their livelihoods.

In another collaborative effort, we partnered with the National Institute of Plantations Management (NIPM) to offer beekeeping training to our employees. This program not only enhances pollination within our plantations but also contributes to honey production, benefiting our local communities. Through a grant from Fairtrade, we have also distributed essential food packs to our estate workers, addressing immediate food security needs. Additionally, our polyhouse cultivation practices are monitored closely by the Department of Agriculture as part of our SL GAP certification, ensuring that we maintain exacting standards in agricultural practices.

Policies and Commitments to Address Food Loss in the Supply Chain

Our commitment to sustainability is reflected in the application of Good Agricultural Practices (GAP), which are designed to optimise agricultural productivity and reduce waste.

At HPL, we recognise the importance of minimising food loss throughout our supply chain. We are committed to implementing preventive measures, recovery strategies, and sustainable practices to ensure food is utilised effectively and waste is minimised. HPL produces white coconut oil using small coconuts that cannot be sold to buyers. This process helps achieve zero waste in coconut production, and the byproducts from coconut oil processing are also sold in the market.



Byproducts from Coconut Oil Processing

We focus on training for our workers in proper handling, sorting, and packing techniques to reduce physical damage during processing, transportation, and storage. To further reduce waste, any refused tea is converted into compost, which not only helps in managing waste but also contributes to the fertility of our soil, supporting long-term agricultural sustainability.

HPL prioritises on the use of high-quality packing materials to ensure the safety and integrity of products during both storage and transportation. By selecting durable and protective packaging, we minimise the risk of physical damage, such as dents, cracks, or contamination, that can occur during handling or transit. This careful approach not only maintains the product's quality but also helps ensure that it reaches its destination in optimal condition. HPL's commitment to using top-grade packing materials reflects our dedication to customer satisfaction and the preservation of our products throughout the supply chain.



GRI 204-1

Proportion of Spending on Local Suppliers

Horana Plantations PLC (HPL) adheres to the Group Sourcing Policy, which emphasises the importance of local procurement as a key pillar in supporting economic development and ensuring supply chain resilience. The core focus of our procurement strategy is to source goods and services locally, thereby fostering local entrepreneurship and contributing to regional stability.

During the financial year 2024/25, HPL spent Rs. 1,049 million on goods and services. This accounted for 28% of our total revenue. Notably, 100% of this expenditure was directed to local suppliers, reinforcing our commitment to the Sri Lankan economy and building long-term supplier partnerships within our operational regions.

New Suppliers Screened Using Social Criteria

At HPL, the onboarding of new suppliers is guided by strict social and ethical standards. We conduct screenings to ensure that our suppliers align with our values around sustainability, fair labour practices, and corporate integrity.

These criteria include a review of labour practices—ensuring fair wages, safe working conditions, and zero tolerance for child or forced labour. We also assess suppliers on human rights compliance, particularly their respect for the rights of workers and local communities. Community engagement is a further consideration, with suppliers encouraged to include local populations in decision-making processes and to support broader well-being initiatives. Ethical conduct remains a cornerstone of our supplier policy, requiring adherence to anti-corruption measures and responsible business practices.

Negative Social Impacts in the Supply Chain and Actions Taken

HPL has taken a proactive approach to identifying and mitigating potential negative social impacts within our supply chain, with particular emphasis on plantation operations and estate communities.

Over the year, several key improvements were made. Flexible working hours were introduced to support worker well-being, and a 35% wage increase was granted to all plantation employees. Housing inadequacies were addressed through the development of new living facilities, and access to healthcare was enhanced with the appointment of a qualified MBBS medical practitioner to serve upcountry estates with the establishment primary medical care unit.



Primary Medical Care Unit Opening



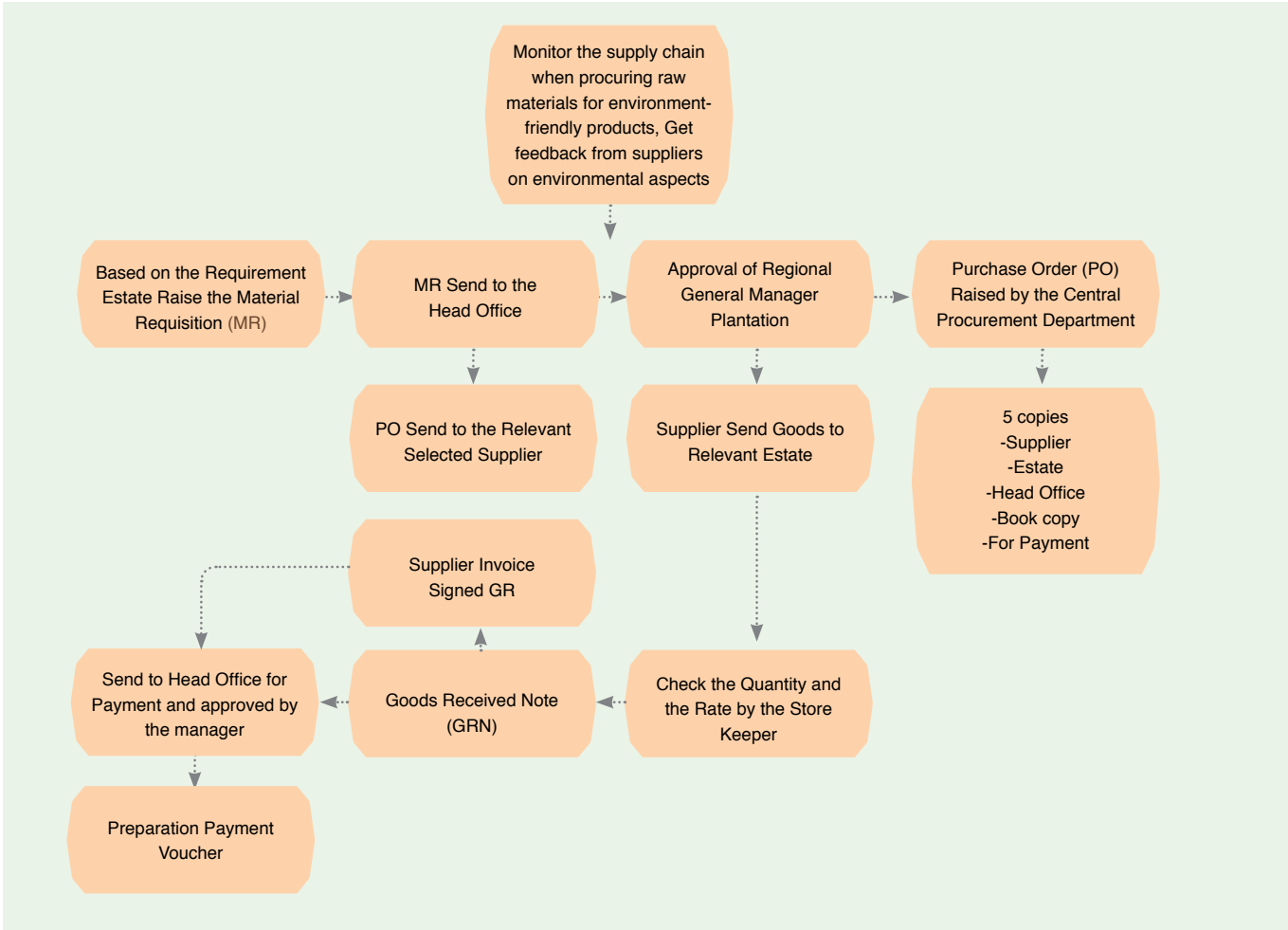
The company also prioritised education, supporting distance learning programs for estate children through partnerships such as the DP Educational Programme. These initiatives reflect our broader commitment to uplifting the quality of life across estate communities.

To ensure continued accountability, HPL conducts regular assessments to identify human rights risks within the supply chain, including on-site audits and direct worker interviews. These insights guide further improvements and support our goal of continuous, inclusive development.

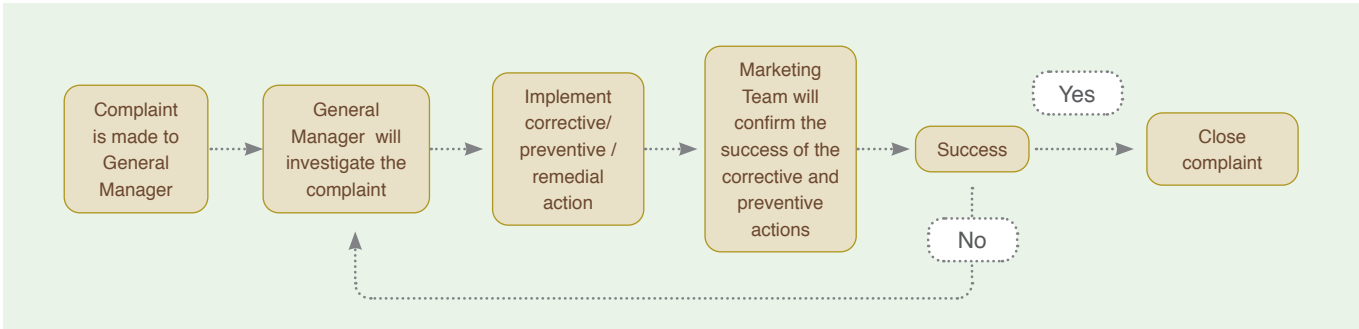
SUPPLIER ENGAGEMENT AND ETHICAL SOURCING

GRI 3-3 & 13.23.1

Procurement Practices



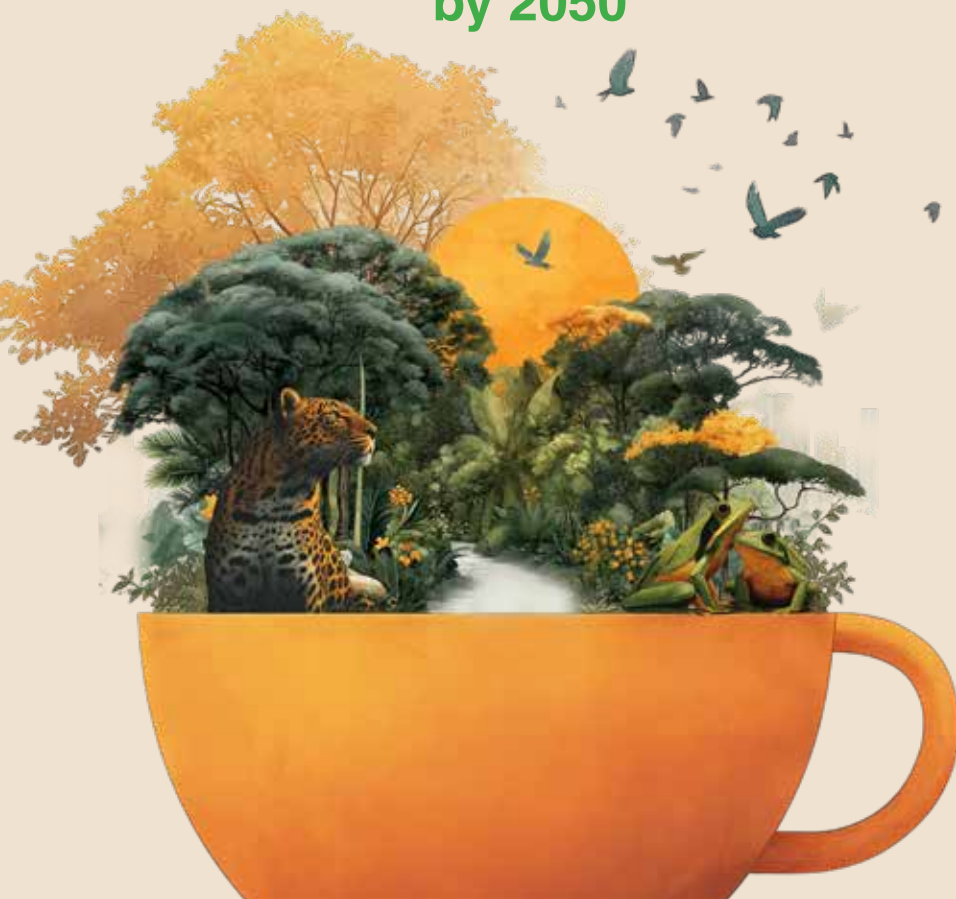
Action to manage the impact



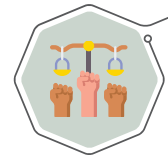


NATURAL CAPITAL

HPL remains committed to environmental sustainability through international initiatives and internal policies. The Natural Capital chapter outlines the year's progress, showcasing efforts to meet global obligations and internal targets. These actions support HPL's long-term goal of achieving Net Zero emissions by 2050



STRATEGIC COMPONENTS OF NATURAL CAPITAL



Soil Health and Fertility

Nutritious soil supports better harvests



Energy and Emission Management

Efficient energy and controlled emissions protect our climate



Biodiversity Conservation

Healthy habitats sustain rich biodiversity



Water Stewardship

Protect water, preserve our future

10,180
Native Trees Planted

1.13MW
Renewable Energy Capacity

Horana Plantations PLC owns and manages a significant tract of approximately 6519 ha, encompassing 14 tea and rubber estates situated across diverse agro-ecological zones in Sri Lanka. A substantial portion of this land includes natural forest cover and environmentally sensitive areas, underscoring the importance of sustainable resource stewardship across our operations. As a company whose core business depends on natural ecosystems, we are committed to the responsible management of our natural capital — including land, water, biodiversity, energy, and other inputs — with a view to preserving ecological integrity, mitigating environmental impact, and ensuring long-term resilience. Our approach aligns with national regulatory frameworks and global sustainability best practices, reinforcing our role as both an agricultural producer and environmental steward.



ENVIRONMENTAL STEWARDSHIP COMMITMENTS

HPL Environmental Targets by 2030	Progress To Date		
Carbon neutral tea production	Alton and Gouravilla garden marks were certified carbon neutral by the Sri Lanka Climate Fund and produce Carbon Neutral Tea to the Market		
Rooftop solar units at all factories and bungalows	20 off grid solar systems 9 on grid solar systems		
Generate 1,000 Mw of renewable energy annually	Type of renewable energy	2024/25	2023/24
	Solar power		
	• On grid	623,800Kwh	719,100 Kwh
	• Off grid	63,300Kwh	61,193Kwh
	Hydropower	207,000Kwh	330,639Kwh
	Total	894.1 Mwh	1,110 Mwh

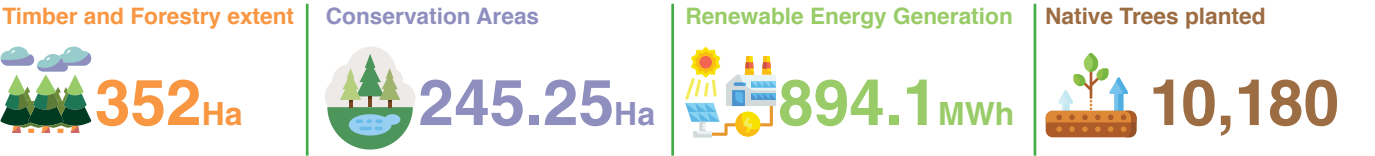
HPL Environmental Targets by 2030	Progress To Date												
Shift 20% of vehicle fleet to electric vehicles/ low emission vehicles	Low emission vehicles currently make up 5% of the total fleet.												
Increase organic fertilizer application by 50%	<div>Volume of Organic Fertiliser</div> <table><tr><th></th><th>2024/25</th><th>2023/24</th></tr><tr><td>Compost</td><td>277,219Kg</td><td>374,233Kg</td></tr><tr><td>Vermi wash</td><td>8,600L</td><td>3,300L</td></tr><tr><td>Vermicompost</td><td>9,000Kg</td><td>0</td></tr></table> <div>12 % of total fertiliser requirement is now Organic</div>		2024/25	2023/24	Compost	277,219Kg	374,233Kg	Vermi wash	8,600L	3,300L	Vermicompost	9,000Kg	0
	2024/25	2023/24											
Compost	277,219Kg	374,233Kg											
Vermi wash	8,600L	3,300L											
Vermicompost	9,000Kg	0											
Alternative to Glyphosate	HPL collaborated with Fairtrade and SLINTEC to develop an alternative to glyphosate												
Recycle /Reuse 100% of inhouse waste	Alton reuses paper sacks as part of its paper bag project. Single-use plastic bottles collected from plantations are used as a construction material to replace cement blocks.												
Increase the conservation extent by 10%.	2024/2025 - 245.25 Ha 2023/2024 – 230 Ha 2022/2023 – 75 Ha												
Plant 500,000 native plants	2024/2025 - planted 10,180 trees 2023/2024 - planted 8,181 trees												

SNAPSHOT OF HPL NATURAL CAPITAL



Water sources

- 1 Maskelioya Starting from Peak Wilderness Sanctuary flows through Fairlawn,Gouravilla, Alton, Mahanilu and Stockholm Estates to Maussakelle reservoir.
- 2. Kalu river and its tributaries Flows through the Frocester and Neuchatel estates
- 3. The Fairlawn waterfall
- 4. Many small waterfalls, natural ponds and marshes
- 5. Rainwater Harvesting Ponds





Net Zero by
2050

GRI 3-3

ENERGY MANAGEMENT

Managing energy consumption and diversification is crucial for Horana Plantations PLC (HPL), not only due to rising energy costs but also as part of the company's commitment to becoming carbon neutral by 2030. HPL has already initiated several renewable energy projects to transition from fossil fuels to more environmentally sustainable energy options.

<p>a. Actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights;</p>	<p>Actual and Potential Negative Impacts:</p> <p>Negative impacts primarily stem from the use of fossil fuels in manufacturing processes, contributing to climate change, global warming, and air pollution.</p> <p>Actual and Potential Positive Impacts:</p> <p>Transitioning to renewable energy sources has positive impacts by reducing energy dependency, lowering energy costs, and mitigating greenhouse gas (GHG) emissions.</p> <p>Renewable energy consumption:</p> <table border="1"> <tr> <td>2024/25</td><td>88%</td></tr> <tr> <td>2023/24</td><td>89%</td></tr> <tr> <td>2022/23</td><td>86%</td></tr> </table>	2024/25	88%	2023/24	89%	2022/23	86%
2024/25	88%						
2023/24	89%						
2022/23	86%						
<p>b. Whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships</p>	<p>Negative impacts are due to HPL’s manufacturing activities and other business operations such as transport, use of electricity in office spaces etc..</p>						
<p>c. Policies or commitments regarding the material topic</p>	<p>HPL adheres to several global standards and frameworks to guide its energy-related commitments:</p> <ol style="list-style-type: none"> 1. United Nations Global Compact (UNGC) 2. UN Sustainable Development Goal (SDG) 7 - Affordable and Clean Energy 3. ISO 50001:2018 - Energy management system, currently in the implementation stage. 4. Climate Neutral Now (CNN) 5. Science-Based Targets for emissions reduction. 6. GHG Inventory Verification 7. Carbon Neutral Certification under the Sri Lankan Certified Emission Reductions plus (SCER+) and registered under the Sri Lanka Carbon Crediting Scheme (SLCCS). 						

<p>d. (i) Actions to prevent or mitigate potential negative impacts</p> <p>(ii) actions to address actual negative impacts, including actions to provide for or cooperate in their remediation.</p>	<p>Improving Energy Efficiency:</p> <ul style="list-style-type: none">• Implementation of ISO 50001:2018 with the support of the National Cleaner Production Centre (NCPC).• Conducted an energy review at the Gouravilla tea factory• Upgraded old panel boards and wiring to enhance energy efficiency in tea factories• Excess heat generated from the firing process is used for withering as a heat recovery method.• Variable Frequency Drives (VFD) controllers installed to optimise fan speed and reduce energy consumption.• Continuous monitoring of biomass moisture levels using moisture meters.• New bikes are being introduced that consume less fuel. <p>Training and Awareness:</p> <p>Increased participation in energy management training programs, such as the ISO 50001 training</p>
<p>(iii) actions to manage actual and potential positive impacts</p>	<p>HPL actively manages positive impacts through various initiatives:</p> <p>Expanding Renewable Energy Projects:</p> <p>HPL’s solar PV projects are a key part of the strategy. As of the end of the 2024/2025 financial year, 29 solar PV systems were installed with a total capacity of 1.13 MW across 14 estates.</p> <p>SOLAR</p> <p>On-grid solar:</p> <p>5 factory rooftops = 715 KWh, Kobowela = 120 KWh Two Bambrakelley bungalows = 10KWh, Tillicoultry CEO’s Bungalow = 5 KWh Total Capacity = 850 KWh</p> <p>Off-grid Solar:</p> <p>Previous 18 units capacities = 80 KWh, Mincinglane = 75 KWh Gouravilla deputy manager bungalow = 5 KWh Total Capacity = 160 Kwh</p> <p>The company aims to install 58 solar PV systems by 2030.</p> <p>IoT based real time temperature monitoring systems installed in rubber factories reduce fuelwood usage for rubber Drying process</p> <p>Future Projects:</p> <ul style="list-style-type: none">• HPL plans to rebuild the Mincinglane mini-hydro unit (75 kW capacity), contributing to the expansion of its mini-hydro projects.• Rooftop solar projects at Eildonhall, Bambarakelly, and Frocester factories are in progress• Ongoing efforts to diversify energy sources and reduce reliance on fossil fuels help mitigate risks associated with energy price volatility.• Embracing Energy-Efficient Technologies: Installing energy-efficient technologies such as VFD controllers for better energy management for all our estates

e. Tracking the effectiveness of the actions taken	<p>Monitoring and Reporting:</p> <ul style="list-style-type: none"> Solar generation is tracked through the SUNNY PORTAL and SolaXCloud. Daily hydro power generation is monitored. Monthly solar generation reports are compared to track performance. Temperature monitoring of drying towers is done via an app for real-time adjustments.
f. How engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	<p>Stakeholder Engagement:</p> <ul style="list-style-type: none"> Daily solar generation data is communicated through the HPL Solar WhatsApp group for internal stakeholders. Monthly energy-related data is uploaded to the Hayleys CUBE Portal for broader organisational tracking.

GRI 302-1 Energy Consumption

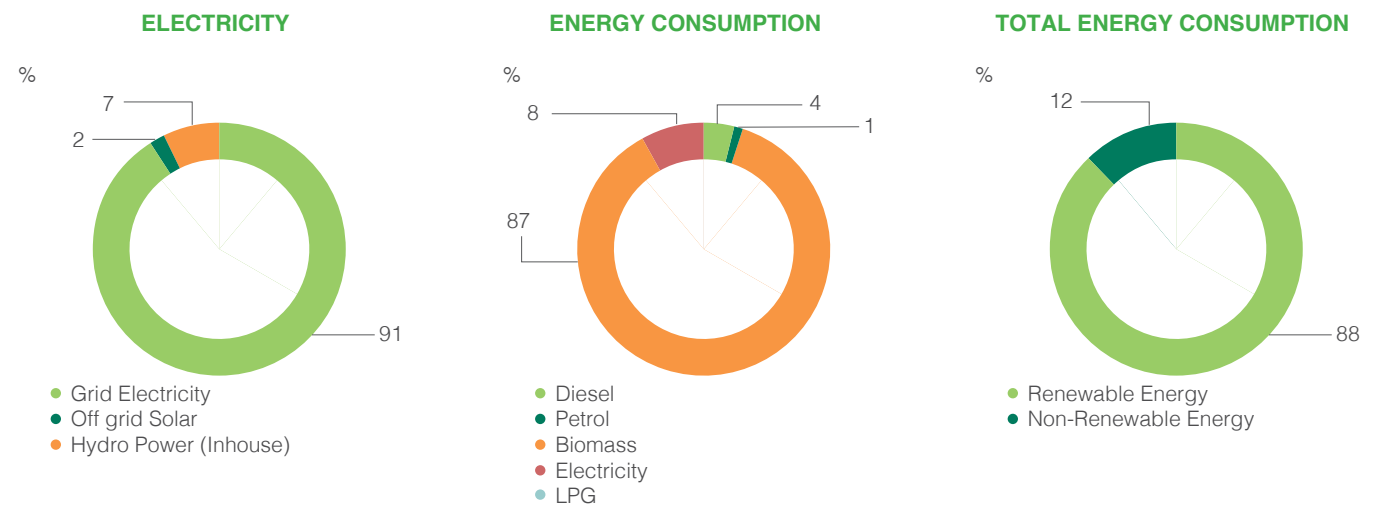
a. Total fuel consumption within the organisation from non-renewable sources, in joules or multiples, and including fuel types used.	<p>2024/25 = 7,710 GJ</p> <p>2023/2024 = 6,946 GJ</p> <p>2022/2023 = 7,063 GJ</p>
b. Total fuel consumption within the organisation from renewable sources, in joules or multiples, and including fuel types used.	<p>2024/25 = 123,935 GJ</p> <p>2023/2024 = 133,554 GJ</p> <p>2022/2023 = 108,321 GJ</p>
c. In joules, watt-hours or multiples, the total: i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption	<p>2024/25 = 10,860 GJ</p> <p>2024/25 = 123,935 GJ</p>
d. In joules, watt-hours or multiples, the total: i. electricity sold ii. heating sold iii. cooling sold iv. steam sold	<p>2024/2025 = 2,246 GJ</p>
e. Total energy consumption within the organisation, in joules or multiples.	<p>2024/2025 = 142,504 GJ</p> <p>2023/2024 = 151,419 GJ</p> <p>2022/2023 = 125,234 GJ</p>
f. Standards, methodologies, assumptions, and/or calculation tools used.	<p>ISO 14064-1: 2018</p>
g. Source of the conversion factors used	<p>IPCC AR 6 (2023) https://www.ipcc.ch/assessment-report/ar6</p>

GRI 302-4 REDUCTION IN ENERGY CONSUMPTION

a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. (excluding reductions from reduced production capacity or outsourcing)	8,915GJ
b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.	Net energy reduction From Fuel– 8,915 GJ, including biomass and petrol
c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it	2023/24 FY
d. Standards, methodologies, assumptions, and/or calculation tools used.	ISO 14064-1: 2018 standard
e. Is energy reduction estimated, modelled, or sourced from direct measurements. If estimation or modelling is used, disclose the methods used.	Source from direct measurements

STRATEGIES TO REDUCE ENERGY CONSUMPTION

Horana Plantations PLC (HPL) has adopted a multi-faceted approach to reduce its energy consumption and promote sustainability across its operations. Key initiatives include upgrading to more energy-efficient machinery and automating factory processes to optimise energy use. The company has also made a strategic shift toward renewable energy sources, particularly solar and hydropower, to replace conventional energy consumption. Regular energy audits, aligned with energy management systems , are conducted to continuously monitor and improve energy efficiency. Beyond operational improvements, HPL is reducing the energy requirements of its products and services by incorporating renewable energy into production processes, which has helped in bringing carbon-neutral tea to the market. The company also promotes reusability by encouraging the use of reusable paper bags, bamboo pots, sanitary napkins, and the innovative repurposing of plastic bottles and beer cans as building materials. Additionally, HPL is actively working to reduce its fleet’s fossil fuel dependency by increasing the proportion of renewable fuel usage. Together, these measures demonstrate HPL’s strong commitment to achieving its carbon neutrality goals while driving operational efficiencies.



GRI 3-3 & 13.3.1 **BIODIVERSITY**

At Horana Plantations PLC (HPL), protecting biodiversity is fundamental to our sustainability strategy and natural capital stewardship. Recognising that our estates are located adjacent to areas of rich ecological value, HPL is committed to proactively managing, protecting, and enhancing biodiversity within and around our operational footprint.



***Devario monticola* is a small, stream-dwelling fish endemic to Sri Lanka's hill country. It inhabits fast-flowing, clear waters and is threatened by habitat loss and environmental degradation.**

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

HPL ensures that it does not encroach on protected areas within its estates and actively participates in conservation efforts to protect biodiversity. As a result, no actual negative impacts on biodiversity have been reported within protected areas on our estates.

However, there are potential negative impacts that could arise, including:

- The loss of biodiversity, which can reduce the overall productivity of ecosystems.
- Diminished biodiversity, leading to ecosystem instability, making them more susceptible to disturbances such as invasive species, diseases, and extreme weather events.
- Decreased biodiversity, which could increase costs related to reliance on ecosystem services.
- The loss of biodiversity, which may elevate health risks.

Actual and Potential positive Impacts

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

b. Whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships	No negative impacts through our activities or business partnerships were reported during the year.
c Policies or commitments regarding the material topic	<p>Three MOUs with Wildlife and Nature Protection Society (WNPS), Dipped product PLC (DPL) and Earth systems Australia</p> <ul style="list-style-type: none"> • United Nations Global Compact (UNGC) • UN Sustainable Development Goals (SDGs). UN SDG 14, UN SDG 15 • Member of Biodiversity Sri Lanka • Comply with ISO 14000 series • Comply with Forest Stewardship Council (FSC) • Ecosystem Restoration Verification Standard • Ecosystem Restoration Policy will be maintained to protect the aquatic areas from erosion, pollution and other damages. <p>Restoration zones will be established using live plant species such as Bamboo and Kumbuk, and other native trees, water conservation plants as per the SAN parameters. Any environmentally harmful activity, such as road construction, operation of heavy machinery, waste disposal, chemical use, uprooting of large trees etc., will be prohibited in the restoration zones. The environment quality of the restoration zones will be further improved by planting suitable native species whenever possible. Field Officers, Supervisors, Workers and Contractors will be thoroughly aware of the restored zones and the activities that are banned in those areas.</p>
d. (i) Actions to prevent or mitigate potential negative impacts	<ul style="list-style-type: none"> • Educate employees and resident communities through awareness programs • Signing MOU with environmental leading entities • Collaborate with environmentalists and experts in biology • Adopt biodiversity conservation efforts • Restoration – fighting against climate change • Tree planting programs • World Mountain Day and World Bamboo Day celebrated by engaging community and stakeholders
(ii) Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation;	No negative impact reported

- (iii) Actions to manage actual and potential positive impacts
- Membership in biodiversity forums such as Biodiversity Sri Lanka and Wildlife and Nature Protection Society
 - Conduct biodiversity assessments and high conservation value assessments periodically.
 - Conduct ecosystem reforestation verification
 - With the collaborations of WNPS conduct baseline survey for migrated species identification
 - Maintain conservation areas, riparian buffer zones
 - Do collaborative projects to conserve biodiversity
 - Periodically conduct animal trap removing program

e. Tracking the effectiveness of the actions taken

- (i) Processes used to track effectiveness of actions.
- Biodiversity assessment reports done by environment specialists to track the effectiveness of conservation.
 - First ever Asian Eco System Reforestation Verification done by Preferred by Nature.
 - Environment related audits (FSC, ISO 14001:2015, RA, Fairtrade, Eco label) conduct by independent external parties. (ii) goals, targets, and indicators used to evaluate progress.
 - Through biodiversity assessments, identifying flora and fauna within the categories of endemics, endangered, vulnerable, near threatened and least concern.
 - Through eco system restoration verification consider the following goals to be fulfilled.

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

	<p>(iii) Lessons learned and how these have been incorporated into the organisation’s operational policies and procedures; • Recognised the importance of maintaining habitat connectivity by implementing landscape level planning and restoration initiatives such as wildlife corridors, reforestation to reconnect fragmented habitats. • Lessons from activities have been used in developing eco system restoration activities and conservation activities • Learnings from rainwater harvesting ponds (aquatic ecosystem) – “This diversity of ponds is reflected in the range of carbon sequestration rates found across the literature. One study found that small ponds sequester 79-247g of organic carbon per square meter annually, a rate 20-30 times higher than woodlands, grasslands and other habitat types (Taylor et al., 2019).” These studies help to achieve our environment targets of 2030 easily</p>
<p>f. How engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).</p>	<p>• We conduct stakeholder meetings regularly to discuss progress of the biodiversity initiatives and to get their ideas about to improve and mainly focused on conservation. In addition, we arrange training and awareness sessions with industry experts, stakeholders and local community. • Participation of environment conservation and educational programs facilitated by various external industry experts. • To educate stakeholders about our biodiversity efforts and actions taken to protect biodiversity, we have designed our product labels and hampers to share knowledge with them. • Celebrate World Mountain Day and World Bamboo Day by engaging with stakeholders</p>

Biodiversity Assessments and Species Mapping

In collaborations with external experts, HPL has conducted detailed biodiversity assessments across all estates. These assessments mapped our biodiversity richness and compiled comprehensive species lists, identifying numerous endangered and endemic species requiring habitat protection for long-term survival.

Based on these insights, we have implemented targeted reforestation initiatives, conservation blocks, and habitat rehabilitation programs to safeguard and enhance biodiversity across our estates.



Biodiversity Survey



Biodiversity Assessment: Species

HPL’s latest biodiversity assessments have identified and documented fauna and flora in the Upcot cluster of estates

Biodiversity Assessment Findings

- As part of an agreement between Horana Plantations PLC (HPL) and the Preserving Land and Nature Trust

(PLANT), a team of biologists from the Biodiversity Conservation and Research Circle of Sri Lanka, in partnership with the Wildlife and Nature Protection Society (WNPS) and PLANT, conducted a rapid biodiversity assessment across several estates.

- The survey recorded a remarkable total of 99 species of vertebrates and butterflies, including 33 endemic species and 32 nationally threatened species, underscoring the high conservation value of these landscapes.



Cnemaspis samanensis and *Cnemaspis upendrai* are small, diurnal geckos endemic to Sri Lanka, inhabiting rocky forests. Their unique coloration and limited distribution highlight the island's rich biodiversity and conservation importance

Among the key findings:

- A total of 16 amphibian species, representing six families, were recorded. Notably, 15 of these are endemic to Sri Lanka and are also globally threatened, as per the IUCN Red List (2024). Fairlawn Estate showed the highest amphibian richness among HPL estates, second only to the Peak Wilderness Sanctuary.



- The study documented several significant reptile species. Of the threatened reptiles recorded, three were classified as Critically Endangered: *Cnemaspis samanensis*, *Cnemaspis upendrai*, and *Lankascincus sripadensis*. Another three were listed as Endangered: *Lankascincus taylori*, *Rhinophis blythii*, and *Aspidura trachyrocta*. The discovery of *Cnemaspis samanensis* and *Cnemaspis upendrai* beyond their known range is especially important for conservation research.
- In freshwater ecosystems, two endemic fish species were identified: the Critically Endangered *Devario monticola* and the Near Threatened *Garra ceylonensis*. The presence of *Devario monticola* in Maskeli Oya is particularly notable, as it was previously known only from the Agra Oya river basin.
- In terms of butterflies, the survey recorded the Spotless Grass Yellow, which, despite its wide range, had not previously been recorded around Maskeliya.
- Finally, 70 species of flowering plants, representing 38 families, were identified, reflecting the botanical richness of the area.
- This comprehensive assessment highlights the exceptional biodiversity found across HPL's estates and reinforces the critical need for sustained conservation partnerships and habitat protection measures.



- Threatened bird species recorded during the survey—all categorised as Endangered—include the Sri Lanka White-eye, Streak-throated Woodpecker, Hill Swallow, and Sri Lanka Yellow-eared Bulbul.
- Among mammals, four species were listed as Endangered: the Sri Lanka Purple-faced Langur (*Semnopithecus vetulus*), Kelaart's Pipistrel (*Pipistrellus ceylonicus*), Fishing Cat (*Prionailurus viverrinus*), and the Sri Lankan Leopard (*Panthera pardus*). The Eurasian Otter (*Lutra lutra*) was also recorded and is classified as Vulnerable.

Species Recorded During the Rapid Biodiversity Assessment

Taxonomic Group	Common Name	Scientific Name	Conservation Status (IUCN 2024) / Notes
Amphibians	Various	16 species, 15 endemic	15 Globally Threatened; 6 families; Fairlawn Estate
Reptiles	Day Gecko	<i>Cnemaspis samanalensis</i>	Critically Endangered; Found outside known range
Reptiles	Day Gecko	<i>Cnemaspis upendrai</i>	Critically Endangered; Found outside known range
Reptiles	Sripada Skink	<i>Lankascincus sripadensis</i>	Critically Endangered
Reptiles	Taylor's Skink	<i>Lankascincus taylori</i>	Endangered
Reptiles	Blyth's Shieldtail	<i>Rhinophis blythii</i>	Endangered
Reptiles	Trachypelid Earth Snake	<i>Aspidura trachyprocta</i>	Endangered
Birds	Sri Lanka White-eye	<i>Zosterops ceylonensis</i>	Endangered
Birds	Streak-throated Woodpecker	<i>Picus xanthopygaeus</i>	Endangered
Birds	Hill Swallow	<i>Hirundo domicola</i>	Endangered
Birds	Sri Lanka Yellow-eared Bulbul	<i>Pycnonotus penicillatus</i>	Endangered
Mammals	Sri Lanka Purple-faced Langur	<i>Semnopithecus vetulus</i>	Endangered
Mammals	Kelaart's Pipistrel	<i>Pipistrellus ceylonicus</i>	Endangered
Mammals	Fishing Cat	<i>Prionailurus viverrinus</i>	Endangered
Mammals	Sri Lankan Leopard	<i>Panthera pardus kotiya</i>	Endangered
Mammals	Eurasian Otter	<i>Lutra lutra</i>	Vulnerable
Freshwater Fish	Devario	<i>Devario monticola</i>	Critically Endangered; First record in Maskeli Oya
Freshwater Fish	Garra	<i>Garra ceylonensis</i>	Near Threatened
Butterflies	Spotless Grass Yellow	<i>Eurema laeta</i>	Not Threatened; First record in Maskeliya
Plants	Various flowering plants	70 species across 38 families	Identified during the survey

Summary of Species Richness

Taxonomy	Number of Species Recorded	Number of Endemic Species Recorded	Number of Threatened Species Recorded
Amphibians	16	15	15
Reptiles	7	6	6
Birds	46	9	4
Fish	4	2	1
Mammals	16	1	5
Butterflies	10	0	1

Operational Sites Near Protected Areas

Several of our operational sites are adjacent to internationally recognised protected areas, including the Peak Wilderness Nature Reserve, a UNESCO World Heritage Site.

For example, our Upcot-Maskeliya region, where harvesting and manufacturing activities occur, borders this high-biodiversity terrestrial ecosystem, emphasising the critical importance of our environmental management practices.

Location	Position	Size	Biodiversity Value	Protected Status
Upcot, Maskeliya	Adjacent	8.91 km²	Terrestrial ecosystem	UNESCO World Heritage Site (Peak Wilderness Nature Reserve)

GRI 304-3 & 13.3.4

Habitat Protection and Restoration

HPL has committed significant resources toward habitat protection and restoration, including:

- **Riparian Ecosystem Rehabilitation:** Restoration of 55 hectares in the Upcot Region (Alton, Stockholm, Fairlawn, Gouravilla, and Mahanilu estates).
- **Conservation Blocks:** Establishment of conservation blocks across several estates, including:
 - 2 Ha in Alton Upper Division
 - 100 Ha in Halwathura-Kahagala and Lower Division
 - 8 Ha in Bambarakelly (9TC-1)
 - 39 Ha in Bambarakelly
 - 2 Ha in Frocester (Bodhikanda)
 - 6 Ha in Frocester (Govinna)
 - 2.84 Ha in Mirishena (Wathurana)
 - 2 Ha in Millakanda (New)
 - 1 Ha in Hillstream (Wathurana)
 - 15.25 Ha in Frocester Estate

The total habitat restoration area in the financial year 2023-24 was 217.84 ha. This increased by 7% in the current financial year to 233.09 ha.

These initiatives ensure the protection of important habitats and contribute to the restoration of native ecosystems.

The Peak Ridge Leopard Corridor

One of Horana Plantations PLC's (HPL) flagship conservation efforts is the Peak Ridge Leopard Corridor project. This initiative aims to protect the Sri Lankan leopard and other endemic species by establishing an 18-kilometre forest corridor connecting the Castlereagh and Maussakelle reservoirs. The corridor links HPL's Stockholm, Mahanilu, and Alton estates with the Ballapennumgala Forest Reserve, creating a continuous habitat for wildlife movement and biodiversity preservation.



Peak Ridge Leopard Corridor

NATURAL CAPITAL

The project was initiated in 2021 through a Memorandum of Understanding signed by HPL, Biodiversity Sri Lanka, Dilmah Conservation, and the Wilderness and Wildlife Conservation Authority. Conservation actions include habitat restoration, the use of camera traps to study leopard behaviour, and community engagement to raise awareness and build local stewardship.

Engagement with Biodiversity Sri Lanka

As a committed member of Biodiversity Sri Lanka, HPL actively participates in its symposiums and technical sessions. These forums offer valuable insights into biodiversity and conservation practices, supporting HPL's long-term sustainability journey.

Partnerships for Conservation

HPL has also signed a Memorandum of Understanding with Dipped Products PLC to implement conservation initiatives at the Bambrakelly Estate. This collaborations focuses on clearing invasive plant species, restoring natural habitats, preserving native wildlife, and conducting biodiversity assessments.



MOU Signed with DPL



Stakeholder Engagement

In addition, HPL has partnered with Earth Systems Australia on the Tea Shade Carbon Project, developed under the Verified Carbon Standard (VCS) and the Climate, Community and Biodiversity Standard (CCB). Encompassing 100 hectares of Horana plantation lands as a pilot, the project aims to enhance forest corridors for native species, improve tea quality, and build climate resilience in partnership with local communities.

These initiatives underscore HPL's deep commitment to environmental stewardship, biodiversity conservation, and sustainable plantation management.

Habitats Protected or Restored

As part of our broader biodiversity and environmental responsibility initiatives:

- **Habitat Restoration Programs:** These focus on protecting existing forest patches, diversifying forestry areas, re-vegetating underutilised lands, establishing habitat corridors along riverbanks, and removing animal traps.



World Environment Day Celebration

- **Water Resource Management:** Riparian buffer zones have been established along waterways to improve water quality and protect aquatic ecosystems.
- **Invasive Species Management:** Measures are actively taken to control invasive species that compete with native vegetation, thus protecting the ecological integrity of our estates.

Species Conservation

While detailed figures are under compilation, HPL's biodiversity assessments have identified critically endangered, endangered, vulnerable, near-threatened, and least-concern species inhabiting or adjacent to our estates.

Protecting these species and their habitats remains a top priority in our natural capital management strategy.

Reforestation Initiatives

Hayleys Plantation companies, including HPL, are signatories to an MOU with the Wildlife and Nature Protection Society (WNPS) to protect wild animals and plants, cooperate on nature conservation, and support wildlife study and research. As part of this partnership, HPL has committed to protecting and developing forest ecosystems through initiatives like implementing forest corridors and reforestation, including the re-planting of timber to enhance biodiversity within our plantations. This is the country's largest Reforestation project to date. Spanning 55 hectares in the Upcot Valley, this initiative is focused on rehabilitating the riparian ecosystem with native mountain plants such as *Macaranga peltata*, *Elaeocarpus montanus*, *Elaeocarpus serratus*, *Cinnamomum cassia* (L.) J.Presl, and *Rhodomyrtus tomentosa*, among others. The project was launched on International Mountain Day in 2023, and by March 2024, a total of 8,181 trees had been planted. 2024/2025 we planted 10,180 trees under this initiative. Additionally, HPL has identified 100 hectares in Halwathura Estate to restore the natural ecosystem in the Low Country Region.



Tree Planting



Land Rehabilitation Project – Frocester Estate

Green Planet Tree Planting Program

As part of our long-term sustainability goals, HPL's Green Planet Tree Planting Program aims to plant 500,000 trees by 2030. Additionally, 60,005 shade trees were planted during 2022/2023, and 30,000 shade trees were added in 2023/2024. In 2024/2025 – 83,350 shade trees were planted. These efforts help prevent soil erosion, reduce the risk of earth slips, and provide nesting habitats for birds and other species.

Commitment to Global Sustainability Principles

Our biodiversity initiatives align with global sustainability frameworks, including:

- United Nations Global Compact (UNGC) Principle 8: Undertake initiatives to promote greater environmental responsibility.
- UN Sustainable Development Goals (SDG 15 – Life on Land): Protect, restore, and promote sustainable use of terrestrial ecosystems.
- Science-Based Targets and Climate Neutral Now initiatives for ecosystem protection and climate resilience.

EMISSIONS MANAGEMENT

Emissions at Horana Plantations PLC (HPL) primarily arise from two key phases the manufacturing phase, driven by firewood combustion and electricity consumption in factories; and the agricultural phase, largely stemming from the application of Urea, Dolomite, and nitrogen-based fertilizers.

GHG Emission Summary of Horana Plantations PLC- 2024/25

Emissions Source	Total (tCO ₂ e) 2024/25	Total (tCO ₂ e) 2023
Total Direct Emissions Round Up	4,148	3,380
Category 1: Direct GHG emissions in tonnes CO₂e	4,147.88	3,379.56
1.1 Direct emission from stationary combustion	1,079.47	923.74
Operation of on-site diesel generators	82.62	54.58
Firewood combustion	986.56	860.37
LPG combustion	10.29	8.79
1.2 Direct emission from mobile combustion	498.59	417.59
Company owned diesel vehicles	227.86	174.74
Company owned petrol vehicles	32.22	27.20
Company owned off road vehicles(Diesel)	181.87	147.91
Agricultural Machinery (Petrol)	56.65	67.74
1.3 Direct emission from the release of GHG's in anthropogenic systems	2,569.82	2,038.23
CO ₂ emission from Urea application	531.50	405.27
CO ₂ emission from Dolomite application	308.43	240.00
N ₂ O emissions from Nitrogenous Fertilizers	1,506.67	1,149.24
Waste water generated	223.06	243.60
CO ₂ fire extinguishers	0.15	0.12
Total Indirect Emission (Round-up)	1,776	1,709.00
Indirect GHG emissions in tonnes CO₂e	1,775.76	1,709.26
Category 2: Indirect GHG emissions from imported energy	1,115.58	1,130.33
Purchased electricity	1,115.58	1,130.33
Category 3: Indirect GHG emissions from transportation	53.49	96.35
Final Product Transport	21.43	29.20
Packing Materials Transport	1.23	4.10
Firewood Transport	18.13	50.77
Fertilizer Transport	2.89	12.29
Employee Commuting	9.81	-
Category 4: Indirect GHG emissions from product used by the organisation	489.67	373.50
N ₂ O emissions from Nitrogen Volatilisation	150.67	114.92
N ₂ O emissions from Nitrogen leaching & run-off	339	258.58
Category 6: Indirect emissions from other sources	117.02	109.07
Business Air Travel	2.63	
Loss of grid energy in transmission & distribution for supplying purchased grid electricity	114.39	109.07
Total emissions in tonnes CO₂e	5924	5089

LONG-TERM AND SHORT-TERM STRATEGIES TO MANAGE SCOPE 1 EMISSIONS

- **Renewable Energy:** Expansion of hydro and solar energy projects, installation of 58 solar PV systems including rooftop solar units at all factories and solar pv systems on estate bungalows.
- **Sustainable Transportation:** Transition to electric vehicles and low-emission motorbikes across estates.
- **Circular Economy Measures:** Expansion of the Weed-Buy-Back System, and increased production of compost, Biochar, vermi-compost, and vermi-wash to minimise synthetic fertilizer use.
- **Water Management:** Increasing the number of rainwater harvesting ponds, which serve as carbon sinks through the natural sequestration capabilities of microalgae.
- **Energy Efficiency:**
 - Implementation of ISO 50001:2018 with support from the National Cleaner Production Centre (NCPC).
 - Installation of Variable Frequency Drive (VFD) controllers to optimise fan speeds in factories.
 - Control and monitoring of biomass moisture levels through the use of moisture meters to improve combustion efficiency.

Targets and Performance – Emissions

Strategy	Target	Status as at End March 2025
Reliance on sustainable and renewable energy sources	<ul style="list-style-type: none"> - Rooftop solar units installed at all factories - Solar PV systems installed on estate bungalows - Expansion of mini hydro projects with a total capacity of 75 kW 	<p>Achieved</p> <p>07 factory rooftops covered</p> <p>Including factory rooftops 29 solar pv systems completed up to now</p> <p>Bambrakelly and Fairlawn minihydro projects total capacity – 120 KW.</p>
Sustainable biomass sourcing	100% sourcing from sustainable biomass	Ongoing - Around 20% sourced sustainable biomass
Energy-related emissions reduction	30% reduction in energy consumption-related absolute GHG emissions (Scope 1 & 2) by 2030	On track
Absolute emissions reduction	30% reduction in absolute GHG emissions (excluding energy consumption) (Scope 1 & 2) by 2030	Initiated
Scope 3 emissions reduction	10% reduction in absolute Scope 3 carbon emissions by 2030	Initiated

GRI 3-3, 13.1.1

HPL continues to monitor progress toward its targets through regular internal assessments and third-party evaluations to ensure alignment with its climate action commitments.

a. Actual and Potential Negative and Positive Impacts	<p>Actual and Potential Negative Impacts</p> <p>Negative impacts include air pollution, global warming and climate change. Please refer the emissions summary below for emissions during the year. During the year, extreme weather conditions reduced labour productivity, which had an economic impact.</p> <p>Actual and Potential Positive Impacts</p> <ul style="list-style-type: none">• Enhancing the Carbon Cycle: By contributing to carbon cycle balance, HPL supports plant photosynthesis, which can enhance crop productivity and indirectly boost economic growth.• Driving Innovation for Emission Reduction: HPL's focus on emissions management fosters innovation and the adoption of cleaner technologies, positioning the company to offer carbon-neutral tea in the global marketplace.• Protecting Ecosystems and Biodiversity: Reforestation efforts contribute to the preservation of ecosystems and biodiversity, while improving air quality and playing a role in climate change mitigation.• Contributing to Global Climate Goals: Through initiatives like the HPL Regrow and Green Planet tree-planting programs, the company actively sequesters carbon both above and below ground, aligning with the Paris Agreement goal of limiting global temperature rise to well below 1.5°C.• Promoting Public Health: Emission reduction measures directly contribute to healthier air quality, supporting the right to health and helping reduce respiratory and other pollution-related illnesses among estate communities.• Sequesters carbon and improves soil fertility through biochar production
b. Whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships	<p>HPL is actively cutting down its emissions. No new, significant negative impacts were reported through our activities or business partnerships during the reporting period.</p>
c. Policies or commitments regarding the material topic	<ul style="list-style-type: none">• UNSDG 13 • Climate Neutral Now (CNN) • Science-based targets • HPL comply with GHG Inventory Verification – ISO 14064-1: 2018 • ISO 14001:2015
d. (i) Actions to prevent or mitigate potential negative impacts	<p>Refer table below on target and actions</p>

(ii) Actions to address actual negative impacts, including actions to provide for or cooperate in their remediation

Transition to Renewable Energy:

HPL has shifted from non-renewable energy sources to renewable energy, investing in solar and hydro power plants to sustainably power operations.

Adoption of Low-Emission Transport:

The Company has introduced electric vehicles and purchased low-emission bikes to further reduce its carbon footprint in transportation.

Carbon Sequestration through Rainwater Harvesting Ponds:

HPL's 24 rainwater harvesting ponds, with a combined capacity of 23 acre feet, contribute to atmospheric carbon dioxide removal through the action of microalgae, absorbing significant volumes of carbon via photosynthesis.

Reduction of Greenhouse Gas Emissions:

Through renewable energy initiatives—including on-grid and off-grid solar installations and mini-hydro projects—HPL achieved a reduction of 420 tCO₂e in 2024/2025

- Tree Planting Initiatives:
- HPL REGROW Project: 10,180 trees planted during 2024/2025.

(iii) Actions to manage actual and potential positive impacts

- Renewable Energy- hydro + solar
- Shift to electric vehicles and low emission bikes
- Expand on Weed-buy-back System.
- Increase compost and biochar production.
- Expansion of vermi-compost and vermi-wash production
- Increase number of rainwater harvesting ponds to be utilised as carbon sinks (due to presence of microalgae)
- Improve energy efficiency by implementing ISO 50001: 2018 with the consultation of the National Cleaner Production Centre (NCPC)
- Installation of VFD controllers to control fan speed
- Control biomass moisture levels and continuous monitoring by using moisture meters.

e. Tracking the effectiveness of the actions taken	<p>Processes used to track the effectiveness of the actions; • Annually conduct carbon footprint calculations • Measure the GHG emissions associated with each estate's operations • Conduct ecosystem Restoration verification • Conduct energy review • Conduct emission and air quality test annually Goals, targets, and indicators used to evaluate progress</p> <table> <tr> <th>Target</th><th>Status as at End March 25</th></tr> <tr> <td>Reduce carbon emissions associated with energy consumption by 50% by 2030</td><td>Total reduction to date is 420 tCO₂e</td></tr> <tr> <td>Carbon neutral our products by 2030</td><td>2 tea garden marks are now Carbon Neutral</td></tr> <tr> <td>Install solar panels to all factory rooftops by 2030</td><td>07 factory rooftops completed</td></tr> <tr> <td>Switch to 100% LED bulbs by 2024</td><td>100% achieved</td></tr> <tr> <td>50% Reduction of Chemical fertiliser usage by 2030</td><td>12% total requirement fulfil by organic fertiliser</td></tr> <tr> <td>Reopening of Fairlawn Hydropower Plant</td><td>Achieved. Total generation 2024/2025 = 207 MWh</td></tr> <tr> <td>Installing of Variable Frequency Drivers (VFD) to factories by 2030</td><td>7%</td></tr> <tr> <td>Construction of Rainwater Harvesting ponds in each division by 2030</td><td>Out of 51 divisions rainwater ponds have been built in 24 divisions</td></tr> </table>	Target	Status as at End March 25	Reduce carbon emissions associated with energy consumption by 50% by 2030	Total reduction to date is 420 tCO ₂ e	Carbon neutral our products by 2030	2 tea garden marks are now Carbon Neutral	Install solar panels to all factory rooftops by 2030	07 factory rooftops completed	Switch to 100% LED bulbs by 2024	100% achieved	50% Reduction of Chemical fertiliser usage by 2030	12% total requirement fulfil by organic fertiliser	Reopening of Fairlawn Hydropower Plant	Achieved. Total generation 2024/2025 = 207 MWh	Installing of Variable Frequency Drivers (VFD) to factories by 2030	7%	Construction of Rainwater Harvesting ponds in each division by 2030	Out of 51 divisions rainwater ponds have been built in 24 divisions
Target	Status as at End March 25																		
Reduce carbon emissions associated with energy consumption by 50% by 2030	Total reduction to date is 420 tCO ₂ e																		
Carbon neutral our products by 2030	2 tea garden marks are now Carbon Neutral																		
Install solar panels to all factory rooftops by 2030	07 factory rooftops completed																		
Switch to 100% LED bulbs by 2024	100% achieved																		
50% Reduction of Chemical fertiliser usage by 2030	12% total requirement fulfil by organic fertiliser																		
Reopening of Fairlawn Hydropower Plant	Achieved. Total generation 2024/2025 = 207 MWh																		
Installing of Variable Frequency Drivers (VFD) to factories by 2030	7%																		
Construction of Rainwater Harvesting ponds in each division by 2030	Out of 51 divisions rainwater ponds have been built in 24 divisions																		
	<p>Effectiveness of the actions, including progress toward the goals and targets; • Monitor organisational level GHG emissions annually. Also see above table with status of targets • Conduct ecosystem reforestation verification audits • Conduct energy review • Conduct emission and air quality test annually Lessons learned and how these have been incorporated into the organisation's operational policies and procedures; • Learnings from carbon footprint management is incorporated into business processes in the form of investing in renewable energy, composting, replanting programs etc... • Learnings from ISO 50001 are incorporated into business process by reducing organisation energy consumption • Improve efficiency by applying IoT based solutions for rubber processing</p>																		
f. How engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	<p>• Obtain advisory services from external experts on GHG Inventory preparation and published report annually • Annually submitted emission reductions, measures and contributions to the Climate Neutral Now initiative under UNFCCC and published in the website • Engage with the Sri Lanka Climate Fund (SLCF) to get the verification • Engage with National Cleaner Production Centre for energy audits, energy reviews and ISO 50001 trainings • Engage with independent third party certified laboratories related emission testing, Committed to SBTi and targets submitted successfully</p>																		

GRI 305-1 & 13.1.2 Direct (Scope 1) GHG emissions

a. Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent (13.1.2) include land use change emissions if land is converted from one land use category to another, including natural ecosystem conversion.	2024 4,148 (tCO ₂ e)
b. Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all.	CO ₂ , CH ₄ , N ₂ O
c. Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent	Biogenic CO ₂ emissions are excluded from our GHG Inventory calculations
d. Base year for the calculation, if applicable 2023 NATURAL CAPITAL 175 Diverse Opportunities (i) emissions in the base year; (ii) the context for any significant changes in emissions that triggered recalculations of base year emissions	2024/2025 4,026 (tCO ₂ e)
e. Source of the emission factors and the global warming potential (GWP) rates used, or reference to the GWP source.	The greenhouse gas protocol: A corporate accounting and reporting standard, WRI/ WBCSD Sri Lanka Sustainable Energy Authority (SLSEA), National Energy Balance (2022) https://ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
f. Consolidation approach for emissions; whether equity share, financial control, or operational control.	Operational control
g. Standards, methodologies, assumptions, and/or calculation tools used.	The GHG emissions inventory has been prepared in accordance with ISO 14064-1:2018 standards. The assessment encompasses a comprehensive range of direct (Scope 1) emission sources, including: <ul style="list-style-type: none"> • Combustion of firewood • Operation of on-site diesel generators • Fuel use from company-owned diesel and petrol vehicles (including off-road and agricultural machinery) • Liquefied Petroleum Gas (LPG) consumption • Emissions from wastewater treatment • Use of CO₂ fire extinguishers • CO₂ emissions from urea and dolomite application • Nitrous oxide (N₂O) emissions from nitrogen-based fertilizers This detailed inventory allows HPL to accurately measure and manage its carbon footprint in line with international best practices.

GRI 305-2 & 13.1.3 Indirect (Scope 2) GHG emissions	
a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ Equivalent	1,116 tCo ₂ e
b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent.	NA
c. If available, the gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all.	-
d. Base year for the calculation, if applicable	2024/25
i. the rationale for choosing it	We have commenced the GHG inventory and carbon footprint calculations for all 14 estates, identified new emission sources for inclusion, and completed the calculations for the first time based on the financial year
ii. emissions in the base year	
iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.	
	116
	None
e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source	<p>The greenhouse gas protocol: A corporate accounting and reporting standard, WRI/ WBCSD Sri Lanka Sustainable Energy Authority (SLSEA), National Energy Balance (2022)</p> <p>Ceylon Electricity Board (CEB), Statistical digest (2023)</p> <p>https://ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf</p>
f. Consolidation approach for emissions; whether equity share, financial control, or operational control	Operational
g. Standards, methodologies, assumptions, and/or calculation tools used.	ISO 14064-1: 2018 standard Each month each estate conducts a stock verification and confirms that all the used values are accurate. Manager/ Asst Manager of each estate is responsible for this verification and for all the invoice bills. By using this accurate data, GHG emissions were calculated according to the IPCC guidelines based on annual fuel usage

GRI 305-3 & 13.1.4 Other indirect (Scope 3) GHG emissions	
a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent (13.1.4) include land use change emissions	660 (tCO2e)
b. If available, the gases included in the calculation; whether CO2 , CH4, N2O, HFCs, PFCs, SF , NF , or all	N2O, CH4, CO2
c. Biogenic CO2 emissions in metric tons of CO2equivalent	Biogenic CO2 emissions are excluded from our GHG Inventory calculations
d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation	Loss of grid energy in transmission & distribution for supplying purchased grid electricity, Upstream and downstream transport, Nitrogen volatilisation, Nitrogen leaching and run-off
e. Base year for the calculation, if applicable, including	2024/25
i. the rationale for choosing it	We have commenced the GHG inventory and carbon footprint calculations for all 14 estates, identified new emission sources for inclusion, and completed the calculations for the first time based on the financial year
ii. emissions in the base year	
iii. the context for any significant changes in emissions that triggered recalculations of base year emissions	
	660 (tCO2e)
	None
f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source	The greenhouse gas protocol: A corporate accounting and reporting standard, WRI/ WBCSD Sri Lanka Sustainable Energy Authority (SLSEA), National Energy Balance (2022)
	Ceylon Electricity Board (CEB), Statistical digest (2023)
g. Standards, methodologies, assumptions, and/or calculation tools used	ISO 14064-1: 2018 standard Assessment was done based on, Indirect GHG emissions from imported energy – purchased electricity Indirect GHG emissions from products used by organisation – N2O emission from Nitrogenous Vitalisation, N2O emission from Nitrogenous leaching & run-off Indirect emission from other sources – loss of grid energy in transmission & distribution for supplying purchased grid electricity

GRI 305-4 & 13.1.5	GRI 305-5 & 13.1.6
GHG Emissions Intensity For the year 2024/25	Reduction in Emissions 2024/25
0.98tCO2e/ton of product	420 t CO2e

GRI 13.7

WATER MANAGEMENT

Water is a critical resource for HPL’s core agricultural operations and for sustaining the well-being of estate communities. At Horana Plantations, we recognise the critical importance of conserving and managing water resources responsibly across all our estates. Our water management efforts focus on both operational efficiency and environmental stewardship. We are committed to responsible water stewardship through conservation, quality management, and proactive engagement with national standards and global frameworks.

HPL recognises water as a vital material topic due to its importance in both cultivation and community livelihoods. In line with our Water Conservation Policy and Water Management Plan, we continue to implement robust measures to manage water resources responsibly.

- Awareness and Governance: Water management committees are operational in each estate, promoting water conservation and effluent management awareness among employees and residents.
- Capacity Building: Ongoing education initiatives equip estate communities with knowledge on water stewardship and safe chemical handling.

Water Management Practices

Effluent Treatment Plants (ETPs)

To ensure that wastewater is treated before being released into the environment, Horana Plantations PLC operates Effluent Treatment Plants (ETPs). Regular testing of treated water is carried out by accredited laboratories, and corrective actions are implemented as necessary, based on the results. The water is tested in accordance with the Central Environmental Authority (CEA) parameters, including:

- pH
- Biochemical Oxygen Demand (BOD)
- Chemical Oxygen Demand (COD)
- Total Suspended Solids (TSS)

Once the water meets the required standards, it is safely channelled back for irrigation purposes on our rubber plantations.

Rainwater Harvesting

Rainwater harvesting techniques are employed to retain water locally, supplementing the water supply during dry periods. The harvested rainwater is collected in ponds and, if necessary, diverted to plantations for irrigation. Additionally, this water is made available for the estate community to meet their daily water needs, supporting both agricultural and domestic usage.



Rainwater Harvesting



Monitoring and Compliance

We conduct regular monitoring of water quality and effluent discharge to ensure compliance with national and international environmental standards. To assist in water conservation and management, water maps have been made available on estates, helping to locate key water sources.

To further protect water quality, riparian buffer zones and chemical-free zones have been implemented. These zones serve to enhance water quality by filtering runoff and preventing contamination. In addition, we promote awareness among employees regarding the proper handling of chemicals, reducing the risk of pollution and ensuring safe practices in water management.

GRI 303-1 & 13.7.2

Interactions with Water as a Shared Resource

We operate with full compliance to CEA guidelines and actively manage water as a shared resource. Water maps are used across estates to monitor and protect sources. Riparian buffer zones and chemical-free zones are established to safeguard water quality.

GRI 3-3 & 13.7.1

Water and Effluents

a. Actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights;	<p>Effluent Treatment Plants (ETPs): We have established and maintain effluent treatment plants at our processing centres to ensure that wastewater is treated before discharge, minimising environmental impact.</p> <p>Wastewater Management: All industrial wastewater, including that generated during rubber manufacturing, is routed through dedicated treatment systems. Wastewater is filtered and treated through a multi-stage process, ensuring compliance with regulatory standards before safe disposal.</p> <p>Monitoring and Supervision: Continuous monitoring and supervision of water usage and effluent discharge are carried out across all estates to ensure efficiency and regulatory compliance.</p> <p>Rainwater Harvesting: We have commissioned 24 rainwater harvesting ponds across our upcountry and low country estates, with a total capacity of 23 acre feet. The harvested water is used to irrigate plantations during dry seasons and is also made available to estate communities.</p> <p>Buffer Zones: Buffer zones are maintained around water bodies to mitigate the risk of water pollution from agricultural runoff and to preserve surrounding biodiversity.</p> <p>Chemical Handling Protocols: Staff are trained to wash equipment and chemical sprayers only in designated areas, and chemical containers are disposed of through approved, environmentally responsible methods.</p> <p>Training and Awareness: Regular training and awareness programmes are conducted for employees and estate communities to promote water conservation practices and proper chemical handling techniques.</p>
b. Whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships	<p>No negative impacts were reported during the current financial year through our activities or business partnerships</p>

C. Policies or commitments regarding the material topic	<p>1. Adhere to Environment Protection Licence (EPL) under National Environment Act 2. United Nations Global Compact (UNGC) 3. UN Sustainable Development Goals (SDGs). UN SDG 6, UN SDG 14, UN SDG 3, UN SDG 13 4. UNGC CEO Water Mandate 5. Water conservation policy 6. SLS 614:2013 (Comply with drinking water standard)</p>
<p>d. (i) Actions to prevent or mitigate potential negative impacts</p> <p>(ii) actions to address actual negative impacts, including actions to provide for or cooperate in their remediation</p> <p>(iii) actions to manage actual and potential positive impacts</p>	<ul style="list-style-type: none"> • Effluent Treatment: Operational effluent treatment plants ensure safe disposal of industrial wastewater, including from rubber manufacturing. • Rainwater Harvesting: 24 harvesting ponds across estates with a capacity of more than 23 acre feet support irrigation and community use during dry seasons. • Conservation Training: Ongoing awareness programmes for staff and estate communities promote responsible water use. • Monitoring & Filtration: Continuous supervision and filtration systems ensure efficient water use and safe wastewater disposal. • Pollution Prevention: Buffer zones are maintained to reduce runoff, and staff are trained in proper chemical handling and disposal. <p>ii) No actual negative impacts during the year</p> <p>iii)</p> <ul style="list-style-type: none"> • Water Quality Monitoring: Regular water testing is conducted by accredited laboratories. Corrective actions are taken based on test results, including proper wastewater disposal through established treatment plants. • Rainwater Harvesting: Rainwater harvesting ponds have been implemented across estates, with collected water diverted to plantations during dry seasons and made available to estate communities for daily use. • Wastewater Treatment & Reuse: Treated water is tested in accordance with Central Environmental Authority (CEA) standards, including pH, BOD, COD, and TSS—before being reused for irrigating rubber lands. • Drinking Water Safety: Drinking water is tested regularly by accredited laboratories in line with SLS 614:2013 standards to ensure its safety and quality. • Water Mapping: Estates maintain and annually update water maps to identify and manage key water sources such as springs, streams, ponds, and tanks, supporting targeted conservation efforts. • Ecosystem Protection: Riparian buffer zones and chemical-free zones are maintained to safeguard water bodies. Additionally, vegetative barriers—such as Kumbuk trees—are planted to naturally enhance water quality. • Water Governance: Estate-level water management committees have been established to oversee usage, conservation efforts, and community engagement. <p>These integrated initiatives ensure that our water use remains efficient, sustainable, and aligned with the needs of our operations, communities, and the environment.</p>

e. Tracking the effectiveness of the actions taken

i. Monitoring Processes and Standards

- **Labouratory Testing:** Regular testing of wastewater and drinking water by accredited laboratories ensures compliance with SLS 614:2013 and environmental quality standards.
- **Environmental Audits:** Independent audits conducted under FSC, Rainforest Alliance (RA), and Eco Label certifications validate our environmental performance.
- **Regulatory Compliance:** All monitoring aligns with the National Environmental (Protection and Quality) Regulations No. 1 of 2008 (as amended), and the National Environmental (Noise Control) Regulation No. 01 of 1996.

ii. Goals, Targets, and Indicators

- **Wastewater Parameters:** pH, COD (Chemical Oxygen Demand), BOD (Biochemical Oxygen Demand), TSS (Total Suspended Solids), faecal coliform count, and turbidity.
- **Drinking Water Parameters:** pH, turbidity, sulphate, nitrate, sodium, free residual chlorine, and faecal coliform.
- **Strategic Commitments:** As a signatory to the UN Global Compact CEO Water Mandate, we have pledged action across six pillars of water stewardship: direct operations, supply chain and watershed management, collective action, public policy, community engagement, and transparency.

Target	Progress to Date
100% reuse of treated wastewater for plantation operations.	Treated wastewater is 100% used for irrigation and planting
Harvesting 500 million litres of rainwater by 2030.	44.7 Mn L

iii. Effectiveness and Progress

- **Effluent Control:** Effluent volumes have been maintained or reduced through improved treatment systems.
- **Water Security:** Drinking water access and conservation initiatives have increased across estates.
- **Ecosystem Benefits:** Rainwater harvesting ponds have enhanced aquatic habitats and local biodiversity.
- **Water Harvesting:** In 2024/25 a total of 44.7 million litres of rainwater was harvested.
- **Circular Use:** Water recycling and reuse practices have been successfully implemented and scaled.
- **Ongoing Oversight:** Regular monitoring and transparent reporting ensure alignment with environmental standards and internal goals.

	<p>iv. Lessons Learned and Policy Integration</p> <p>Insights gained through implementation and monitoring have been embedded into our operational strategy:</p> <ul style="list-style-type: none">• Developed a comprehensive water management plan to regulate usage, prevent pollution, and enhance conservation.• Strengthened effluent treatment systems and reduced discharge volumes.• Expanded training and awareness programmes on chemical handling and water conservation.• Increased community engagement in water and effluent management.• Formulated contingency plans to mitigate risks from droughts, floods, and other water-related challenges.
<p>f. How engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).</p>	<p>Key Stakeholders and Their Roles:</p> <ul style="list-style-type: none">• Central Environmental Authority (CEA): Tests water samples to ensure compliance with Environmental Protection License (EPL) regulations.• Non-Governmental Organisations (NGOs):<ul style="list-style-type: none">- ADRA, World Vision, Farm Foundation: Collaborate on water-related development projects, particularly within estate communities.• Rainforest Alliance (RA): Provides funding and technical support for estate-level water conservation and infrastructure initiatives.• Plantation Human Development Trust (PHDT): Facilitates and implements new water infrastructure projects to support estate communities.• Pradeshiya Sabhas: Local government authorities that grant approvals and contribute to the execution of community-level water projects.• Worker Unions: Assist in identifying project beneficiaries and ensure equitable access to water infrastructure.• Estate Water Management Committees: Comprising estate staff and ADRA representatives, these committees oversee on-ground water resource management and maintain direct coordination with estate management.• Accredited Third-Party Laboratories: Conduct regular and independent water quality testing in line with national and international standards.

GRI 303-2 & 13.7.3

Management of Water Discharge-Related Impacts

All effluent discharge complies with the National Environmental (Protection Quality) Regulations No. 1 of 2008 and the National Environmental (Noise Control) Regulation No. 1 of 1996.

- Effluent Treatment Plants (ETPs): Wastewater from our operations is treated before release. Regular testing—based on parameters such as pH, BOD, COD, and TSS—is conducted by accredited laboratories. Treated water is reused for irrigation wherever feasible.
- Drinking Water Compliance: Water quality for consumption complies with SLS 614:2013 standards.

i	Minimum standards set for the quality of effluent discharge, and how these minimum standards were determined	We are fully compliant with all CEA guidelines - in accordance with the standards and criteria prescribed by the National environmental (Protection Quality) Regulations No. I of 2008, published in the gazette No 1534/IB dared 01.02.2008 amended by gazette No.2264i17 dated 27.01.2022 and the National (Environmental noise Control) Regulation No.01 of 1996, published in the gazette No. 924/ 12 dated 23.05 .1996. regarding water discharge and effluent treatment.
ii	How standards for facilities operating in locations with no local discharge requirements were determined;	
		All HPL operational locations are under the CEA and all our operational locations are fully compliant with CEA guidelines and regulations.
b	Any internally developed water quality standards or guidelines	All water quality standards and guidelines conform with National requirement
c.	Any sector-specific standards considered	No
d.	Whether the profile of the receiving waterbody was considered	Yes. This aspect is covered by CEA guidelines on water and effluent discharge.

GRI 303-3,4 & 5 & 13.7.4, 5 & 6

Water Withdrawal	Water Discharge	Water Consumption
20653 m3	20653 m3	20653 m3

Horana plantations sources all water locally from it's own estates. Horana plantations does not operate in areas classified as high or extremely high water-stress regions. There were no reported incidents of non-compliance related to water quantity or quality regulations during the reporting period.

Risk	Description	Response
Economic	High compliance and infrastructure costs for water treatment	We partner with stakeholders such as ADRA and RA to secure funding and build capacity
Environmental	Groundwater stress, aquatic habitat loss, and water quality degradation	Development of a comprehensive Water Management Plan and expansion of rainwater harvesting ponds to support biodiversity and ecosystem services
Social	Health and water access risks for estate communities	ETP systems ensure safe discharge; harvested rainwater is diverted for estate use in dry periods

Policies and Commitments

HPL's approach to water management is guided by the following frameworks:

- Environmental Protection License (EPL) under the National Environmental Act
- United Nations Global Compact (UNGC) – Water Stewardship Commitment across 6 focus areas
- UN Sustainable Development Goals (SDGs) – Focus on SDG 3, 6, 13, and 14
- UNGC CEO Water Mandate – Endorsing transparency and collaborative action
- Estate-wise Water Management Plan – Including water maps, buffer zones, ETP monitoring, and chemical safety protocols.

GRI 3-3 & 13.8.1

WASTE MANAGEMENT

At Horana Plantations PLC (HPL), waste management is central to our commitment to environmental stewardship and sustainability. Our approach goes beyond the safe collection and disposal of waste; we aim to become a plastic-free plantation by 2030, adopting circular economy principles to turn waste into opportunity. This strategy aligns with the United Nations Sustainable Development Goals (SDGs) and incorporates innovative solutions to minimise waste, maximise resource recovery, and reduce environmental impact.

Waste

a. Actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights;	<p>Actual Potential Negative Impacts: While no actual negative impacts were reported, potential risks include environmental pollution, habitat destruction, climate change, ecosystem damage, high management costs, health risks to the community, and regulatory penalties.</p> <p>Actual and Potential Positive Impacts: Waste reduction initiatives result in cost savings, resource recovery for composting, sustainable practices, improved soil fertility, reputational benefits, and additional income through sustainable trade channels.</p>
b. Whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships	No negative impacts reported during the reporting period due to HPL's actions or actions of our business partners.
c. Policies or commitments regarding the material topic	<ul style="list-style-type: none"> • UNSDG 12 & 09 • Waste Management Policy We are committed to minimising waste production by employing Reduction, Re-use, and Recycling techniques at every stage of our operation. We ensure that all operations and activities are fully compliant with all current waste management legislation. • MOU signed with National Cleaner Production Centre for implementing waste minimisation and resource efficiency in line with sustainable consumption and production • Comply with environment certifications (ISO 14001:2015, ISO 9001:2015, FSC, Eco label, RA, Fairtrade) • Adhere to Environment Protection Licence (EPL) under National Environment Act
<p>d. (i) actions to prevent or mitigate potential negative impacts</p> <p>ii) actions to address actual negative impacts, including actions to provide for or cooperate in their remediation</p> <p>(iii) actions to manage actual and potential positive impacts</p>	<p>i Training for employees on waste management standards and regulations</p> <ul style="list-style-type: none"> • Practicing waste segregation • Compost, Vermiwash, Biochar production from waste • Apply the 3R principles across operations • Periodic testing of water and soil • Conduct progress evaluations, waste assessments and reviews annually. • Obtain EPL and scheduled audits, corrective actions taken <p>ii No Actual negative impacts in reporting period</p> <ul style="list-style-type: none"> • Expand circular economy initiatives • Provide training on circular economy and 3R initiatives • Provide waste segregation bins. • Align factories with ISO 14001:2015. • Obtain 3rd party test report for parameters • Adhere to Environment Protection Licensing requirements from CEA. • Strongly adhere to 3R concept

	Reduce	<p>Grid-Electricity consumption reduces through on-grid, off-grid solar and hydro and</p> <p>Implement energy management system</p> <p>Agricultural waste reduces through weed buy back system, composting, vermi technologies, shaka sara production, bio char production</p> <p>Reduce usage of non-degradable materials for female hygiene units and they have been developed by using biodegradable materials such as bamboo.</p> <p>Shift to sustainable packing materials by reducing non degradable packing materials</p>
	Reuse	<p>Reuse Machinery parts</p> <p>Reusable bamboo pots in nurseries</p> <p>Promoting and enabling the use of reusable sanitary napkins for our female community.</p>
	Recycle	<p>Recycled wastewater used for estate operations</p> <p>Refused tea used as compost</p> <p>Weeds used as compost</p>

e. Tracking the effectiveness of the actions taken	<div><div>1 Processes Used to Track the Effectiveness of Actions</div><div><ul style="list-style-type: none">• Wastewater Sampling: Regular physical and chemical analysis of wastewater samples to ensure compliance with environmental standards.• Soil Fertility Monitoring: Soil samples tested by the Tea Research Institute and Rubber Research Institute to assess improvements in soil fertility.• Drinking Water Quality Testing: Routine testing of drinking water quality to ensure it meets health and safety standards.• Environmental Audits: Conducting periodic environmental audits to evaluate the sustainability of operations.• Annual Emission Testing: Measuring emissions from operations to assess environmental impact.• Energy Review: Regular review of energy consumption patterns to identify areas of improvement and potential cost savings.• GHG Verification: Annual verification of greenhouse gas emissions by the Sri Lanka Climate Fund.</div></div> <div><div>ii. Goals, Targets, and Indicators Used to Evaluate Progress</div><div><ul style="list-style-type: none">• Wastewater Testing Parameters: pH, COD, BOD, TSS, Fecal Coliform Count, Turbidity.• Drinking Water Testing Parameters: pH, Turbidity, Sulfate, Nitrate, Sodium, Free Residual Chlorine, Fecal Coliform.• Emission Testing Parameters: Greenhouse gases, ash, dust, and suspended particles.• Energy Review Target: Reduce energy wastage and identify cost-saving opportunities.• GHG Inventory Verification: Quantify annual greenhouse gas emissions and track progress on emission reduction measures.</div></div> <div><div>iii. Effectiveness of the Actions and Progress Toward Goals</div><div><ul style="list-style-type: none">• Wastewater Management: Wastewater is periodically tested by accredited laboratories to ensure it remains below hazardous levels.• Drinking Water Quality: Drinking water quality is consistently monitored to ensure it stays within safe thresholds.• Energy Efficiency: A reduction in non-renewable energy consumption, with an increase in renewable energy usage, including solar, hydro power, and biomass energy.</div></div>
--	---

	<p>iv. Lessons Learned and Integration into Operational Policies and Procedures</p> <ul style="list-style-type: none"> • Circular Economy Initiatives: Based on our learning, we have expanded circular economy initiatives and 3R practices, involving the active participation of estate communities. • Resource Recovery and Cost Savings: Our resource recovery efforts have contributed to cost savings while delivering environmental benefits through waste reduction. • Plastic and Polythene Reduction: To achieve polythene-free plantation, we have introduced sustainable alternatives, such as reusable sanitary napkins, bamboo pots for tea nurseries, and eco-friendly product packaging.
f. How engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	<ul style="list-style-type: none"> • Employee and Community Meetings: Regular discussions with employees, estate staff, and communities to update and align on sustainability initiatives. • Regulator and Certification Body Engagement: Meetings and surveys with regulators and certification bodies to gather feedback and ensure compliance with industry standards. • Stakeholder Visits: Regular visits from buyers and public health inspectors to monitor and assess progress on sustainability actions. • Resource Optimisation Assessments: collaborations with the National Cleaner Production Centre (NCPC) for waste reduction and resource optimisation evaluations, with corrective actions taken based on feedback.

GRI 306-2 & 13.8.3

Management of Significant Waste-Related Impacts

We have successfully operationalised several circular economy initiatives to manage waste in an environmentally friendly manner. These include:

- **Weed Buy-Back for Composting:** HPL implemented a weed-buy-back system in which estate workers collect unwanted weeds, which are then recycled into compost. This initiative yielded 84,488Kg of compost from bought-back weeds in 2024/25, contributing to soil health and reducing the need for synthetic fertilizers.
- **Biochar Production:** Our biochar project, which began in May 2022, utilises agricultural waste (including rubber, bamboo, and cinnamon sticks) to produce biochar. This biochar, used as a soil amendment, helps reduce environmental deterioration and carbon emissions, and contributes to carbon sequestration. In 2024/2025, we produced 17.3 tons of biochar, and we continue to expand this project with the introduction of portable containers to increase production.
- **Vermi-Technology:** We adopted globally accepted vermi-technology to produce vermicompost and vermi-wash, offering an environmentally friendly alternative to synthetic fertilisers. These nutrient-rich fertilisers improve soil health and crop yields. In 2024/25, HPL produced 9000 Kg of vermicompost and 8600 litres of vermi-wash as foliar application on estates.
- **Shakasara Organic Liquid Fertiliser:** In our low-country estates, we produce Shakasara, an organic liquid fertiliser derived from green manure, farmyard manure, crop residues, and locally available minerals. This fertiliser enhances soil fertility and improves the efficiency of inorganic fertilizer use, particularly in immature rubber plants.
- **Recycling Factory Ash:** Ash generated from our tea factories is recycled and used to maintain soil pH and for composting mixtures, further reducing waste and supporting sustainable farming practices.
- **Refuse Tea Reprocessing:** Refused tea, a byproduct of tea manufacturing, is reprocessed and used for compost production. This initiative ensures zero waste from the tea manufacturing process, with 2701 kg of compost produced from refuse tea in 2024/25

Waste Impact Management

HPL is committed to minimising the environmental impact of its waste through a combination of waste treatment and recycling efforts. Key measures include:

- **Industrial Waste Water:** Wastewater from rubber manufacturing is treated at our wastewater treatment plants to meet CEA standards (pH, BOD, COD, TSS) before being reused in plantation operations.
- **Factory Oil and Grease:** Waste oil and grease from factory operations are controlled by treatment plants to prevent environmental contamination.
- **Waste Segregation:** Waste is segregated at source across all processing centres and offices, with designated bins for organic waste, plastics, glass, and metal. Non-hazardous waste is collected and recycled through local authorities or certified waste management organisations.
- **Minimising Spills and Contamination:** We implement rigorous controls to minimise chemical spills, ensuring that storage practices prevent contamination of soil and water bodies. Additionally, washing of machinery and vehicles in natural water sources is strictly prohibited.

WASTE GENERATED AND IMPACT

Key waste generated and its impact includes:

- **Agricultural Waste (Weeds):** These contribute to soil degradation and increased pests and diseases if not properly managed.
- **Industrial Wastewater:** Can lead to groundwater contamination if not treated.
- **Factory Ash:** Contributes to air and water pollution if improperly disposed of.
- **Refuse Tea:** If not properly managed, it leads to methane production and attracts pests.
- **Biomass:** Issues related to landfill if not properly utilised.
- **Plastics/Polythene:** Contribute to landfill waste and environmental pollution.
- **Machinery Metal Parts:** Create waste dumps if not recycled or reused.
- **E-waste:** Releases toxic chemicals if not managed properly.

WASTE DIVERTED FROM DISPOSAL

HPL has implemented several key actions to divert waste from disposal:

- **Composting Organic Waste:** Pruned branches, leaves, and refuse tea are composted to enrich soil.
- **Biochar Production:** Agricultural and rubberwood waste is used for biochar production.
- **Reusing Wastewater:** Treated wastewater is reused in irrigation and other factory operations.
- **Rainwater Harvesting:** Collected rainwater is diverted for agricultural operations.
- **Sustainable Construction Materials:** Empty plastic bottles and beer cans are repurposed into building materials for sustainable projects.

WASTE DIRECTED TO DISPOSAL

HPL ensures responsible disposal of hazardous waste:

- **Hazardous Waste:** Such as e-waste, chemicals, and clinical waste, is collected by CEA-approved entities.
- **Non-hazardous Waste:** Non-hazardous waste is segregated and recycled or disposed of through designated channels.



Installation of Waste Bins



Wasp Attack Prevention Shed

Third-Party Waste Management

HPL ensures that third-party waste management companies adhere to relevant contractual or legislative obligations. We collaborate with government-approved bodies for the safe disposal of e-waste, clinical waste, and other hazardous materials, ensuring proper disposal methods and minimising environmental risks.

GRI 13.4.1 & 2

NATURE ECO CONVERSION

Horana Plantations PLC (HPL) is committed to the conservation and restoration of natural ecosystems across all its operational landscapes. The Company implements a comprehensive ecosystem restoration and biodiversity conservation strategy aligned with global frameworks such as the United Nations Sustainable Development Goals (SDGs), the Forest Stewardship Council (FSC), and the European Union Deforestation Regulation (EUDR).

Commitments to Avoid Ecosystem Conversion

HPL has set a target to increase its conservation area by 10% of its total land extent by 2030. Restoration zones have been established using native species like bamboo and kumbuk to safeguard aquatic and riparian ecosystems against erosion, pollution, and degradation. Environmentally harmful activities, including road construction, heavy machinery use, chemical application, and waste disposal, are prohibited in these zones. Awareness and training are conducted across the organisation to ensure compliance at every level.

KEY INITIATIVES:

- **Green Planet Tree Planting Program:** Launched in 2022, this initiative has already planted over 5,322 native trees, with a target of planting 500,000 trees by 2030.
- **Forest Corridor Restoration:** Includes a 55-hectare riparian forest corridor along the Maskeliya Oya and the protection of 100 hectares of naturally regenerating secondary forest.
- **Peak Ridge Leopard Corridor Project:** Developed in collaborations with Biodiversity Sri Lanka, Dilmah Conservation, and WWCT to preserve endemic species and habitat connectivity.

HPL aligns its operations with SDG 14.1 and 15.1, focusing on reducing aquatic pollution and ensuring the sustainable use of terrestrial and freshwater ecosystems.

Our Commitment	
Compliance	Ensure legal compliance with respect to biodiversity by complying with rules and regulations related to all environmental aspects (e.g. forest, wildlife, green cover, water bodies etc.) during the organisational operations
Align to ESG Framework and develop sector level strategies	Map existing biodiversity aspects, identifying significant impacts and develop and customise biodiversity conservation strategies aligning to the Group Sustainable Business Framework
Identify and assign individual and functional roles and responsibilities	Identifying and appointing competent teams to drive effective implementation and ensure the availability of relevant information, documents, training tools and guidance to effectively drive the biodiversity conservation strategy aligned with the operating model and business requirements of each estate
Accountability	Accountability for all operations and creating systems to respond to any aberration with the aim of preserving biodiversity resources
Complete and accurate reporting on time	Define best quantification mechanism for biodiversity impacts and ensure the 100% complete and accurate reporting, tracking and record keeping of all relevant progress / impacts on timely basis

Natural Ecosystem Conversion-Free Production

All of HPL’s products are 100% deforestation- and conversion-free, with operations limited to already-converted lands prior to the Company’s involvement.

Product	Conversion-Free	Certification/Method
Tea	Yes	Rainforest Alliance, Ethical Tea Partnership, Fairtrade
Rubber	Yes	FSC Certified, EUDR Compliant
Oil Palm	Yes	Certified by FSC, EUDR compliant , cultivated on old unproductive rubber lands
Coconut/Cinnamon/ Pineapple	Yes	Good Agricultural Practices (GAP); intercropped to avoid additional land clearance

Regular internal and external audits, third-party certifications, and a Group ESG Framework guide assessment and compliance.

SUPPLIER COMPLIANCE & SUSTAINABLE SOURCING

HPL’s Procurement Policy ensures sustainable sourcing through a transparent and structured evaluation process. Environmental, safety, and social criteria are embedded in supplier selection and contract obligations.



As HPL does not source products involving terrestrial animal or fish feed, these categories are not applicable to its operations.

Collaborative Initiatives

HPL participates in multi-stakeholder initiatives that promote landscape-level biodiversity conservation and ecosystem restoration:

- MoU with Wildlife & Nature Protection Society (WNPS) for reforestation and forest corridor establishment.
- Partnership with UNDP Sri Lanka and Ministries of Environment and Plantation Industries to improve land management and biodiversity conservation.
- Membership in Biodiversity Sri Lanka, and compliance with the Ecosystem Restoration Verification Standard and ISO 14000 Series.

The HPL ESG Steering Committee oversees implementation and progress monitoring of all ecosystem conservation targets. Each estate has a Sustainability Champion responsible for executing corrective actions in the event of environmental non-compliance. Supplier practices are monitored through audits and ESG screenings.

Deforestation & Conversion-Free Land Declaration

- Percentage of deforestation/conversion-free production: 100%
- Assessment Methods: Third-party certifications (FSC, EUDR, Rainforest Alliance), internal audits, and ESG-aligned sustainability framework.
- Converted Ecosystems Since Cut-off Date: None

Monitoring and Assessment Mechanisms

Horana Plantations PLC (HPL) ensures that all eco conversion initiatives are guided by robust assessment and monitoring systems that prioritise environmental sustainability, regulatory compliance, and continual improvement.

- **Certifications and Compliance:** HPL operates under multiple environmental certifications that require adherence to stringent standards and regular third-party audits. These certifications serve as benchmarks for sustainable land-use practices and reinforce our commitment to responsible eco conversion.
- **Internal and External Audits:** We carry out regular internal evaluations and engage accredited external auditors and laboratories to assess environmental and safety compliance. These audits help track progress, identify risks, and ensure corrective actions are implemented where necessary.
- **Sustainability Governance:** Our ESG (Environmental, Social, and Governance) framework underpins our eco conversion strategy. It aligns with international sustainability directives, including the European Union Deforestation Regulation (EUDR), enabling us to meet global expectations for traceability, environmental protection, and ethical land use.

Through continuous monitoring, data collection, and adaptive management, HPL ensures that eco conversion efforts support biodiversity enhancement, climate resilience, and the sustainable use of natural capital across all our estates.



Conservation Area



Certification Compliance

Horana Plantations PLC (HPL) demonstrates a robust commitment to sustainable land management and natural capital preservation through adherence to several internationally recognised certifications and frameworks. These certifications not only validate HPL's environmental stewardship but also enhance its credibility in global markets increasingly focused on sustainability.

European Union Deforestation Regulation (EUDR) Compliance

In a pioneering move, HPL became the first Sri Lankan company to develop a management system compliant with the European Union Deforestation Regulation (EUDR). This achievement was independently verified by Preferred by Nature, an international non-profit organisation dedicated to promoting sustainable land management practices. The certification underscores HPL's commitment to sustainable agriculture, traceability, and transparency in its supply chain, aligning with stringent EU environmental standards.

ISO 14001:2015 Environmental Management System

HPL's estates are certified under ISO 14001:2015, an international standard that specifies requirements for an effective environmental management system. This certification reflects HPL's proactive approach to minimising environmental impacts, complying with applicable laws, and continually improving its environmental performance.

Carbon Neutral and Ecosystem Restoration Certifications

Demonstrating leadership in climate action, HPL has achieved Carbon Neutral certification for its tea factories, including Gouravilla and Alton. Additionally, the company holds an Ecosystem Restoration Verification, affirming its efforts in rehabilitating degraded ecosystems and enhancing biodiversity across its estates.

Rainforest Alliance and Fair-Trade Certifications

HPL's commitment to sustainable agriculture is further evidenced by its Rainforest Alliance and Fair-Trade certifications. These certifications ensure that HPL's operations meet

rigorous environmental, social, and economic criteria, promoting biodiversity conservation and the well-being of local communities.

Science Based Targets Initiative (SBTi) Commitment

As part of the Hayleys Group, HPL is globally committed to the Science Based Targets initiative (SBTi). This commitment involves setting greenhouse gas emission reduction targets in line with climate science, reinforcing HPL's dedication to mitigating climate change and preserving natural capital.

Commitment to the UN Global Compact Principles

HPL is a proud signatory of the UN Global Compact (UNGC), which is a call to businesses worldwide to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour standards, environmental sustainability, and anti-corruption. By adhering to the UNGC, HPL ensures that its operations not only meet but exceed global standards for ethical business practices, contributing to the advancement of sustainability and responsible corporate behaviour.

Key Principles Related to Natural Capital and Sustainability:

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges.
- **Principle 8:** Undertake initiatives to promote greater environmental responsibility.
- **Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.

These principles guide HPL's commitment to preserving natural capital by supporting projects such as reforestation and ecosystem restoration, ensuring that its operations contribute positively to both the environment and the communities it serves.

LAND MANAGEMENT

Horana Plantations PLC (HPL) is committed to sustainable land management practices that prioritise both environmental stewardship and long-term agricultural productivity. We recognise that healthy land and soil are not only fundamental to our operations but also vital to the well-being of the ecosystems that surround our plantations. With this understanding, we take a comprehensive and proactive approach to managing our land resources to ensure their sustainability and productivity for future generations.

Our approach is grounded in compliance with national regulations and aligned with international best practices, including the UN Guiding Principles on Business and Human Rights. We uphold ethical

land acquisition, use, and management practices, ensuring full adherence to Sri Lankan land and environmental laws.

Project to Mainstream Biodiversity and Sustainable Land Management

Focuses on preserving soil health and ensuring long-term productivity. Key practices include controlling soil erosion through contour planting, cover cropping, and terracing, which help maintain topsoil and prevent degradation. Proper drainage systems are also essential to manage water flow, reduce waterlogging, and minimise runoff, especially in sloped terrains. By integrating these methods, plantations can enhance resilience to climate change while supporting environmental conservation and sustainable yields.



Drainage Systems



Coffee Planting

Sustainable Land Use and Resource Management

HPL's 14 estates span 6,519 hectares and include diverse ecosystems such as forested areas and critical water sources. We are committed to managing these landscapes responsibly, with a focus on enhancing biodiversity, conserving soil, and protecting water resources.

One of the major threats to these efforts is land encroachment by the nearby society, which poses challenges to the preservation and sustainable management of these vital ecosystems.

Our sustainable land-use practices are designed to:

- Prevent deforestation and maintain natural habitats.
- Promote soil conservation through contour planting, terracing, cover cropping, and vegetative barriers.
- Mitigate chemical runoff by establishing buffer zones to protect surrounding ecosystems and water bodies.
- Support soil health through organic matter management and nutrient cycling for improved fertility and carbon sequestration.

Land Rehabilitation and Environmental Protection

In line with our sustainability goals, HPL has also initiated land rehabilitation efforts in areas impacted by soil erosion and landslides. A notable example is our project at Frocester Estate, situated in a landslide-prone region. Conducted in partnership with the Wildlife and Nature Protection Society (WNPS) and local schools, this initiative focuses on restoring land integrity, enhancing resilience, and mitigating environmental risks. It also fosters community engagement in conservation efforts.

GRI 13.5.1

SOIL HEALTH AND FERTILITY

At Horana Plantations PLC (HPL), soil health is a strategic priority underpinning our commitment to sustainable agriculture. Healthy soils support not only the productivity of our tea, rubber, oil palm, cinnamon, and other crops but also contribute to long-term ecosystem resilience. Our soil management approach is guided by continuous monitoring, targeted interventions, and a strong emphasis on organic practices that restore and enhance soil quality.

Soil Management Strategy

HPL's integrated soil management plan addresses key threats such as erosion, nutrient depletion, acidity, and declining organic carbon. The plan focuses on:

- **Erosion Control:** Implemented through contour planting, terracing, cover cropping, and vegetative barriers to prevent runoff and retain topsoil.



Soil Conservation Initiatives

- **Nutrient Preservation & Carbon Enrichment:** Achieved through the use of compost, vermicompost, and biochar to enhance organic content, improve nutrient availability, and support carbon sequestration.
- **pH Regulation:** Managed using lime, wood ash, and organic matter to maintain optimal conditions for plant growth and prevent soil acidification.

- **Input Optimisation:** Guided by scientific soil testing and analysis to ensure that fertiliser inputs—particularly organic—are matched to actual soil needs, avoiding overuse and environmental harm.

Our fertilisation programme is rooted in sustainability and innovation. We prioritise organic soil amendments that regenerate soil health while reducing dependence on synthetic fertilisers.

- **Biochar:** Produced from agricultural waste (rubber, bamboo, cinnamon), biochar serves as a key soil amendment that improves fertility, water retention, and carbon capture. In 2024/25, HPL increased biochar production by 73% as part of a deliberate shift toward organic fertilisers.
- **Compost and Vermicompost:** Nutrient-rich compost and vermicompost are used to improve soil structure and microbial life. Vermi-wash is also applied to boost biological activity and root health.
- **Weed Buy-Back Programme:** HPL operates a weed buy-back system that further contributes to organic matter availability while reducing herbicide use.

BioChar Production

 **17.3 Tonnes**

Organic fertilizer usage

 **286,219Kg**

% of total fertilizer needs met by Organic

 **12%**

HPL's commitment to enhancing soil health extends to pH regulation through the application of lime, ash, and organic matter. These practices help maintain optimal soil conditions for our crops and prevent soil acidity, which can hinder plant growth.

Improvements in Yield per Ha due to soil health improvement efforts

	2023/24	2024/25	% Change
Tea	1,012	1,123	11
Rubber	536	570	6
Oil Palm	11,358	12,378	9

CARBON SEQUESTRATION

As part of our commitment to sustainability, Horana Plantations PLC recognises the critical role of carbon sequestration in combating climate change. Our land management practices contribute significantly to reducing carbon emissions, particularly through reforestation and forest regeneration. These efforts help to offset the carbon footprint of our operations while also providing habitat for biodiversity.

In 2023, we declared 100 hectares of regenerated forest cover and 55 Ha of river boundary as a conservation area, which is a vital step in our broader carbon sequestration strategy. Additionally, the REGROW project, which focuses on large-scale reforestation, is the first project in Asia to be verified under the Ecosystem Restoration Verification standard. By actively regenerating forests and improving land cover, we are significantly enhancing our contribution to carbon sequestration.

The integration of biochar and composting as part of our circularity initiatives also contributes to carbon sequestration by capturing and storing carbon within the soil, thus reducing the amount of CO₂ released into the atmosphere.



Biochar Production



Vermitechnology

GRI 13.6.1 & 2

PESTICIDES MANAGEMENT

Pest Management Plan and Rationale

HPL prioritises non-chemical pest control methods including hand weeding, field sanitation, and the use of natural enemies. Chemical pesticides are used only when necessary and based on strict internal control systems. Pest management decisions are guided by recommendations from the Tea Research Institute (TRI) and are compliant with applicable regulations and certifications (RA, FSC, Fairtrade, and Sri Lanka Good Agricultural Practices – SLGAP).

The following information is recorded during pest management activities:

- Infestation details (date, area, location, pest type)
- Control mechanisms used.
- Damages caused and degree of damage (Low/Medium/High)
- Weather conditions during infestation
- Mitigation actions taken.

All estate officers are trained to immediately report pest occurrences to estate management, ensuring prompt action.

PREVENTIVE MEASURES

- Adoption of an Integrated Pest Management (IPM) approach prioritising biological control and habitat management.
- Compliance with national regulations and sustainability certification standards.
- Establishment of buffer zones near water bodies and sensitive ecosystems.



MITIGATIVE MEASURES

- Provision of Personal Protective Equipment (PPE) such as gloves, masks, and goggles to all field staff.
- Implementation of vegetative barriers and proper drainage systems to prevent pesticide runoff and contamination.
- Regular health checkups for workers and community members exposed to pesticide use.



REMEDIAL MEASURES

- Periodic health assessments of estate workers and surrounding communities.
- Continual review and improvement of safety protocols based on findings.

Transition to Less Hazardous Alternatives

- Field trials of safer alternatives, such as GOWEED bioherbicide at Stockholm and Tillicoultry estates.
- Promotion of organic alternatives like vermiwash and Shakasara through community engagement.
- Training programs to raise awareness about IPM strategies and safer pest control practices.

Worker Training on Pesticide Management
Mandatory training sessions are conducted covering:

- Safe handling and application of pesticides
- Correct use of PPE
- Emergency response procedures
- Risk awareness and mitigation.



Agrochemical Spraying



Oil Palm Harvesting

Training sessions are organised in collaborations with government agencies and NGOs to enhance worker and community knowledge.

Volume and Intensity of Pesticides Used

Hazard Level	Volume Used	Intensity
Extremely hazardous	NA	NA
Highly hazardous	NA	NA
Moderately hazardous	NA	NA
Slightly hazardous	NA	NA
Unlikely to present an acute hazard	10301L	3.28L/Ha

GRI 3-3

MATERIALS MANAGEMENT

HPL uses a mix of renewable materials (like green leaf, latex and compost) and essential non-renewable inputs (such as fertilizers and dolomite). These practices support HPL’s ESG-driven approach and have been strengthened in response to growing regulatory demands. The company emphasises precision agriculture, using tools like soil augers and site-specific soil testing to apply fertilizers efficiently. Organic compost from estate waste is used to reduce reliance on synthetic fertilizers. HPL also exceeds the standards set by regulatory bodies, aiming to align with global sustainability benchmarks

GRI 301-1

Material used by Weight or Volume

Material type	unit	2024/25
Green leaf	KG	2,451,903
Latex	KG	486,429
Compost	KG	277,219
Fertilizers	Tons	1,640
Dolomite	Tons	647

GRI 301-2

Efficient Resource Utilisation

Horana Plantations PLC (HPL) is committed to efficient resource management by prioritising the use of renewable resources, promoting recycling, and adopting sustainable agricultural practices. Resources are carefully utilised, repurposed, and recycled wherever possible in line with HPL’s Material and Waste Management Policy.

Recycled Input Materials Used

- Metal recycling through reuse of machinery parts.
- Recycled water and 100% reuse of treated wastewater from rubber processing plants for factory operations.
- Rainwater harvesting for sustainable water management.
- Repurposing tea sacks into paper bags.

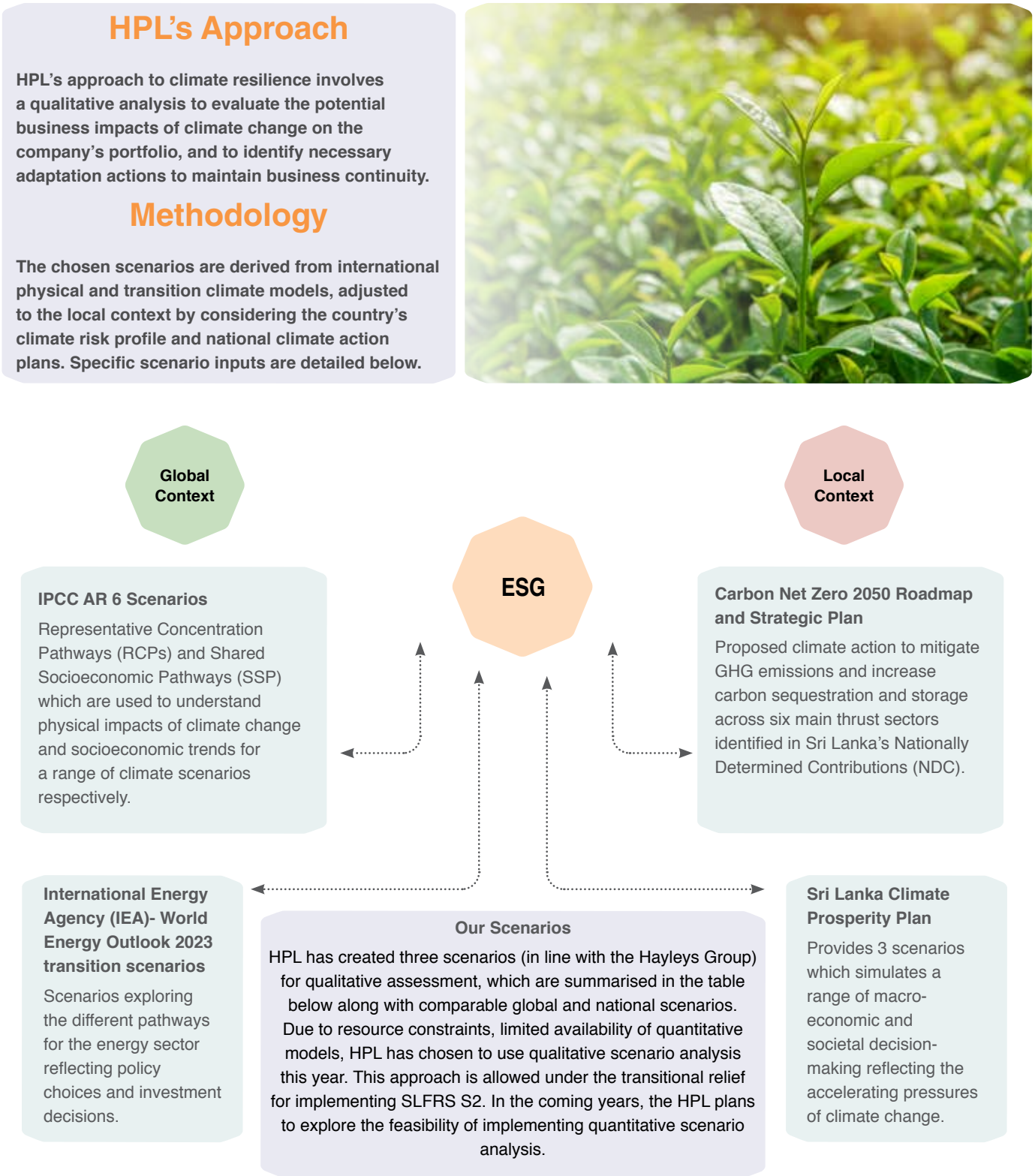
Knowledge Sharing and Capacity Building

To ensure that our estate managers and workers are well-equipped with the knowledge needed to manage soil health effectively, HPL has partnered with Wayamba University of Sri Lanka. In 2024, we organised a comprehensive workshop for our estate managers and assistant managers, focusing on sustainable soil management practices. The workshop included hands-on labouratory sessions and soil tests, where participants learned about key indicators of soil health, such as pH levels, electrical conductivity, and nutrient availability. This initiative is part of our ongoing efforts to empower our team with the knowledge to implement best practices for soil health and sustainable land management.



Field Activities and Awareness Programmes

CLIMATE CHANGE - SCENARIO ANALYSIS



Scenario	Description & Assumptions	Reference	Global Context	Local Context
Scenario A – Net Zero	Sri Lanka meets its conditional and unconditional NDC commitments, achieving rapid decarbonisation of energy systems through technically, socially, and financially feasible transition plans. Fossil fuel demand significantly drops, with pricing strategies leading to steep emissions reductions. Global temperature rise is limited to 2.0°C, with Sri Lanka's rise estimated at around 1.2°C. Forest cover exceeds NDC targets. By 2030, 70% of energy needs are met by renewables, and electricity is fully generated by low-carbon resources.	C3 / SSP 1-2.6,	NZE	CPP
Scenario B – Current Pathway	The country meets its unconditional NDC commitments, adaptation goals, and sectoral reduction targets. However, limited external investment in technology and funding hinders deeper decarbonisation. Temperatures are expected to rise by approximately 2.5°C.	C6 / SSP 2-4.5	APS	NDC
Scenario C – Divergence	A significant gap remains in achieving global and local decarbonisation goals, resulting in notable weather-related business and community impacts. No specific climate interventions are made, representing a business-as-usual trajectory.	C7 / SSP 3-7	STEPS	BAU

Temperature Impact

Scenario	Description	Financial Performance	Cost of Capital	Financial Position
A – Net Zero	Minimal stress, consistent yields, and stable crop quality.	Consistent revenue and healthier profits.	Low due to strong performance.	Strengthened financial position.
B – Current Pathway	Crop stress likely, reducing yields and quality.	Reduced revenue due to quality/yield losses.	Higher due to increased risk.	Weakened financial position.
C – Divergence	Gradual yield decline, long-term crop quality issues.	High cost of production (COP) and declining revenue.	High due to reduced confidence.	Decline in shareholder funds.

ADAPTATION MEASURES:

Four plucking rounds/month, timely pruning, tea shade programs, crop diversification, and value-added products will mitigate risk and boost revenue.

Rainfall Impact

Scenario	Description	Financial Performance	Cost of Capital	Financial Position
A – Net Zero	Stable yields and quality due to crop resilience.	Increased revenue and reduced COP.	Favourable due to performance.	Strengthened position.
B – Current Pathway	Latex tapping disruptions, altered tea flavour seasons.	Decreased revenue and increased COP.	Higher capital cost.	Weakened position.
C – Divergence	Severe yield/quality variation and disease spread.	Poor performance and unstable profits.	High due to provider caution.	Shareholder value declines.

ADAPTATION MEASURES:

Integrated Pest Management for early detection, colour sorter machines for tea quality, rain guards for latex preservation.

Customer Sustainability

Scenario	Description	Financial Performance	Cost of Capital	Financial Position
A – Net Zero	Lower pressure for sustainability.	Higher margins and profitability.	Favourable due to reputation.	Strengthened position.
B – Current Pathway	High preference for sustainable products.	Potential for higher profits if aligned.	Favourable if maintained.	Strengthened position.
C – Divergence	Strong competition and need for climate-resilient practices.	Lower profitability.	Higher capital costs.	Weakened position.

ADAPTATION MEASURES:

Strong stakeholder engagement and market analysis will guide strategic decisions to remain competitive.

CLIMATE TRANSITION PLAN

Focus Area	Description
Energy Supply	We aim to maximize clean energy use and expand on-site generation through solar, hydro, and sustainable biomass, subject to operational and financial feasibility.
Energy Efficiency	Enhancing efficiency in factories, housing, and operations supports decarbonisation, cost savings, and return on investment.
Carbon Sequestration	Through replanting, conservation, and rainwater harvesting, we develop carbon sinks and explore microalgae for atmospheric carbon capture via photosynthesis.

GOVERNANCE

Empowering Trust, Enriching Leadership

Trust is the foundation of everything we build. Aligned with the DEI value of Stronger Stakeholder Trust, our governance practices are grounded in transparency, accountability, and ethical leadership—fostering lasting confidence among those we serve and lead.



CORPORATE GOVERNANCE

GRI 2-9

As a listed Company and part of the Hayleys conglomerate, HPL's Corporate Governance processes supersede Regulatory Compliance, and encompasses Ethical Management of both Financial and Non-Financial aspects of its Business Operations.

GROUP OVERSIGHT



EXTERNAL FRAMEWORKS

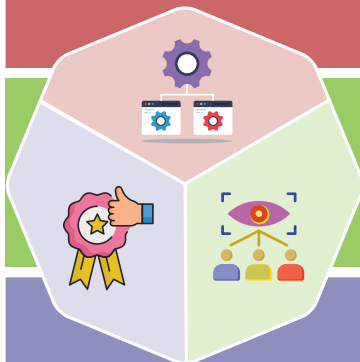
HPL complies with the Companies Act No.7 of 2007, Colombo Stock Exchange Listing Rules and compliance with the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

GROUP OVERSIGHT

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

VOLUNTARY BEST PRACTICES

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



CORPORATE GOVERNANCE IMPROVEMENTS

Board and Committees

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

Policy Frameworks

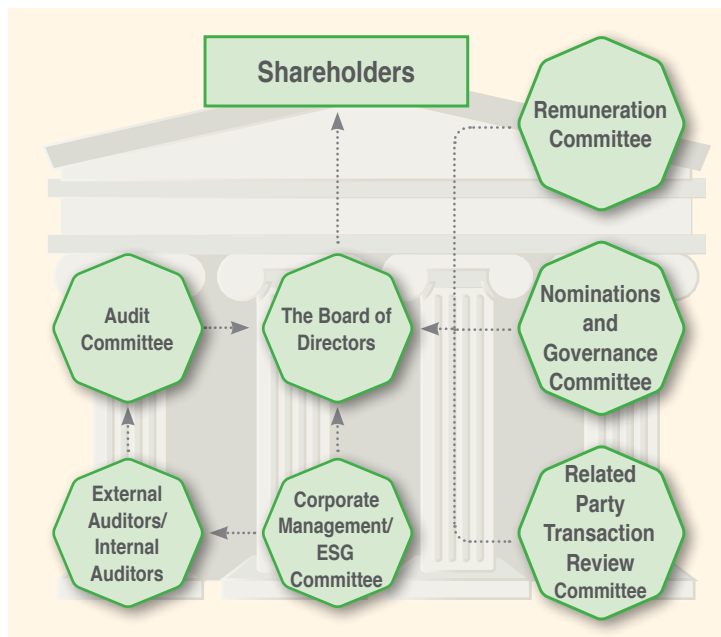
- Shareholder and Investor Communications Policy
- 'Hayleys Way' - Ethical roadmap for all employees
- 'Hayleys Lifecode' – ESG related Policy
- The company adopted 12 corporate policies and uploaded them to the website in compliance with the Corporate Governance Rules

**DIPPED PRODUCTS
PLC**

**DPL PLANTATIONS
(PRIVATE) LIMITED**

**HAYLEYS PLANTATION
SERVICES (PRIVATE) LIMITED**

**HORANA
PLANTATIONS PLC**



Governing Bodies

- Central Environmental Authority
- Geological and Mines Bureau
- National Building Research Organisation
- Ministry of Plantations
- Sri Lanka Tea Board
- Tea Research Institute
- Rubber Development Authority
- Rubber Research Institute
- Coconut Development Authority
- Coconut Research Institute

Risk Management

**Sound Internal
Control System**

Voluntary Best Practices

- Integrated Reporting Framework issued by the International Integrating Reporting Council (IIRC)
- GRI Standards for Sustainability reporting issued by the Global Reporting Initiative
- UNGC
- Climate Neutral Now
- Forest Stewardship Council Certification
- Rainforest Alliance Certification
- Ethical Tea Partnership Certification
- Eco Label Certification
- GHG Inventory Verification - ISO 14064-1:2018
- Fairtrade Certification
- Committed to Science Based Targets

External Frameworks

- Companies Act No 07 of 2007
- Rules and Directive of Securities and Exchange Commission of Sri Lanka
- Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka
- Listing Rules – Colombo Stock Exchange
- Sri Lanka Accounting and Auditing Standard Act No.15 of 1995
- Wages Board Ordinance
- EPF Act
- ETF Act
- Payment of Gratuity Act
- Inland Revenue (Amendment) Act No. 45 of 2022

Internal Frameworks

- Articles of Association
- Board Charter
- TOR of Committees
- Board approved Operational Policies
- Code of Conduct
- Ethics Policies

BOARD OF DIRECTORS

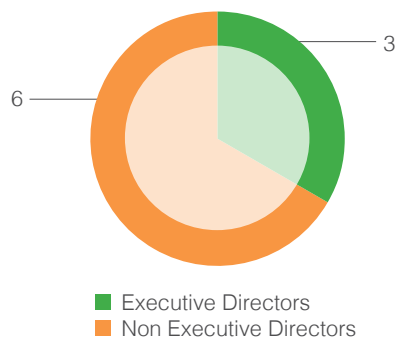
The Board of Directors is the highest governing body of the Company, constituted by the shareholders for overseeing HPL’s overall functioning. The Board provides oversight for the Company’s strategic direction in order to ensure that shareholders’ long-term interests are being served.

GRI 2-9

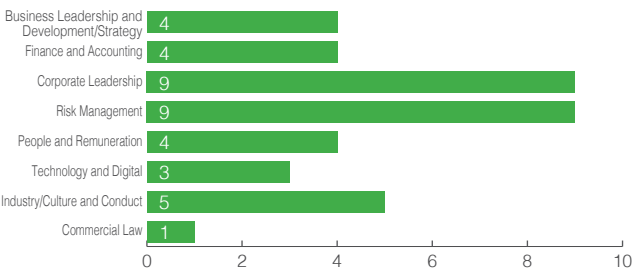
COMPOSITION OF THE BOARD

HPL’s Board comprises the correct balance of individuals whose capabilities are appropriate for the scale, complexity and strategic positioning of the business. To ensure no one individual or group of individuals is able to dominate the decision-taking process, the HPL Board is well balanced with 03 Executive Directors, 03 Non-Executive Directors, 02 Independent Non-Executive Directors and 01 Senior Independent Director. Collectively they bring a strong and in-depth mix of business skills and experience and considerable knowledge to assist with Board decisions. Complete Board Profiles are available on pages 20.

BOARD COMPOSITION



DIVERSITY OF EXPERTISE



GENDER DIVERSITY



Age Diversity

Average Age – 60 years
Below 50 years – 2 Directors

Tenure of Service

above 10 years: 2
5 - 10 years: 4
below 5 years: 3

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

Independence of Directors is determined by the Board based on annual declarations submitted by the Non-Executive Directors in accordance with the Listing Rules of the Colombo Stock Exchange. Directors

are able to exercise their independent judgement as they do not participate in day-to-day management nor have any business relationships with the Company.

In terms of Rule 9.6.3. of the CSE Listing Rules, the Company has appointed Mr. T A B Speldewinde as the Senior Independent Director with effect from 01st November 2023 since the Chairman is an Executive Director.

The Company has appointed Ms. A. I. Wanigasekara as the Independent Non-Executive Director with effect from 31st December 2024 and Mr. A.N. Wickramasinghe resigned from the Company with effect from 22nd November 2024.

Status of Mr. K.D.G. Gunaratne who was an Independent Non-Executive Director of the Company changed to comply with Rule 9.8.3. of CSE Listing Rules. Mr. K.D.G. Gunaratne is now a Non-Executive Director of the Company.

In accordance with Rule 9.8.5. (a) of the Colombo Stock Exchange (CSE) Listing Rules, Independent Directors have submitted a signed and dated declaration as per the specimen given in Appendix 9A.

The Board obtains expert professional advice as and when necessary with the assistance of the Company Secretaries.

ANNUAL ASSESSMENT OF BOARD COMPOSITION/ RE-ELECTION

An annual self-evaluation is carried out by the Board to ensure diversity of expertise and effectiveness of the Board composition.

One third (1/3rd) of the Directors, except the Managing Director retire by rotation and come up for re appointment by the shareholders at the AGM. Profiles of the Directors are provided to shareholders to make informed decisions.

Any resignations or new appointments to the Board are informed to the shareholders

by the Company Secretaries through the Colombo Stock Exchange. In relation to appointments, a brief resume of the Director will also be included in the announcement. All new directors are subject to re-election by the Shareholders at the next AGM.

GRI 2-10

NOMINATION AND SELECTION OF THE BOARD AND COMMITTEES

The Board is constituted by the Shareholders to oversee HPL's overall functioning and to ensure that shareholders' long-term interests are being served. The Company established its own Nominations and Governance Committee in compliance with Rule 9.11 of the CSE Listing Rules on 13th May 2024.

ROLE OF THE BOARD

As the main governing body within the Company, the Board formulates HPL's vision, mission, values and strategy and provides oversight and direction to ensure that the management and all employees work towards the Company's vision.

Matters Reserved for Board Approval

- Reviewing and approving the Company's strategic plan, including medium-term and short-term plans.
- Reviewing and approving the Company's annual budgets.
- Reviewing the Company's performance vis-a-vis strategy, objectives, business plans and budgets and assessing HPL's viability and ability to continue as a going concern.
- Approval of capital expenditure, including approval of annual capital expenditure budgets and any material changes to the policy on capital expenditure.
- Review and approval of the Company's risk appetite.

- Approval of acquisitions, disposals and other transactions outside delegated limits.
- Appointment and removal of Directors.
- Dividend policy, including annual review of the dividend policy and declaration of the interim dividend and recommendation of the final dividend.
- Approval of Shareholder documentation, including approval of resolutions and corresponding documentation to be put to the shareholders and approval of all press releases concerning matters decided by the Board.
- Approval of all regulatory filings.
- Review and approval of the Terms of Reference (TOR) and membership of Board Committees.
- Reviewing and updating the Corporate Governance framework, including business and operational policies.

BOARD RESPONSIBILITIES

The HPL Board is responsible for ensuring that laws and regulations applicable to the Company are being complied with and that HPL's operations are conducted in line with good governance best practices at all times.

The Board is also the ultimate authority responsible for managing risks by determining the Company's risk profile and risk appetite limits in line with the corporate strategy.

The Board is further responsible for maintaining a proper mechanism for financial reporting to present a fair and balanced view of the Company's financial position, performance and prospects. The Board seeks to uphold the shareholders right information through the timely publication of quarterly and annual results to enable stakeholders to make informed decisions. Quarterly financials

are uploaded to the CSE website on or before the stipulated dates, while HPL's annual report containing both financial and non financial information, including the Company's sustainability performance, is uploaded to the CSE and published on the corporate website www.horanaplantations.com.

All financial related publications are first reviewed by the Board Audit committee and then submitted for Board approval prior to being released publicly. The Board exercises its duty to shareholders by convening the Annual General Meeting, to provide them with the opportunity to address their queries or concerns with any member of the HPL Board or the Company's Corporate Management team.

Assurance regarding the efficacy of the Company's financial reporting frameworks is placed under the stewardship of the Board Audit Committee.

As the highest governing body within the Company, the HPL Board is also accountable for implementing all reasonable measures to protect the Company's data and assets.

The Board is further responsible for ensuring that the Company has adequate human resources and that these human resources are skilled and competent enough to achieve HPL's strategic objectives. At the same time, the Board is charged with setting the tone from the top for promoting good behaviour and strong business ethics at all levels of the business.

The HPL Board's role on ESG

- Reviewing and approving the Company's sustainable development strategies and plans, including long-term, medium-term and short-term plans.
- Reviewing and approving the Company's annual sustainability related budgets.

- Monitoring and reviewing the Company's progress towards sustainability and environment related objectives.
- Approval of capital expenditure, including annual approval of annual capital expenditure budgets and any material changes to the policy on capital expenditure.
- Review and approval of the Company's risk appetite.
- Approval of acquisitions, disposals and other transactions outside delegated limits.

GRI 2-18

APPRAISAL OF BOARD PERFORMANCE

The Board annually appraise their own performance and its sub-committee's performance in order to ensure that Board and sub-committee's responsibilities are satisfactorily discharged. A "Board Performance Evaluation Checklist" has been used for to undertake an annual self-evaluation of the Chairman, Non-executive directors and executive directors including Chief Executive Officer, during the year.

The annual self evaluation is carried out by each Director and the collective outcome is made available to the Nominations and Governance Committee. The Nominations and Governance Committee consider the results and makes recommendations to improve the balance of skill, experience, industry and company knowledge training of Directors where necessary.

GRI 2-11

Chair of the Board

The Chairman of the Board is an Executive Director.

In terms of Rule 9.6.3. of the CSE Listing Rules, the Company has appointed Mr. T A B Speldewinde as the Senior Independent Director with effect from 01st November 2023 since the Chairman is an Executive Director.

Due to the diversity of operations in the Group, the Board was of the opinion that having an Executive Chairman is the most appropriate arrangement for HPL as in the other companies within the Group.

Division of responsibilities between the Chairman and the Managing Director / CEO

The roles of Chairman of the Board and that of HPL's Managing Director are distinct and different, with the division of responsibilities between these roles clearly established. The Chairman is the head of the HPL Board, while the Managing Director operates under the authority granted by the Board.

Role of the Chairman:

- Approving the agenda for each meeting prepared in consultation with the Managing Director and the Company Secretary taking in to consideration matters relating to strategy, performance, resource allocation, risk management and compliance.
- Sufficiently detailed information of matters included in the agenda should be provided to the Directors in a timely manner.
- Ensuring that all Directors are aware of their duties and responsibilities.
- All Directors are encouraged to make an effective contribution, within their respective capabilities for the benefit of the Company.
- All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusions of matters of corporate concern on the agenda.
- Maintaining the balance of power between Executive and Non-Executive Directors.
- The view of Directors on issues under consideration are ascertained.

- Ensuring that the Board is in complete control of the company's affairs and alert to its obligations to all shareholders and other stakeholders.

ROLE OF THE CHIEF EXECUTIVE OFFICER

- Implementing Board approved strategy
- Accountable to the Board for the performance
- Responsible to providing leadership to the executive committee
- In charge of day to day management of company's operations
- Implementation of the board approved policies ensuring that the company fulfils its commitments
- Identifying, measuring, monitoring, managing and reporting relevant risks
- Escalation of critical concerns regarding the Group's operations to the Board a timely manner

ROLE OF SENIOR INDEPENDENT DIRECTOR

- Set corporate values facilitating an equitable balance between key stakeholder interests
- Uphold high standards of ethics, integrity and probity.
- Support executive leadership whilst monitoring their conduct
- Promote high standards of corporate governance and compliance
- Meet with NEDs at least once a year and EDs at least once a year to facilitate discussion and communication of governance matters and communicate same to Chairman
- Be available to shareholders in case they have concerns which cannot, or should not, be addressed by the Chairman or Executive Directors
- Act on the results of any performance evaluation of the Chairman

- Maintain sufficient contact with major, significant and minority shareholders, assisting the Board to develop a balanced understanding of their issues

RESPONSIBILITY OF INDIVIDUAL DIRECTORS

All Directors on the HPL Board are required to always work in the best interest of the Company at all times. They are expected to take great care when exercising their powers and always act in good faith to prevent any conflict between their other interests and the interests of the Company.

Further, the Company requires Non-Executive Directors and all Independent Non-Executive Directors to submit a signed declaration disclosing any related party involvements that could substantively interfere with the exercise of their unfettered and independent judgment.

Moreover, an affected Director is expected to recuse himself/herself from participating in any meetings where the item in which he/she has an interest is being discussed.

GRI 2-17

INDUCTION OF AND TRAINING FOR DIRECTORS

At the time of appointing a Director, a formal letter of Appointment is given to the Director. Directors are informed of their duties and responsibilities in terms of the Companies Act No 7 of 2007, the Listing Rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka and other relevant Regulations.

Additionally, new Directors are provided with the requisite documents and reports to enable them to familiarise with the Company's performance and practices.

Throughout their tenure, all HPL Directors are encouraged to undertake training as part of their continuous professional development.

BOARD MEETINGS

HPL's Board of Directors meets quarterly to discuss and decide on business strategies / policies and review the financial and operational performance of the Company.

Board meetings are scheduled as per the annual meeting calendar prepared by the Company Secretary in consultation with the Chairman. The annual meeting calendar is prepared and communicated to all Board members at the beginning of the calendar year.

The agenda for each Board meeting is set by the Chairman with advice from the Company Secretary. Prior to each Board meeting, the Company Secretary ensures that the relevant board papers containing the agenda and other reference material is made available to all Directors, at least 7 days prior to the meeting.

It is mandatory for all Directors to attend Board Meetings and actively participate in all matters outlined under the agenda. Any Director who may be overseas is permitted to participate on-line via audio visual communication. Directors are allowed to make a written request to the Chairman requesting any additional matters to be included in the agenda.

Directors are expected to prepare for each meeting and in doing so are given access to the Company's Corporate Management to obtain information or clarifications. They also have the right to seek independent professional advice. Members of the Corporate Management may also be invited to attend meetings to address specific agenda items.

The Directors who are unable to attend the meetings are required to inform the Chairman in writing stating appropriate reasons. Directors not present at Board Meetings are updated through the documented minutes.

The Company secretary is required to maintain minutes of every Board meeting. Minutes are circulated among the Directors and other members of Corporate Management who were present at the particular meeting.

ATTENDANCE AT BOARD MEETINGS

Name of the Director	Classification	No. of Meetings Held	No. of Meetings Eligible to Attend	No. of Meetings Attended
Mr. A.M. Pandithage	Executive Director	4	4	4/4
Mr. Roshan Rajadurai	Executive Director	4	4	4/4
Mr. S.C. Ganegoda	Non-Executive Director	4	4	4/4
Mr. K.D.G. Gunaratne	Non-Executive Director	4	4	3/4
Mr. T.A.B. Speldewinde	Senior Independent Director	4	4	4/4
Mr. J.A. Rodrigo	Executive Director	4	4	4/4
Mr. S.M. Liyanage	Non-Executive Director	4	4	4/4
Mr. M.C.B. Talwatte	Independent Non-Executive Director	4	4	4/4
Ms. A.I Wanigasekera (appointed on 31.12.2024)	Independent Non-Executive Director	4	2	2/2
Mr. A.N. Wicremasinghe (resigned w.e.f. 22.11.2024)	Non-Executive Director	4	2	1/2

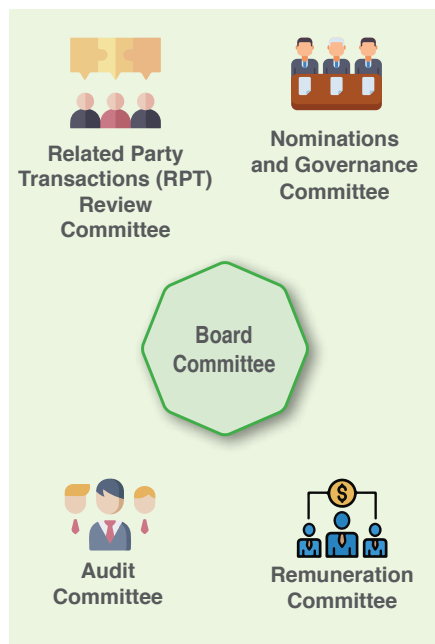
Meetings with Executive Directors and Non Executive Directors by the Senior Independent Director

The Senior Independent Director held a meeting with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company and the operation of the Board.

Further, the Senior Independent Director held a meeting with the Non-Executive Directors without the presence of the Chairman, to appraise the performance of the Chairman.

BOARD SUB-COMMITTEES

To assist in executing its governance and oversight responsibilities, the Board has appointed several committees. Each committee comprises entirely of Non-Executive Directors who have been selected based on their qualifications and expertise to execute the duties as per the TOR of the respective committee. Board Committees act as a bridge between the Board and the Corporate Management in overseeing specific operational aspects of the business.



AUDIT COMMITTEE COMPOSITION

Mr. T A B Speldewinde - Chairman - Senior Independent

Mr. S C Ganegoda - Non-Executive

Mr. K D G Gunaratne - Non-Executive (Reclassified as NE on 31.12.2024)

Mr. M C B Talwatte - Independent Non-Executive

Ms. A I Wanigasekera - Independent Non-Executive (Appointed on 31.12.2024)

REMUNERATION COMMITTEE COMPOSITION

Mr. T A B Speldewinde - Chairman - Senior Independent (Appointed on 31.12.2024)

Mr. S C Ganegoda - Non-Executive

Mr. K D G Gunaratne - Non-Executive

Mr. M C B Talwatte - Independent Non-Executive

Ms. A I Wanigasekera - Independent Non-Executive (Appointed on 31.12.2024)

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE COMPOSITION

Mr. T A B Speldewinde - Chairman - Senior Independent

Mr. S C Ganegoda - Non-Executive

Mr. K D G Gunaratne - Non-Executive

Mr. M C B Talwatte - Independent Non-Executive

Ms. A I Wanigasekera - Independent Non-Executive (Appointed on 31.12.2024)

NOMINATIONS AND GOVERNANCE COMMITTEE COMPOSITION

Mr. T A B Speldewinde - Chairman - Senior Independent

Mr. S C Ganegoda - Non-Executive

Mr. K D G Gunaratne - Non-Executive

Mr. M C B Talwatte - Independent Non-Executive

Ms. A I Wanigasekera - Independent Non-Executive (Appointed on 31.12.2024)

POLICIES

The Company has adopted the following policies with effect from 28th October 2024 and has uploaded them to the Company's website

1. Policy on the matters relating to the Board of Directors
2. Policy on Corporate Disclosures
3. Policy on ESG Framework - Social Policies
4. Policy on Anti-Bribery and Corruption
5. Policy on Control and Management of Company Assets and Shareholder Investments
6. Policy on Corporate Governance, Nominations and Re-election
7. Policy on Environmental, Social and Governance Sustainability
8. Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Company's listed securities
9. Policy on Relations with Shareholders and Investors
10. Policy on Remuneration
11. Policy on Risk management and Internal controls
12. Policy on Whistleblowing

'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.

CONSTRUCTIVE USE OF THE AGM & OTHER GENERAL MEETINGS

The Board uses the AGM to communicate with shareholders. The notice, proxy forms and other related documents are sent to all shareholders by the Secretaries at least 15 working days before the AGM.

Each resolution in the Agenda is separately voted on by the shareholders.

Adoption of the Annual Report of the Board of Directors and the Statement of Accounts is considered as a separate resolution.

A form of Proxy is provided with the Annual Report to all shareholders to direct their Proxy to vote. The Company ensures that all proxy votes are properly recorded and counted. The number of proxies lodged on each resolution is conveyed to the Chairman.

The Board arranges the Chairman of the Audit Committee to be available to answer queries at the AGM when necessary.

COMMUNICATION WITH SHAREHOLDERS

HPL utilises a range of statutory and public relation communications to engage with shareholders. These include: Annual Report, Quarterly Financial Statements, Annual General Meeting, Disclosures to the Colombo Stock Exchange etc.

Shareholders can forward their inquiries via electronic media (e-mail, telephone call or in writing) Ms. C Gunawardena of Hayleys Group Services (Private) Limited on 0112627653 to raise queries. The contact person for such communication is the Company Secretary. All the major issues relating to shareholders are brought to the attention of the Board. The Chairman and the Directors answer all the queries raised by the shareholders at the AGM and General Meetings.

IT GOVERNANCE

Information Technology and Cyber Security

Company's Information Technology (IT) Policy has formulated based on all best practices of IT, applicable for organisation's operating and business environment. IT functions and review of IT Policy of the organisation are subject to an external audit every year and independent report is issued to the Audit Committee and to the

Board of Directors, by the external auditors on their findings.

Cyber Security Risk Management

Continuous risk assessment programs have helped IT Management Committee to identify the cyber risk and mitigating factors of the environment. These factors are forwarded for discussion and approval, on monthly basis to Corporate Management, before implementation. Risk factors, which are identified and mitigating factors which are implemented in the operating and business environment of the organisation are communicated to the Board of Directors by the Chief Executive Officer on a quarterly basis. Board discusses at each meeting, on the development of cyber security threats which can affect the organisation and special attention is given on how the continuous instructions and advise of Group IT have been followed to mitigate these threats.

CORPORATE MANAGEMENT

The Managing Director (MD) heads the Corporate Management team. Other members of the Corporate Management team include HPL's Chief Executive Officer (CEO), Director Plantations, Regional General Manager, General Manager – Finance, General Manager - Corporate Affairs. Together they represent HPL's Management Committee.

The Managing Director, the CEO and the other members of the Management Committee are responsible for the establishment and monitoring financial controls on operations. The MD, CEO and the Management Committee are also collectively responsible for reviewing the annual budgets, monthly operational reviews, capital expenditure proposals and quarterly performance appraisals, prior to submission for Board approval.

Management Committee meetings are held monthly to ensure that the Company's strategies and plans are carried out effectively to the satisfaction of the Board.

Internal Reviews		Group Assurance Reviews	
Description and Frequency	Participants	Description and Frequency	Participants
Monthly Finance Review	HPL's GM Finance	Hayleys Group Plantation Sector Review	HPL's Managing Director / CEO
Monthly IT Review	HPL's GM Finance and Manager IT	Hayleys Group Monthly Management Committee	HPL's Managing Director
Weekly Sales/Production Review	HPL's CEO/Director Plantation/RGM/GM-CA	Hayleys CFO Cluster Monthly Meetings headed by the Group CFO	HPL's GM Finance
Monthly reviews with MD	HPL's CEO and Corporate Management	Hayleys Group Monthly HR Meeting	HPL's GM Corporate Affairs
		Hayleys Group Monthly IT Meeting	HPL's Manager IT
Monthly Reviews with CEO	HPL's Corporate Management/ESG Steering Committee	Annual Estate Audits and Head Office Functions	Group Internal Auditor (MA&SRD) – Hayleys PLC

<p>GRI 2-12</p> <p>Role of the highest governance body in overseeing the management of impacts</p>	a) Role of the highest governance body and of senior executives in developing, approving, and updating the organisation's purpose, value or mission statements, strategies, policies, and goals related to sustainable development.	HPL complies with the Hayleys Group's ESG guidelines and policies. The Board is also directly involved in developing sustainability strategy and sustainability policies. The senior management supports the Board in its deliberations with information.
	b) Role of the highest governance body in overseeing the organisation's due diligence and other processes to identify and manage the organisation's impacts on the economy, environment, and people	<p>We have many sustainability accreditations which are certified by independent auditors annually. Our GHG emissions are reported to the Sri Lanka Climate Fund and is verified independently. The status of these accreditations is reported at board meetings.</p> <p>Progress with regards to sustainability projects and status of environmental regulatory compliance is also reported regularly to the Board</p>
	c) Describe the role of the highest governance body in reviewing the effectiveness of the organisation's processes	<p>Board meetings are conducted quarterly and updates are provided to the Board on status of regulatory compliance and status of sustainability accreditations.</p> <p>Status of compliance with regards to statutory matters are routinely submitted to the Board every 03 months.</p>
<p>GRI 2-13</p> <p>Delegation of responsibility for managing impacts</p>	There is a dedicated Sustainability Manager who reports directly to the Managing Director and the CEO and heads a Sustainability Team. Therefore, sustainability topics have been delegated.	

<p>GRI 2-14</p> <p>Role of the highest governance body in sustainability reporting</p>	<p>The Board is directly involved in our sustainability reporting efforts through the MD and CEO who are both members of the Board. The Chairman also provides a statement for the annual report and explains the Company's sustainability strategy.</p>
<p>GRI 2-15</p> <p>Conflicts of interest</p>	<p>HPL has had a Related Party Transactions Review Committee since 2016. The Committee reviews and approves all related party transactions of HPL to ensure that the Company complies with the rules set out in the Code of Best Practices on related party transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC).</p> <p>To further avoid conflicts of interest, annual declarations are submitted by Non-Executive Directors in accordance with the Listing Rules of the Colombo Stock Exchange</p>
<p>GRI 2-16</p> <p>Communication of critical concerns to the Board regarding environmental, social, human impacts</p>	<p>Clear reporting lines are operational to communicate any critical sustainability concerns to the Board, quickly, as the MD and CEO are members of the Board and the Sustainability Manager has direct access to both. Managers also have direct access to the Chairman for any critical matter.</p> <p>In addition, the Group Management Committee of Hayleys PLC meets once a week, where the MD is a member. There has been no critical concerns communicated the during the current FY</p>
<p>GRI 2-17</p> <p>Collective knowledge of the highest governance body</p>	<p>Throughout their tenure, all HPL Directors are encouraged to undertake training as part of their continuous professional development. Complete Board Profiles are available on pages 20.</p>
<p>GRI 2-18</p> <p>Evaluation of the performance of the Board</p>	<p>The Board submits to self-assessments in the form of written assessments provided by the Hayleys Group Services (Private) Limited, Company Secretary.</p>
<p>GRI 2-19</p> <p>Remuneration policies</p>	<ul style="list-style-type: none"> • Remuneration of the HPL Board is based on Group policies. • HPL also has a Board Remuneration Committee to recommend remuneration for Directors/ Chief Executive Officer and the Management Staff.
<p>GRI 2-20</p> <p>Process to determine remuneration</p>	<ul style="list-style-type: none"> • The process to determine remuneration of Board members is to align with the rates within the Group boards. • For General Managers and above categories, remuneration is based on performance.

CORPORATE GOVERNANCE

COMPANY SECRETARY

The Company Secretaries, Hayleys Group Services (Private) Limited plays an important role in assisting the Board to discharge their duties and responsibilities. Among the key duties of the Company Secretary are to inform the Board of all legislation and regulations relevant to the Group. The Company Secretaries guides the Board on discharging its duties and responsibilities, promoting best practices in Corporate Governance.

Responsibilities include;

- Ensuring the conduct of Board and General Meetings in accordance with the Articles of Association and relevant legislation.
- Maintaining statutory registers and the minutes of Board and Board Sub-Committee meetings.
- Prompt communication to regulators and shareholders.
- Filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary.

- Maintain Register of Directors & Secretaries with the details of Directors' & Secretaries particulars including names, surnames, former names (if any), residential address, business, occupation, date of appointment and date of resignation.

All Directors have access to the advice and services of the Company Secretaries. Appointment and removal of the Company Secretary is a matter for the Board.

DISCLOSURE OF INFORMATION AND COMPLIANCE

The Financial Statements of the Company are prepared in accordance with the Sri Lanka Accounting Standards and in accordance with the requirements of the Colombo Stock Exchange.

Levels of compliance with the CSE's Listing Rules - Section 7.6 are given in the following table:-

CSE Rule Reference	Applicable Requirement	Compliance Status	Reference (within the Report)	Page Reference
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Complied	Annual Report of Board of Directors	page 236 to 241
7.6 (iii), (iv)	Twenty largest Shareholders, float adjusted market capitalisation, public holding percentage, no. of public shareholders and minimum required public shareholding	Complied	Shareholder Information	page 328 to 330
7.6 (v)	Directors' and CEO's(MD's) holding in shares	Complied	Annual Report of Board of Directors	page 236 to 241
7.6.(vi)	Material foreseeable risk factors of the entity	Complied	Risks Management	page 72 to 90
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Human Capital	page 136 to 155
7.6 (viii)	Extents, locations, valuations, number of buildings	Complied	Note 14 to the Financial Statements	page 292
7.6 (ix)	Number of shares representing the Entity's stated capital	Complied	Annual Report of Board of Directors	page 236 to 241

CSE Rule Reference	Applicable Requirement	Compliance Status	Reference (within the Report)	Page Reference
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Complied	Shareholder Information	page 328 to 330
7.6 (xi)	Ratios and Market Price Information	Complied	Ten Year Summary	page 322 to 323
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Complied	Note 14 to the Financial Statements	page 291 to 292
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	N/A	N/A	
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A		
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Complied	Corporate Governance Report	page 216 to 235
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower	Complied	Note 30.5 to the Financial Statements	page 311

Levels of compliance with the CSE's Listing Rules - Section 9 on Corporate Governance are given in the following table:-

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Reference (within the Report)	Page Reference
9.2.1	Policies	Complied	Annual Report of the Board of Directors	page 236 to 241
9.3	Board Committees	Complied	Corporate Governance Report – Board Committees Committee Reports	page 222
9.4.1	Meeting Procedures	Complied	Corporate Governance Report – Board Meetings	page 221
9.4.2	Communication and Relations with shareholders	Complied	Corporate Governance Report – Policies	page 223
9.5	Policy on matters relating to the Board of Directors	Complied	Corporate Governance Report – Policies	page 222
9.6	Chairperson and CEO	Complied	Corporate Governance Report – Chair of the Board	page 220
9.6.3	Senior Independent Director (SID)	Complied	Corporate Governance Report - Chair of the Board	page 220
9.6.3. (b)	Independent Directors meetings with SID	Complied	Corporate Governance Report – SID Meetings	page 221
9.6.3. (c)	Non-Executive Directors meetings with SID	Complied	Corporate Governance Report – SID Meetings	page 221
9.6.3. (e)	Disclosure by SID	Complied	Statement of SID	page 252

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Reference (within the Report)	Page Reference
9.7.1	Fitness of Directors and CEO	Complied	Annual Report of the Board of Directors- Fitness of Directors and CEO Nominations and Governance Committee Report	page 236 page 243
9.7.4	Declaration by Directors and CEO confirming that they satisfy the Fit and Proper Assessment Criteria	Complied	Annual Report of the Board of Directors- Fitness of Directors and CEO Nominations and Governance Committee Report	page 236 page 243
9.7.5	Disclosure in the Annual Report	Complied	Annual Report of the Board of Directors	page 236 to 241
9.8.1	Minimum number of Directors	Complied	Corporate Governance Report – Board Composition	page 218
9.8.2	Independent Directors	Complied	Corporate Governance Report – Independence of NED	page 218
9.8.3	Criteria for determining independence	Complied	Corporate Governance Report – Independence of NED	page 218
9.8.5	Disclosure relating to Criteria for determining independence	Complied	Corporate Governance Report – Independence of NED	page 218
9.9	Alternate Directors	Not Applicable	Although there are no Alternate Directors in the Company, as per Rule 9.9, the Articles of Association relating to Alternate Directors will be changed with the approval of the shareholders, to align with the Rules of the CSE, at the Annual General Meeting.	Not Applicable
9.10.2	Disclosure relating to Directors Appointments	Complied	Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity Directors Profiles	page 20 to 23
9.10.3	Disclosure relating to changes to Board Committees	Complied	All changes to Board Committees were immediately informed to the Colombo Stock Exchange.	page 222
9.10.4	Disclosure relating to Directors	Complied	Directors Profiles	page 20 to 23
9.11.1-3	Nominations and Governance Committee	Complied	Nominations and Governance Committee Report and Annual Report of the Board of Directors	page 243
9.11.4	Composition of the Nominations and Governance Committee	Complied	Nominations and Governance Committee Report	page 243
9.11.5	Functions of the Nominations and Governance Committee	Complied	Nominations and Governance Committee Report	page 243

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Reference (within the Report)	Page Reference
9.12.1-5	Remuneration Committee, policy on Executive Directors' remuneration, policy on Non-Executive Directors' remuneration and written Terms of Reference of the Committee	Complied	Remuneration Committee Report	page 245
9.12.6	Composition of Remuneration Committee	Complied	Remuneration Committee Report	page 245
9.12.7	Functions of Remuneration Committee	Complied	Remuneration Committee Report	page 245
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Complied	Remuneration Committee Report Note 30.4 to the Financial Statements	page 245 page 311
9.13.1	Audit and Risk Functions	Complied	Audit Committee Report	page 249 to 251
9.13.2	Terms of Reference for Audit Committee	Complied	Audit Committee Report	page 249 to 251
9.13.3	Composition of Audit Committee	Complied	Audit Committee Report	page 249 to 251
9.13.4	Audit Committee Functions	Complied	Audit Committee Report	page 249 to 251
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Complied	Audit Committee Report	page 249 to 251
9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Complied	Related Party Transactions Review Committee Report	page 247 to 248
9.14.3	Functions of RPTRC	Complied	Related Party Transactions Review Committee Report	page 247 to 248
9.14.4	General requirements of RPTRC	Complied	Related Party Transactions Review Committee Report	page 247 to 248
9.14.7	Immediate Disclosures	Complied	Note 30.5 to the Financial Statements	page 311
9.14.8 (1) & (2)	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Complied	Note 30.5 to the Financial Statements	page 311
9.14.8 (3)	Report by the RPTRC	Complied	Report of the RPTRC	page 247 to 248
9.14.8 (4)	An affirmative declaration by the Board of Directors	Complied	Annual Report of Board of Directors	page 236 to 241
9.16	Additional Disclosures	Complied	Annual Report of Board of Directors	page 236 to 241

CORPORATE GOVERNANCE

Levels of compliance with the Companies Act No. 7 of 2007 are given in the following table:-

Rule	Requirement	Complied	Reference (within the Report)	Page Reference
168 (1) (a)	The nature of the business together with any change thereof during the accounting period	Complied	About Horana Plantations	page 8
168 (1) (b)	Signed financial statements of the company	Complied	Financial Statements	page 257 to 320
168 (1) (c)	Auditors' Report on financial statements	Complied	Independent Auditor's Report	page 257 to 260
168 (1) (d)	Accounting policies and any changes therein	Complied	Note 1 to 3.10 to the Financial Statements	page 267 to 278
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Complied	Annual Report of the Board of Directors	page 236
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied	Note 30.4 to the Financial Statements	page 311
168 (1) (g)	Corporate donations made by the Company during the accounting period	Complied	Annual Report of the Board of Directors	page 236
168 (1) (h)	Information on the Directorate of the Company during and at the end of the accounting period	Complied	Board of Directors	page 20 to 23
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Complied	Note 9 to the Financial Statements	page 281
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Complied	Annual Report of the Board of Directors	page 236
168 (1) (k)	Acknowledgment of the contents of this Report and Signatures on behalf of the Board	Complied	Annual Report of the Board of Directors	page 236 to 241

Levels of compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023 are given in the following table:-

Code Ref	Requirement	Complied	Reference within the Report	Page
A.	Directors			
A.1	An effective Board should direct, lead and control the Company			
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Complied	Board Meetings	page 221
A.1.2	Role and Responsibilities of the Board	Complied	Board Responsibilities	page 219
A.1.3	Act in accordance with laws of the Country Independent professional advice	Complied	Corporate Governance	page 218

Code Ref	Requirement	Complied	Reference within the Report	Page
A.1.4	Access to advise and services of the Company Secretary	Complied	Company Secretary	page 226
A.1.5	Independent judgement	Complied	Board Meetings	page 221
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Complied	Directors Interests, Related Party Transactions	page 236 to 238
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Complied	Board Meetings	page 221
A.1.8	Board induction and Training	Complied	Induction and training for Directors	page 221
A.2	Chairman and CEO	Complied	Division of Responsibilities Between the Chairman and The Managing Director / CEO The Chairman and the Chief Executive Officer of the Company are two different persons with clearly defined and separated power and authority.	page 220
A.3	Chairman's role in preserving good corporate governance	Complied	Division of Responsibilities Between the Chairman and The Managing Director / CEO	page 220
A.4	Availability of financial acumen	Complied	Board Composition	page 218
A.5	Board Balance	Complied	Board Composition	page 218
A.5.1	The Board should include sufficient number of NEDs	Complied	Board Composition	page 218
A.5.3	Independence of Directors	Complied	Independence	page 218
A.5.4	Annual declaration of independence by Directors	Complied	Independence	page 218
A.5.5	Annual determination of independence of NEDs	Complied	Independence	page 218
A.5.6	Alternate Directors	Not Applicable	There were no appointments of alternative Directors during the year	-
A.5.7	Senior Independent Director (SID)	Complied	Board Composition	page 218
A.5.8	Report from SID	Complied	Report of the Senior Independent Director	page 252
A.5.9	Chairman's meetings with NEDs	Complied	When required executive directors and corporate management team are excused from meetings	page 221
A.5.10	Recording of dissent in minutes	Complied	Meetings and minutes	page 221
A.6	Supply of Information	Complied	Corporate Governance	page 221
A6.1	Timely and appropriate information to the Board			
A6.2	Information provided in advance to the Board meetings.	Complied	Corporate Governance	page 221

CORPORATE GOVERNANCE

Code Ref	Requirement	Complied	Reference within the Report	Page
A.7	Appointments to the Board: Nominations Committee	Complied	Nominations and Governance Committee Report	page 243 to 244
A.7.1	Composition of Nominations and Governance Committee	Complied	Nominations and Governance Committee	page 243 to 244
A.7.2	Annual assessment of Board composition	Complied	Corporate Governance	page page 218
A.7.3	Succession plan for the CEO and all Key Management Personnel and determine the training and development requirement for those identified succession	Complied	Nominations and Governance Committee Report	page 243 to 244
A.7.4	Disclosure on appointment of a new Director	Complied	Directors Profile and Annual Report of Board of Directors	page 20 to 23
A.7.5 & A7.6	Composition of Nomination Committee and TOR	Complied	Nominations and Governance Committee Report	page 243 to 244
A.8 A.8.1 & A.8.2	Directors to submit themselves for re-election	Complied	Re-election	page 218 to 219, 243
A.8.3	Resignation of a Director	Complied	Corporate Governance	page 216 to 226
A.9	Appraisal of Board and Board Sub-Committee Performances	Complied	Corporate Governance	page 220
A.10	Annual Report to disclose specified information regarding Directors	Complied	Board of Directors	page 20 to 23
A.11	Appraisal of the CEO	Complied	Corporate Management	page 220
B.	Directors Remuneration			
B.1	Establish process for developing policy on executive and director remuneration.	Complied	Remuneration Committee report	page 245
B.2	Level and Make Up of Remuneration	Complied	Remuneration Committee Report	page 245
B.3	Disclosures related to remuneration in Annual Report <ul style="list-style-type: none"> • Remuneration Policy Statement • Aggregate Board Remuneration paid 	Complied	Note 30.4 to Financial Statements Remuneration Committee Report	page 311 page 245
C.	Relations with Shareholders			
C.1.	Constructive use of the AGM & Other General Meetings	Complied	Constructive use of the AGM & Other General Meetings Notice of the Meeting	page 222 page 352
C.2	Communication with Shareholders	Complied	Corporate Governance - Policies	page 222

Code Ref	Requirement	Complied	Reference within the Report	Page
C.3	Disclosure of major and material transactions	Complied	There were no major or material transactions during the year, which materially affected the net asset base of Company.	-
D	Accountability & Audit			
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance, and prospects	Complied	Financial Statements	page 257 to 320
D.1.1	Balanced Annual Report	Complied	Financial Statements	page 257 to 320
D.1.2	Balanced and understandable communication	Complied	Financial Statements	page 257 to 320
D.1.3	CEO/CFO declaration	Complied	Chief Executive Officer's and General Manager Finance's Responsibility Statement	page 254
D.1.4	Declarations by the Directors	Complied	Annual report of the Board of Directors on the Affairs of the Company	page 236 to 241
D.1.5	Statement by the Board on their responsibilities for the preparation and presentation of financial statements, statement by the Auditors about their responsibilities and Report on Risk Management and Internal Control	Complied	Directors' Responsibility for Financial Reporting Directors' Statement on Internal Controls Risk Management Auditors' Report	page 253 page 72 to 92 page 257 to 260
D1.6	Management Discussion & Analysis	Complied	<ul style="list-style-type: none"> • Business Model • Industry structure and developments • Opportunities and threats • Risk management • Internal Control systems • Corporate & enterprise governance • Stakeholder relationships • Social and environmental governance activities • Financial Performance • Investment in Intellectual Capital • Human Resource Management • Prospects for the future 	page 4 to 168

CORPORATE GOVERNANCE

Code Ref	Requirement	Complied	Reference within the Report	Page
D.1.7	Net Assets < 50%	Complied	In the unlikely event of the net assets of the Company falling below 50% of Shareholders Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken.	page 262
D.1.8	Related Party Transactions	Complied	Directors Interests, Related Party Transactions & Conflicts of interest	page 30
D.2.	Process of Risk Management and a sound system of internal control to safeguard shareholders' investments and the Company's assets	Complied	Risk Management and Internal control Report of the Audit Committee Directors' Statement of Internal Control Risk Review	page 42 to 92 page 249 to 250, 253
D.3.	Audit Committee	Complied	Audit Committee Report	page 249 to 251
D.4	Risk Committee	Complied	Audit Committee TOR has been widened to include risk responsibilities. Therefore, Audit Committee oversee the risk management of the company. Audit Committee Report	page 249 to 251
D.5	Related Party Transactions Review Committee	Complied	Related Party Transactions Review Committee report	page 247 to 248
D.6	Code of Business Conduct and Ethics	Complied	The 'Hayleys Way' serves as the Internal Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees.	page 222
D.7	Corporate Governance Disclosures	Complied	Corporate Governance Report	page 216 to 235
E	Institutional Investors	Complied	Communication with Shareholders	page 223
F	Other Investors	Complied	Communication with Shareholders	page 223
G.	Internet of Things & Cyber security	Complied	Corporate Governance Risk Management	page 223
H	Sustainability: ESG Risk and Opportunities			page 72 to 91
H.1	Provide the impact of ESG Risks & Opportunities for the Board	Complied	ESG Risk and Opportunities Risk Management	
H.1.1				

Code Ref	Requirement	Complied	Reference within the Report	Page
H.2 H.2.1	Method of recognising significant stakeholders & material matters relating to significant stakeholders	Complied	Stakeholder Engagement	page 50 to 53
H.3 H.3.1	Environmental and Social Governance Framework and Structure	Complied	ESG Integration	page 68 to 71
H.4 H.4.1, H.4.2 & H.4.3	Governance structure to support sustainability/ ESG factors	Complied	ESG Integration	page 68 to 71
H.5 H.5.1, H.5.2, H.5.3 & H.5.4	How ESG risk & opportunities Recognised, managed, measured and reported	Complied	ESG Integration	page 68 to 71
I.1	Establishment and Maintenance of Policies	Complied	Corporate Governance - Policies	page 222
I.2	Policy on matters relating to the Board of Directors	Complied	Corporate Governance - Policies	page 222

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Horana Plantations PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2025.

GENERAL

Horana Plantations PLC is a public limited liability company which was incorporated under the Companies Act No. 17 of 1982 on 22nd June 1992, and re-registered as per the Companies Act, No.7 of 2007 on 18th March 2008 and bears registration number PQ 126. Accordingly, the name of the Company has changed to Horana Plantations PLC.

PRINCIPAL ACTIVITIES OF THE COMPANY AND REVIEW OF PERFORMANCE DURING THE YEAR

The principal activity of the Company, which is cultivation and processing of Tea and Rubber, remained unchanged.

A review of the business of the Company and its performance during the year with comments on financial results and future strategies and prospects are contained on the Chairman's Message and the Managing Director's Review (pages 38 to 48).

In addition, the capitals chapters of this report describe how the assets of the Company were utilised during the year and sustainability initiatives of the Company.

These reports, together with the Financial Statements, reflect the state of affairs of the Company.

The Directors to the best of their knowledge and belief, confirm that the Company has not engaged in any activity that contravene laws and regulations.

FINANCIAL STATEMENTS

The complete Financial Statements of the Company duly signed by two Directors on behalf of the Board and the Auditors are given on pages 257 to 320.

SUMMARISED FINANCIAL RESULTS

	31st March 2025 Rs. '000	31st March 2024 Rs. '000
Revenue	3,697,217	3,385,736
Total Comprehensive Income for the year	98,868	16,693
Retained Earnings	668,014	630,396

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements of the Company is given on page 257.

ACCOUNTING POLICIES

The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS/LKAS) and the policies adopted thereof are given on pages 267 to 278.

DIRECTORS

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 20 to 23.

EXECUTIVE DIRECTORS

- Mr. A M Pandithage - Executive Chairman
- Mr. Roshan Rajadurai - Managing Director
- Mr. J A Rodrigo - Executive Director / CEO

NON - EXECUTIVE DIRECTORS

- Mr. S M Liyanage - Director
- Mr. S C Ganegoda - Director
- Mr. K D G Gunaratne - Director
- Mr. A N Wickremasinghe - Director (Resigned w.e.f. 22nd November 2024)

INDEPENDENT NON - EXECUTIVE DIRECTORS

- Mr. T A B Speldewinde - Senior Independent Director
- Mr. M C B Talwatte - Director
- Ms. A I Wanigasekera - Director (Appointed on 31st December 2024)

Name of Director	Directorship Status in Horana Plantations PLC	No. of Board Seats in Listed Companies		No. of Board Seats in Non-Listed Companies	
		Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mr. A M Pandithage Listed Companies; Executive - 11 and Non-Executive - 01 Unlisted Companies; Executive - 120 and Non-Executive - 10	Executive Director	Hayleys PLC Dipped Products PLC Singer (Sri Lanka) PLC Hayleys Fabric PLC The Kingsbury PLC Haycarb PLC Kelani Valley Plantations PLC Hayleys Leisure PLC Talawakelle Tea Estates PLC Hayleys Fibre PLC Alumex PLC	Diesel & Motor Engineering PLC	Hayleys Group - 120 Companies	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 Lewis Shipping (Pvt) Ltd Lewis Brown Air Services (Pvt) Ltd
Mr. Roshan Rajadurai Listed Companies; Executive - 02 and Non-Executive - Nil Unlisted Companies; Executive - 09 and Non-Executive - Nil	Managing Director	Talawakelle Tea Estates PLC Kelani Valley Plantations PLC	-	Hayleys Group - 9 Companies	-
Mr. J A Rodrigo	Executive Director	Only holds a Directorship in Horana Plantations PLC			
Mr. Timothy Speldewinde Listed Companies; Executive - Nil and Non-Executive - 06 Unlisted Companies; Executive - 01 and Non-Executive - 01	Independent Non-Executive Director	-	Hayleys Fabric PLC Dipped Products PLC The Kingsbury PLC Hayleys PLC Ceylon Grain Elevators PLC Three Acre Farms PLC	Contemporary Ceylon (Pvt) Ltd	WealthTrust Securities Limited
Mr. Gamini Gunaratne Listed Companies; Executive - Nil and Non-Executive - 4 Unlisted Companies; Executive - 1 and Non-Executive - 1	Non-Executive Director	-	Dipped Products PLC Hayleys PLC Swisstek Ceylon PLC Vallibel Power Erathna PLC	Lanka Hotels & Residencies (Pvt) Ltd	Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT)
Mr. Sarath Ganegoda Listed Companies; Executive - 02 and Non-Executive - 08 Unlisted Companies; Executive - Nil and Non-Executive - 54	Non-Executive Director	Hayleys PLC Alumex PLC	Dipped Products PLC Hayleys Fabric PLC Singer (Sri Lanka) PLC Hayleys Leisure PLC Haycarb PLC Kelani Valley Plantations PLC Hayleys Fibre PLC The Kingsbury PLC	-	Hayleys Group - 52 Companies Sri Lankan Airlines Ltd Sri Lankan Catering Limited
Mr. Sameera Liyanage Listed Companies; Executive - 1 and Non-Executive - 4 Unlisted Companies; Executive - 1 and Non-Executive - 1	Non-Executive Director	-	Royal Ceramic Lanka PLC Lanka Ceramics PLC	UniDil Group of Companies	Swisstek Aluminium Ltd.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Name of Director	Directorship Status in Horana Plantations PLC	No. of Board Seats in Listed Companies		No. of Board Seats in Non-Listed Companies	
		Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mr. Malaka Talwatte Listed Companies; Executive - Nil and Non-Executive - 02 Unlisted Companies; Executive - 03 and Non-Executive - Nil	Independent Non-Executive Director	-	Talawakelle Tea Estates PLC Kelani Valley Plantations PLC	Saffron Leisure (Pvt) Ltd Saffron Solutions (Pvt) Ltd Saffron Investments (Pvt) Ltd	-
Mrs. Anomi Wanigasekera Listed Companies; Executive - Nil and Non-Executive - 02 Unlisted Companies; Executive - 05 and Non-Executive - Nil	Independent Non-Executive Director	-	Haycarb PLC Dipped Products PLC	Julius & Creaasy Jacey Advisory Services (Private) Ltd Jacey Trust Services (Private) Ltd Jacey & Lanka (Private) Ltd Jacey & Company	-

In accordance with Rule 9.8.5. (a) of the Colombo Stock Exchange (CSE) Listing Rules, Independent Directors have submitted a signed and dated declaration as per the specimen given in Appendix 9A.

Rationale for the Appointment of a Senior Independent Director:

The Board is of the opinion that due to the complex nature of the business of the Company which is a subsidiary of the Hayleys Group, and due to the diversity of operations of the Hayleys Group, the most appropriate arrangement is for the Chairman to be an Executive Director. In light of the aforesaid, the Board appointed Mr. T A B Speldewinde as the Senior Independent Director of the Company.

Status of Mr. K D G Gunaratne who was an Independent Non-Executive Director of the Company changed to comply with Rule 9.8.3. of CSE Listing Rules. Mr. K D G Gunaratne is now a Non-Executive Director of the Company.

In terms of Article 92 of the Articles of Association of the Company, Mr. K D G Gunaratne retires by rotation and being eligible offers himself for re-election and

the shareholders will be requested to re-elect him at the forthcoming Annual General Meeting.

In terms of Article 92 of the Articles of Association of the Company, Mr. J A Rodrigo retires by rotation and being eligible offers himself for re-election and the shareholders will be requested to re-elect him at the forthcoming Annual General Meeting.

Ms. A I Wanigasekera who was appointed to the Board during the year, retires under Article 98 of the Articles of Association and is recommended by the Directors for re-election.

Notice has been given pursuant to Section 211 of the Companies Act No. 07 of 2007 of the intention to propose an ordinary resolution for the re-appointment of Mr. A.M. Pandithage notwithstanding the age limit of seventy years stipulated by section 210 of the Companies Act No.07 of 2007.

INTERESTS REGISTER

The Company, in compliance with the Companies Act No. 07 of 2007, maintains an Interests Register.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors in the shares of the Company as at 31st March 2025 as recorded in the Interests Register are given in this Report under Directors' shareholding.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed under key management personnel compensation in Note 30.4 to the Financial Statements on page 311.

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts with the Company are stated in Note 30.2 and 30.3 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company. Except for the transactions

referred to in Note 30.2 and 30.3 to the Financial Statements, the Company did not carry out any transaction with any of the Directors. The Company carried out transactions during the year in the ordinary course of its business at commercial rates with the following director related entities;

Hayleys PLC
 Hayleys Plantation Services (Pvt)Ltd
 Hayleys Fentons Limited
 Hayleys Business Solutions International (Pvt) Ltd
 Hayleys Aventura (Pvt) Ltd
 Logiwiz Limited
 Hayleys Agriculture Holdings Limited
 Hayleys Agro Fertilizer (Pvt) Ltd
 Singer Sri Lanka PLC
 Kelani Valley Plantations PLC
 Talawakelle Tea Estates PLC
 Hayley Consumer Products Ltd
 Diesel & Motor Engineering PLC
 Uni-Dil Packaging Ltd
 Uni-Dil Packaging Solutions Ltd
 Lanka Walltiles PLC
 Royal Ceramics Lanka PLC
 Rocel Bathware Ltd
 Lanka Tiles PLC

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 242.

AUDITORS

The Financial Statements for the period under review were audited by Messrs KPMG, Chartered Accountants who offer themselves for reappointment for the ensuing year. The Directors propose the reappointment of Messrs KPMG, Chartered Accountants as Auditors of the

Company for the year 2025/26 subject to the approval of the shareholders at the Annual General Meeting.

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

The audit and non-audit fees paid to the Auditors by the Company is disclosed in Note 9 on page 281 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its subsidiaries. The Auditors have confirmed that they do not have any relationship (other than that of Auditors) with or interest in the Company other than those disclosed above.

STATED CAPITAL

The Stated Capital of the Company is Rs.250,000,010/- divided into Twenty Five Million (25,000,000) Ordinary Shares and One (01) Golden Share.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company are as follows;

Name of Directors	31 March 2025		01 April 2024	
	No. of Shares	%	No. of Shares	%
Mr. A M Pandithage	-	-	-	-
Mr. Roshan Rajadurai	1,000	0.004	1,000	0.004
Mr. Johann Rodrigo	-	-	-	-
Mr. S C Ganegoda	139,350	0.55	109,350	0.440
Mr. K D G Gunaratne	-	-	-	-
Mr. S M Liyanage	-	-	-	-
Mr. T A B Speldewinde	-	-	-	-
Mr. M C B Talwatte	-	-	-	-
Ms. A I Wanigasekera (Appointed on 31st December 2024)	-	-	-	-
Mr. A N Wickremasinghe (Resigned w.e.f 22nd November 2024)	-	-	-	-

Hayleys Plantation Services (Private) Limited holds 12,750,000 ordinary shares (51%) in Horana Plantations PLC in which Mr. A M Pandithage, Mr. Roshan Rajadurai and Mr. S C Ganegoda are Directors.

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the distribution of shareholding, analysis of shareholders, twenty largest shareholders of the Company and percentage of shares as per the Listing Rules of the Colombo Stock Exchange are given on page 328 to 329 under Share Information. Market values per share, earnings, dividends and net assets per share are given on page 30.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

EMPLOYMENT POLICY

The Company's employment policy is totally non-discriminatory which respects individuals and provides career opportunities irrespective of the gender, race or religion.

As at 31st March 2025, 3,149 persons were in employment (3,455 persons as at 31st March 2024).

RESERVES

The reserves of the Company with the movements during the year are given on page 264.

LAND HOLDINGS

The Company does not own any freehold property.

PROPERTY, PLANT & EQUIPMENT

Details and movements of property, plant and equipment are given under Notes 14 to the Financial Statements on page 291.

CAPITAL EXPENDITURE

The total capital expenditure during the year including the capitalisation of borrowing cost amounted to Rs. 435 Mn compared to Rs. 435 Mn incurred in the previous year.

DIVIDENDS

First Interim Dividend of Rs. 1/70 per share for 2024/25 paid on 22nd October 2024.

Second Interim Dividend of Rs. 0/40 per share for 2024/25 paid on 22nd January 2025.

Third Interim Dividend of Rs. 0/35 per share for 2024/25 paid on 22nd April 2025.

DONATIONS

The Company has not made any donations to approved charities during the year under review. (2023/24 – Rs. 100,000/-)

RISK MANAGEMENT

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

Specific steps taken by the Company in managing the risks are detailed in the section on Risk Management on pages 72.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the Statement of Financial Position date have been paid or, where relevant provided for.

CONTINGENT LIABILITIES

Except as disclosed in Note 27 to the Financial Statements on page 307 there were no material Contingent Liabilities as at the Statement of Financial Position date.

EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Except for the matters disclosed in Note 29 to the Financial Statements on page 308 there are no material events as at the date of the Auditor's report which require adjustment to, or disclosure in the Financial Statements.

CORPORATE GOVERNANCE

The Board of Directors confirm that the Company is compliant with Section 9 of the Listing Rules of the Colombo Stock Exchange.

The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound

system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and employees.

The Corporate Governance Statement on pages 216 to 235 explains the measures adopted by the Company during the year.

An Audit Committee, Remuneration Committee, Related Party Transaction Review Committee and a Nominations and Governance Committee function as Board sub committees, with Directors who possess the requisite qualifications and experience. The composition of the said committees is as follows.

AUDIT COMMITTEE

Mr. T A B Speldewinde - Chairman (Senior Independent Director)

Mr. S C Ganegoda

Mr. K D G Gunaratne

Mr. M C B Talwatte

Ms. A I Wanigasekera (Appointed on 31st December 2024)

The Report of the Audit Committee on page 249 set out the manner of compliance by the Company in accordance with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

REMUNERATION COMMITTEE

Mr. T A B Speldewinde - Chairman (Senior Independent Director) (Appointed on 31st December 2024)

Mr. S C Ganegoda

Mr. K D G Gunaratne

Mr. M C B Talwatte

Ms. A I Wanigasekera (Appointed on 31st December 2024)

The Report of the Remuneration Committee on page 245 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the year under review are given in Note 30.4 to the Financial Statements on page 311.

RELATED PARTY TRANSACTION REVIEW COMMITTEE

Mr. T A B Speldewinde - Chairman (Senior Independent Director)

Mr. S C Ganegoda

Mr. K D G Gunaratne

Mr. M C B Talwatte

Ms. A I Wanigasekera (Appointed on 31st December 2024)

The Directors declare that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2025.

The Related Party Transaction Review Committee on page 247 set out the manner of compliance by the Company in accordance with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

NOMINATIONS & GOVERNANCE COMMITTEE

Mr. T A B Speldewinde - Chairman (Senior Independent Director)

Mr. S C Ganegoda

Mr. K D G Gunaratne

Mr. M C B Talwatte

Ms. A I Wanigasekera (Appointed on 31st December 2024)

DIRECTORS' INDEMNITY AND INSURANCE

The ultimate parent Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Company.

CORPORATE SOCIAL RESPONSIBILITY

The Company continued its Corporate Social Responsibility Programme, details of which are set out on pages 156 to 166 of this Report.

POLICIES

The Company has adopted the following policies with effect from 28th October 2024 and has uploaded them to the Company's website

1. Policy on the matters relating to the Board of Directors
2. Policy on Corporate Disclosures
3. Policy on ESG Framework - Social Policies
4. Policy on Anti-Bribery and Corruption
5. Policy on Control and Management of Company Assets and Shareholder Investments
6. Policy on Corporate Governance, Nominations and Re-election
7. Policy on Environmental, Social and Governance Sustainability
8. Policy on Internal Code of Business Conduct
9. Policy on Relations with Shareholders and Investors
10. Policy on Remuneration
11. Policy on Risk management and Internal controls
12. Policy on Whistleblowing

'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.

ANNUAL GENERAL MEETING

The Notice of the Thirty Second (32nd) Annual General Meeting appears on page 352.

This Annual Report is signed for and on behalf of the Board of Directors by



A M Pandithage
Chairman- Executive Director



Roshan Rajadurai PhD, DSc.
Managing Director



Hayleys Group Services (Private) Limited
Secretaries

Colombo
29th April 2025

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are responsible under Sections 150 (1) and 151 of the Companies Act No. 07 of 2007 (the Companies Act), to ensure compliance with the requirements set out therein and to prepare Financial Statements for the financial year ended 31st March 2025 giving a true and fair view of the state of affairs of the Company and of the profit of the Company for the said financial year.

The Directors are also responsible, under Section 148 of the Companies Act, for ensuring that proper accounting records are kept to enable determination of financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected.

The Directors confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs), the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange. Further, the Financial Statements provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries, that adequate resources exist to support the Company on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken proper and sufficient measures to safeguard the assets of the Company and in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect fraud and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The External Auditors, Messrs KPMG, Chartered Accountants were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Independent Auditor's Report, shown on pages 257 to 260 sets out their responsibilities in relation to the financial statements.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company as at the balance sheet date have been paid or where relevant, provided for.

By Order of the Board,



Hayleys Group Services (Private) Limited

Company Secretaries
for Horana Plantations PLC

Colombo.
29th April 2025

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

GRI 2-10

The Nominations and Governance Committee, appointed by and responsible to the Board of Directors, was established on 13th May 2024.

COMPOSITION OF THE COMMITTEE

Mr. T A B Speldewinde - Chairman – Senior Independent Director

Mr. S C Ganegoda - Non-Executive Director

Mr. K D G Gunaratne - Non-Executive Director

Mr. M C B Talwatte - Independent Non-Executive Director

Ms. A I Wanigasekera - Independent Non-Executive Director (Appointed on 31st December 2024)

Company Secretaries, Hayleys Group Services (Private) Limited function as the Secretary to the Committee.

MEETINGS

The Committee held two (02) meetings during the year under review. All the members attended the meeting and the minutes of the Committee meeting were tabled at Board meeting, for the review of the Board.

Directors	Classification	No. of Meetings Held	No. of Meetings Eligible to Attend	No. of Meetings Attended
Mr. T A B Speldewinde	Senior Independent Director	2	2	2/2
Mr. S C Ganegoda	Non-Executive Director	2	2	2/2
Mr. K D G Gunaratne	Non-Executive Director	2	2	2/2
Mr. M C B Talwatte (Appointed on 31st December 2024)	Independent Non-Executive Director	2	1	1/1
Ms. A I Wanigasekera (Appointed w.e.f. 31st December 2024)	Independent Non-Executive Director	2	1	1/1

TERMS OF REFERENCE

The Committee has written Terms of Reference defining its scope, authority and duties. It was last approved by the Committee on 28th October 2024.

DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

- The Nominations and Governance Committee evaluates and recommends the appointment of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.
- Consider and recommend (or not recommend) the re-election of current directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and

the discharge of the Boards overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.

- Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re appoint Directors of the Company.
- Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors and the CEO of the Company to ensure their responsibilities are satisfactorily discharged.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- Review succession plans for Board of Directors and Key Management Personnel.
- Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices. Review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
- Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

and other applicable laws and reasons for any deviations or non-compliances.

DISCLOSURE OF ACTIVITIES

The Board performance evaluation has been carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Managing Director. Special Board meetings are called if the need arises to discuss an important or critical matter with the Board.

Newly appointed Directors are given an induction to the Company prior to their first Board meeting. The orientation programme includes inviting the Directors to the manufacturing facilities to gain an understanding of the operations of the Company in the estate. 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 propriety of the Directors were examined.

POLICIES

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 the matters relating to the Board of Directors
2. Policy on Corporate Disclosures
3. Policy on ESG Framework - Social Policies
4. Policy on Anti-Bribery and Corruption
5. Policy on Control and Management of Company Assets and Shareholder Information

6. Policy on Corporate Governance, Nominations and Re-election
7. Policy on Environmental, Social and Governance Sustainability
8. Policy on Internal Code of Business Conduct
9. Policy on Relations with Shareholders and Investors
10. Policy on Remuneration
11. Policy on Risk management and Internal controls
12. Policy on Whistleblowing

The policies and processes relating to the nomination of new Members to the Board are governed by the Policy on Corporate Governance.

RE-APPOINTMENTS / RE- ELECTIONS

One Third (1/3) of the all the Directors except the Managing Director, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the AGM.

Accordingly, the Committee has recommended to re-elect Mr. K D G Gunaratne and Mr. J A Rodrigo 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.

Mr. K D G Gunaratne's date of appointment to the Board and other principal commitments are given in the profile in page 21. He was re-appointed as a Director on 30th June 2021.

Mr. J A Rodrigo's date of appointment to the Board and other principal commitments are given in the profile in page 22. He was re-appointed as a Director on 30th June 2023.

Ms. A I Wanigasekara who was appointed to the Board on 31st December 2024 will come up for re-election by the

shareholders at the Annual General Meeting. The profile in pages 23 set out her other principal commitments and directorships.

Due to the invaluable contribution made to the Board as a result of his many years of experience, industry knowledge and business acumen, the Committee has recommended to reappoint Mr. A M Pandithage who is over seventy years and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in pages 216 to 235.



T A B Speldewinde
Chairman-Nominations and Governance Committee

Colombo.
29th April 2025

REMUNERATION COMMITTEE REPORT

GRI 2-19&20

The Remuneration Committee, appointed by the Board of Directors, comprises of three (03) Independent Non-Executive Directors and two (02) Non-Executive Director as follows:

Mr. T A B Speldewinde-Chairman – Senior Independent Director

Mr. S C Ganegoda - Non-Executive Director

Mr. K D G Gunaratne - Non-Executive Director

Mr. M C B Talwatte - Independent Non-Executive Director

Ms. A I Wanigasekera - 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 judgment.

REMUNERATION POLICY

The Remuneration Policy of the Company is to attract remuneration packages, motivate and retain the best professionals and an experienced workforce and motivate, encourage high levels of performance in a competitive environment bearing in mind the business performance and stakeholder expectations.

The remuneration packages which are linked to individual performances are aligned with the Company 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 initiative payments.

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The Committee is responsible to the Board to determine the policy of the remuneration package of the Directors.

The Committee evaluates, assesses and recommends to the Board of Directors on any matter that may affect Human Resources Management of the Company and specifically include;

- Review the process of determining the compensation of the Managing Director, Executive Directors and the Management Committee.
- Lay down guidelines and parameters for the compensation structures of all management staff within the Company taking into consideration industry norms.
- Formulate guidelines, policies and parameters for the compensation structures for all Executive staff of the Company.
- Review information related to executive pay from time to time to ensure same is in par with the market/industry rates.
- Evaluate the performance of the Managing Director and Key Management Personnel against the predetermined targets and goals.
- Assess and recommending to the Board of Directors of the promotions of the Key Management Personnel and address succession planning.
- Approve the guidelines and parameters for 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.

ACTIVITIES 2024/25

The meetings were for the purpose of examining the remuneration package of Directors/ Chief Executive Officer and the Senior Management, their respective performances and deciding on appropriate remuneration packages for them; as well as determining incentives based on Company performance for all management staff.

The Committee also reviewed data concerning remuneration packages among comparable Companies. Managing Director/ Chief Executive Officer assists the Committee by providing all relevant information with regard to compensation package. Performance Evaluation method to compensate employees is in place and succession

REMUNERATION COMMITTEE REPORT

plans have been defined.

MEETINGS

Directors	Classification	No. of Meetings Held	No. of Meetings Eligible to Attend	No. of Meetings Attended
Mr. T A B Speldewinde	Senior Independent Director	1	1	1/1
Mr. S C Ganegoda	Non-Executive Director	1	1	1/1
Mr. K D G Gunaratne	Non-Executive Director	1	1	1/1
Mr. M C B Talwatte	Independent Non-Executive Director	1	1	1/1
Ms. A I Wanigasekera (Appointed w.e.f. 31.12.2024)	Independent Non-Executive Director	1	-	-

Hayleys Group Services (Private) Limited, the Secretaries of the Company, acts as the Secretary to the Committee.

The Chairman of the Committee is an Independent Non-Executive Director. He assists the Committee by providing relevant information and participating in its analysis and deliberations.



T A B Speldewinde
Chairman – Remuneration Committee

Colombo
29th April 2025

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

ADOPTION OF THE CODE OF BEST PRACTICES ON RELATED PARTY TRANSACTIONS

The Company has an established Related Party Transactions Review Committee (RPTRC) which complies with Section 9 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions issued by CA Sri Lanka. The Committee comprises three Independent Non-Executive Directors and two Non- Executive Directors.

PURPOSE OF THE COMMITTEE

The purpose of the RPTRC of HPL is to conduct an independent review approval and oversight of all related party transactions of HPL and to ensure that the Company complies with the rules set out in the Code. The primary objectives of the said rules are to ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions, and to prevent Directors, key management personnel or substantial shareholders from taking advantage of their positions. To exercise this purpose the Committee has adopted the Related Party Transaction Policy which contains the Company's Policy governing the review, approval and oversight of related party transactions.

COMPOSITION OF THE COMMITTEE

Mr. T A B Speldewinde - Chairman – Senior Independent Director

Mr. S C Ganegoda - Non-Executive Director

Mr. K D G Gunaratne - Non-Executive Director

Mr. M C B Talwatte - Independent Non-Executive Director

Ms. A I Wanigasekera - Independent Non-Executive Director

Mr. M C B Talwatte and Ms. A I Wanigasekera being Independent Non-Executive Directors were appointed to the Committee on 31st of December 2024.

The Chairman of the Committee is an Independent Non- Executive Director. Profiles of the Committee members are given in Pages 20 to 23.

Company Secretaries, Hayleys Group Services (Private) Limited function as the Secretary to the Committee.

The Chairman of the Board, Group Chief Financial Officer of Hayleys PLC, Managing Director, Director/ Chief Executive Officer of Horana Plantations PLC and General Manager-Finance attend the meeting of the Committee by invitation.

MEETINGS

The Committee held four (04) meetings on a quarterly basis during the year under review. All the Members were attended the meetings as disclosed and the minutes of the Committee meeting were tabled at Board meeting, for the review of the Board.

Directors	Classification	No. of Meetings Held	No. of Meetings Eligible to Attend	No. of Meetings Attended
Mr. T A B Speldewinde	Senior Independent Director	4	4	4/4
Mr. S C Ganegoda	Non-Executive Director	4	4	4/4
Mr. K D G Gunaratne	Non-Executive Director	4	4	3/4
Mr. M C B Talwatte (Appointed on 31st December 2024)	Independent Non-Executive Director	4	2	2/2
Ms. A I Wanigasekera (Appointed w.e.f. 31st December 2024)	Independent Non-Executive Director	4	2	2/2

RESPONSIBILITIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The following are key responsibilities have been set out in the Charter for RPTRC;

- To review in advance all proposed related party transactions of the Company either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from 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.

RELATED PARTY TRANSACTIONS **REVIEW COMMITTEE REPORT**

- 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.

POLICY AND TERMS OF 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.

REVIEW OF RELATED PARTY TRANSACTIONS

The Committee reviewed all related party transactions of the Company for the financial year 2024/25. It was observed that all related party transactions entered during the year were of a recurrent, trading nature and were necessary for the day-to-day operations of the Company.

In the opinion of the Committee, the terms of these transactions were not more favourable to the related parties than those generally available to the public. The details of related party transactions entered into during the year are given in Note 30.2 & 30.3 to the Financial Statements, on pages 309 to 310 of this Annual Report.

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 30.2 and 30.3 to the financial statements given in page 309 to 310 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 237 to 238 of this Annual Report.



T A B Speldewinde

Chairman - Related Party Transactions Review Committee

Colombo
29th April 2025

AUDIT COMMITTEE REPORT

In accordance with the Corporate Governance Guidelines, the Board of Directors appointed the Audit Committee. The Audit Committee is empowered by the Board of Directors to oversee the financial reporting, legal, and regulatory compliance, internal controls, risk management and assessment of independence and performance of external auditors.

COMPOSITION OF THE COMMITTEE

The Audit Committee comprises of three (03) Independent Non-Executive Directors and two (02) Non-Executive Directors and Chaired by a Member of a recognised professional accounting body. Present Audit Committee is as follows:

Mr. T A B Speldewinde - Chairman - Senior Independent Director

Mr. S C Ganegoda - Non-Executive Director

Mr. K D G Gunaratne - Non-Executive Director

Mr. M C B Talwatte - Independent Non-Executive Director

Ms. A I Wanigasekera - Independent Non-Executive Director (Appointed on 31st December 2024)

The Chairman of the Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and also a Fellow of the Chartered Institute of Management Accountants, UK. The other members possess relevant knowledge, qualifications and experiences in financial reporting, control, legal and regulatory requirements.

Brief profiles of each member are given on page 20 of this report. Individually and collectively financial knowledge, business acumen and independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's preview.

The Company Secretaries, Hayleys Group Services (Private) Limited acts as the Secretary of the Committee.

THE CHARTER OF THE AUDIT COMMITTEE

The Audit Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors to make sure that new developments relating to the function of the Committee. The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee.

Rules on Corporate Governance' under listing rules of the Colombo Stock Exchange on corporate governance, 'Code of Best Practice on Corporate Governance' issued by CA Sri Lanka and the Securities and Exchange of Sri Lanka, further regulate the composition, roles and functions of the Audit Committee.

MEETINGS OF THE COMMITTEE

The Audit Committee met four (04) times during the year. The attendance of the members at these meeting is as follows,

Directors	Classification	No. of Meetings Held	No. of Meetings Eligible to Attend	No. of Meetings Attended
Mr. T A B Speldewinde	Senior Independent Director	4	4	4/4
Mr. S C Ganegoda	Non-Executive Director	4	4	4/4
Mr. K D G Gunaratne	Non-Executive Director	4	4	4/4
Mr. M C B Talwatte	Independent Non-Executive Director	4	4	4/4
Ms. A I Wanigasekera (Appointed w.e.f. 31.12.2024)	Independent Non-Executive Director	4	2	2/2

The Chairman of the Board, Managing Director, Director/ Chief Executive Officer and General Manager Finance of Horana Plantations PLC, Hayleys Group Chief Financial Officer and Head of Group Management Audit and System Review Department (MA&SRD) attend the meetings of the Committee by invitation. The External Auditors are also invited to be present where relevant.

The proceedings of the Committee are reported quarterly to the Board of Directors by tabling the minutes of the Committee Meetings and update by the Chair of the Committee on matters that require the attention of the Board.

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, dismissal, service period and audit fee of the external auditors.
- The audit committee shall establish and maintain a direct communication channel with the external auditors.

AUDIT COMMITTEE REPORT

- Resolve any issues regarding financial reporting between the management and the external auditor.
- Pre-approve all auditing and non-audit services performed by the external audit firm and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the management, external auditors as necessary to carry out the assigned duties.

FINANCIAL REPORTING SYSTEM

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The Committee recommended the Financial Statements to the Board for its deliberations and issuance. The Committee, in its evaluation of the financial reporting system, also recognise the adequacy of the content and quality of routine management information reports forwarded to its members.

INTERNAL AUDIT

The Committee reviewed the process to assess the effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

The Group Management Audit & Systems Review Department (MA&SRD) reports on key control elements and procedures in the Company that are selected according to the annual audit plan were reviewed. Internal audits are outsourced to leading audit firms in line with an agreed annual audit plan.

During the period under review the internal audit of ten (10) estate locations and internal audit of head office were carried out.

The Committee evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources. The Committee appraised the independence of the Group MA&SRD and other internal auditors, in the conduct of their assignments.

RISK MANAGEMENT

The committee obtained and reviewed statements from the management identifying their respective major Business Risks, mitigatory action taken or contemplated for management of these risks.

The COSO Enterprise Risk Reporting Process is presently being implemented within the Company.

Review of the risk management, internal controls, business continuity planning and information security systems are carried out and appropriate remedial actions recommended to the Management and the Board.

The Committee also conducted ESG risk assessments during the year, thereby identifying, prioritising and monitoring sustainability-related-risks and opportunities.

A review of the insurance policies and their adequacy was also carried out.

EXTERNAL AUDIT

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit and the Audit Management Letters of the Company. Actions taken by the management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads

of business units. Remedial action was recommended wherever necessary.

The Audit Committee has reviewed the other services provided by the External Auditors to the Company to ensure that their independence as Auditors has not been compromised.

The Committee obtained written assurance from the External Auditors that they are and have been independent throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements and has made a determination of the independence of auditors based on the same.

APPOINTMENT OF EXTERNAL AUDITORS

The Committee annually reviews the appointment of the External Auditor and makes recommendations to the Board accordingly. During the year under review, the Committee assessed the independence and effectiveness of the External Audit function and is satisfied that the independence of the External Auditor 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 External Auditor and the level of audit and non-audit fees received by the Auditor, in order to ensure that it did not compromise their independence.

The Audit Committee has recommended to the Board of Directors that Messrs KPMG, Chartered Accountants be reappointed as the External Auditors for the financial year 2025/26, subject to the approval of the shareholders at the Annual General Meeting (AGM) and the required resolution will be put to the shareholders at the AGM.

COMPLIANCE

The Committee obtained representations from the management on the adequacy of provisions made for possible liabilities and reviewed reports tabled and

certifying their compliance with relevant statutory requirements. Obtained regular updates from the management regarding compliance matters.

ETHICS AND GOOD GOVERNANCE

The committee continuously emphasised on upholding ethical values of the staff members. In this regard, Code of Ethics and Whistle- Blowers Policies were put in place and followed educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistle-Blowing or identified through other means. The whistle blower policy guarantees strict confidentiality of the identity of the Whistle-Blowers.

SRI LANKA ACCOUNTING STANDARDS

Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and made recommendation to the Board of Directors.

AUDIT COMMITTEE REPORT

The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals. The committee has pursued the support of Messers KPMG to assess and review the existing SLFRS policies and procedures adopted by the Company.

SUPPORT TO THE COMMITTEE

The Committee received information and support from management during the year to enable it to carry out its duties and responsibilities effectively.

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, and considering the overall conduct of the Committee and its contribution on the overall performance of the Company, the Committee has been rated as highly effective.



T A B Speldewinde

Chairman - Audit Committee

Colombo

29th April 2025

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

I was appointed by the Board as the Senior Independent Director (SID) in the FY 2023/24, I continue to serve as the SID of the Company since the Chairman is not an Independent Director. Section 9.6.3. of the Listing Rules and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka provide that in situations where the Chairman and CEO are the same person or where the Chairman is not an Independent Director, a Senior Independent Director (SID) shall be appointed. At Horana Plantations PLC although the Chairman is not the CEO, he is not an Independent Director.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director (SID) provides guidance to the Chairman on matters of governance of the Company. In effectively fulfilling this duty the SID is required to meet with the Non-Executive Directors and Executive Directors, enabling discussions and communication on governance related matters.

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.

The Company currently has three Independent Non-Executive Directors and three Non-Independent Non-Executive Directors. In line with the regulatory requirements, I presided over the meeting of Non Executive Directors without the presence of the Executive Directors and a separate meeting with only the Independent Directors. At these meetings the performance of the Chairman and the Executive Directors were appraised.

Discussion topics of the meeting held with the Independent Directors included matters relating to the Company and the operations of the Board. The outcome of this meeting together with the views, suggestions and recommendations of the Independent Directors were informed to the Chairman and the Board.

The Company strictly adheres to all relevant mandatory requirements while embracing voluntary guidelines and best practices in governance, thereby building stakeholder trust and ensuring integrity across all decision-making.

I believe that I have effectively discharged the duties entrusted to the SID in accordance with the Corporate Governance guidelines.



T A B Speldewinde
Senior Independent Director

Colombo.
29th April 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. 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 Group Management Audit and System Review Department (MA &SRD) to review and report on the internal control environment in the Company. Audits are carried out in accordance with the annual audit plan approved by the Audit Committee. Findings are submitted to the audit committees for review at the periodic meetings.

- The Audit Committee reviews internal control issues identified by MA & SRD and Management and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits.
- Estate audits are outsourced to leading audit firms in the Country based on agreed audit scope and their audit observations on internal controls together with management rectification actions are reviewed by Audit Committee on every audit committee meeting.
- The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS, Processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. During the year, 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 implementation of the required processes.
- The comments made by External Auditors in connection with the internal control system during the financial year 2023/24 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.



Roshan Rajadurai PhD, DSc.
Managing Director



J A Rodrigo
Director/Chief Executive Officer

Colombo.
29th April 2025

MANAGING DIRECTOR'S, CHIEF EXECUTIVE OFFICER'S & GENERAL MANAGER - FINANCE'S RESPONSIBILITY STATEMENT

The Financial Statements of Horana Plantations PLC as at 31st March 2025 are prepared and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka;
- Companies Act No 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No 15 of 1995;
- Listing rules of the Colombo Stock Exchange;
- Code of Best Practice on Corporate Governance 2023 issued by the institute of Chartered Accountants of Sri Lanka; and

We confirm that the significant accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied, as described in the Notes to the Financial Statements.

The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our External Auditors.

We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect frauds as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by the internal auditors. However, there are inherent limitations that should be recognised 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, Messrs.' KPMG, Chartered Accountants. Their report is presented on pages 257 to 260 of this Report.

The Audit Committee approves the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services do not impair their independence.

We confirm that,

- the Company has 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 Company other than those disclosed in the Note 27 to the Financial Statements in this Annual Report.



Roshan Rajadurai PhD, DSc.
Managing Director



J A Rodrigo
Director/Chief Executive Officer



N A A K Nissanka
General Manager - Finance

Colombo.
29th April 2025

FINANCIAL STATEMENTS

Empowering Stability, Enriching Growth

Strong financial discipline fuels our ability to grow responsibly. Anchored in the DEI value of Resilient Financial Growth, we prioritise long-term value creation that is inclusive, balanced, and built to withstand challenges—ensuring prosperity is both sustainable and shared.



FINANCIAL CALENDAR

	2024/25	2023/24
Interim Financial Statements:		
Three months ended 30th June	30-Jul-24	24-Jul-23
Six months ended 30th September	28-Oct-24	1-Nov-23
Nine months ended 31st December	30-Jan-25	23-Jan-24
Twelve months ended 31st March	29-Apr-25	13-May-24
Annual Report	29-May-25	29-May-24
Annual General Meeting :		
32nd Annual General Meeting	23-Jun-25	
31st Annual General Meeting		24-Jun-24
	2024/25	2023/24
Dividend		
Final Dividend for 2022/23	-	18-Jul-23
First Interim Dividend	22-Oct-24	23-Jan-24
Second Interim Dividend	22-Jan-25	25-Apr-24
Third Interim Dividend	22-Apr-25	-

INDEPENDENT AUDITORS' REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

TO THE SHAREHOLDERS OF HORANA PLANTATIONS PLC Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Horana Plantations PLC ("the Company"), which comprise the statement of financial position as at 31st March 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the

Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C. P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA

W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D. Corea Dharmaratne

INDEPENDENT AUDITORS' REPORT



Measurement of Biological Assets

(Refer to Note 3.2.3 material accounting policies and explanatory Note 13 to the Financial Statements).

Risk Description	Our Response
<p>The Company has reported bearer biological assets amounting to Rs. 2,647 Million and consumable biological assets amounting to Rs. 619 Million as at 31st March 2025. The Biological assets represent 64% of the total assets as at 31st March 2025.</p> <p>Bearer biological assets mainly include mature and immature tea, rubber and other trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported losses as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations fields to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed.</p> <p>The Consumer Biological assets are carried at fair value less cost to sell whereas the bearer biological assets are carried at the cost less accumulated depreciation and impairment loss.</p> <p>The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Changes in the key assumptions used such as discount rate, value per cubic meter and available timber content of live trees could have a material impact on the fair value gain or loss for the year and the carrying value of consumable biological assets as of the reporting date. The Management has used an external valuation expert to assist in determining the fair value of the consumable biological assets at the reporting date.</p> <p>We considered the measurement of biological assets as a key audit matter due to the magnitude of the amounts involved and significant management judgment involved in determining the point at which a plant is deemed ready for commercial harvesting. Further, valuation of consumable biological assets involved significant judgment exercised by the management and external valuation expert and were subjected to significant level of estimation uncertainty and management bias. Further, immature to mature transfer of bearer biological asset require management to exercise their judgment in determining the point at which a plant is deemed ready for commercial harvesting.</p>	<p>Our audit procedures included among others.</p> <p>Bearer Biological Assets</p> <ul style="list-style-type: none"> - Assessing the processes and controls in place to ensure; proper capitalization of the expenses incurred relating to immature plantations, timely transfer of matured plants to respective matured plantation categories and triggers of impairment (if any) are on a timely basis. - Obtaining schedules of costs incurred and capitalized under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified. - Testing immature to mature cost transfer worksheet for selected estates to check whether the amounts transferred during the year was consistent with the Company accounting policy and industry norms. - Assessing the adequacy of the related disclosures in the financial statements including the description and appropriateness of the inherent degree of subjectivity and the key assumptions. - Reviewed the reasonability of depreciation provided on the matured plantations by performing independent computation. <p>Consumable Biological Assets</p> <ul style="list-style-type: none"> - Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average market price and yield per hectare and evaluating the appropriateness of those assumptions. - Assessing the objectivity and independence of the external valuation expert and the competence and qualification of the external expert engaged by the Company. - Comparing the average market price to historical data and market available data. - Verifying the mathematical accuracy of the consumable biological asset valuation. - Assessing the adequacy of the related disclosures in the financial statements including the description and appropriateness of the inherent degree of subjectivity and the key assumptions.



Valuation of Retirement Benefit Obligations

(Refer to Note 3.3.1.1 material accounting policies and explanatory Note 22 to the financial statements).

Risk Description	Our Response
<p>The retirement benefit obligation of the Company as at 31st March 2025 amounting to Rs. 700 Million. The valuation of the Company's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Small changes in those assumptions could have a significant effect on the financial performance and financial position of the Company. Further, uncertainty of judgments and estimates has increased due to the rapidly changing economic factors of the Country.</p> <p>The Management has used an independent actuary to assist them in the computation of retirement benefit obligation at the reporting date.</p> <p>We considered the computation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the liability.</p>	<p>Our audit procedures included among others.</p> <ul style="list-style-type: none"> - Assessing the competency, objectivity and capabilities of the independent actuary engaged by the Company. - Testing the samples of the employees' details used in the computation to the human resource records. - Evaluating the reasonableness of the total annual salaries used in the computation by comparing to the historical data. - Challenging the key assumptions used in the valuation, in particular the discount rate, mortality rates and future salary increases. - Comparing the discount rate, mortality rate and future salary increases to market available data. - Involving internal valuation specialist to verify the accuracy of the retirement benefit obligation. - Assessing the adequacy of the related disclosures made in the financial statements including sensitivity analysis.

Carrying Value of Inventories

(Refer to Note 3.2.7 material accounting policies and explanatory Note 16 to the financial statements).

Risk Description	Our Response
<p>The Company has reported inventory amounting to Rs. 592 Million as at 31st March 2025. Inventory mainly include harvested crops, value added products, consumables and spares, and nurseries and compost. Inventory represents 12% of the total assets as at 31st March 2025.</p> <p>The Company has exercised judgment with regard to categorization of inventory as slow moving and obsolete inventories to be considered for provision. Estimates are then involved in arriving at provisions in respect of slow moving and obsolete inventories to arrive the carrying value based on lower of cost and net realizable value.</p> <p>We considered the estimation of provision for slow moving and obsolete inventories to be a key audit matter due to calculating the provision for slow-moving and obsolete inventory involve significant judgments and assumptions exercised by the management.</p>	<p>Our audit procedures included among others.</p> <ul style="list-style-type: none"> - Obtaining an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to recognition and measurement of inventory and inventory provisioning. - Observing a sample of physical inventory counts and reconciling the count results with the accounting records of the Company. - Assessing the reasonableness of judgement applied in the identification and recording of the provision for obsolete and slow moving inventories based on the condition of inventory. - Assessing the adequacy of the Company's disclosures in respect of the judgment and estimation made in respect of inventory provisioning in accordance with Sri Lanka Accounting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a

INDEPENDENT AUDITORS' REPORT



material misstatement therein, we are required to communicate the matter to those charged with governance and we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3544.

Chartered Accountants

Colombo, Sri Lanka

29th April 2025

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the Year ended 31st March		2025	2024
	Note	Rs'000	Rs'000
Revenue	4	3,697,217	3,385,736
Cost of Sales		(2,965,396)	(2,732,481)
Gross Profit	5	731,821	653,255
Other Income	6	7,803	7,903
Change in Fair Value of Biological Assets	7	69,382	34,320
Administrative Expenses		(349,484)	(234,375)
Profit from Operations		459,522	461,103
Finance Income	8.1	2,735	3,926
Finance Expenses	8.2	(156,834)	(238,546)
Profit before Tax	9	305,423	226,483
Tax Expense	10.1	(124,793)	(121,978)
Profit for the year		180,630	104,505
Other Comprehensive Income:			
Items that will not be reclassified to Profit or Loss			
Actuarial Loss on Retirement Benefit Obligations	22.3	(116,803)	(125,446)
Tax effect on Other Comprehensive Income	10.4.1	35,041	37,634
Other Comprehensive Expense for the year, net of tax		(81,762)	(87,812)
Total Comprehensive Income for the year		98,868	16,693
Basic Earnings per Share (Rs.Cts)	11.1	7.23	4.18
Diluted Earnings per Share (Rs.Cts)	11.2	7.23	4.18
Dividends per Share (Rs.Cts)	11.3	2.45	2.65

The accounting policies and explanatory notes set out on pages 267 to 320 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March		2025	2024
	Note	Rs'000	Rs'000
ASSETS			
Non-Current Assets			
Right of Use Assets	12	271,174	248,883
Bearer Biological Assets	13.1	2,646,693	2,515,934
Consumable Biological Assets	13.2	619,451	594,745
Property, Plant & Equipment	14	676,366	578,938
Intangible Assets	15	4,625	905
Total Non-Current Assets		4,218,309	3,939,405
Current Assets			
Non-harvested Produce on Bearer Biological Assets	13.5	14,466	9,651
Inventories	16	592,228	524,435
Trade and Other Receivables	17	225,142	178,057
Related Companies Receivables	30.1.1	5,732	1,719
Cash and Cash Equivalents	18.1	46,582	47,122
Total Current Assets		884,150	760,984
Total Assets		5,102,459	4,700,389
EQUITY & LIABILITIES			
Equity			
Stated Capital	19	250,000	250,000
Retained Earnings		668,014	630,396
Total Equity		918,014	880,396
Non-Current Liabilities			
Interest bearing Loans and Borrowings	20.1	777,562	1,098,862
Lease Liabilities	21	297,344	255,867
Retirement Benefit Obligations	22	700,445	562,419
Deferred Income	23	91,869	99,172
Deferred Tax Liability	24	757,122	667,370
Total Non-Current Liabilities		2,624,342	2,683,690

As at 31st March	Note	2025 Rs'000	2024 Rs'000
Current Liabilities			
Trade and Other Payables	25	396,845	328,552
Related Companies Payables	30.1.2	99,041	24,377
Interest bearing Loans and Borrowings	20.1	319,954	447,077
Lease Liabilities	21.	3,547	12,752
Short Term Borrowings	26	740,716	323,544
Total Current Liabilities		1,560,103	1,136,302
Total Liabilities		4,184,445	3,819,993
Total Equity and Liabilities		5,102,459	4,700,389

The accounting policies and explanatory notes set out on pages 267 to 320 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

These Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act No.7 of 2007.



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

The Board of Directors are responsible for the preparation and presentation of these Financial Statements.

Approved and Signed for and on behalf of the Board of Directors of Horana Plantations PLC.



A.M. Pandithage
Chairman/Executive Director



Roshan Rajadurai PhD, DSc.
Managing Director

Colombo,
29th April 2025

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st March	Note	Stated Capital	Retained Earnings	Total
		Rs'000	Rs'000	Rs'000
Balance as at 1st April 2023		250,000	679,953	929,953
Comprehensive Income for the Year				
Profit for the year		-	104,505	104,505
Other Comprehensive Expenses		-	(87,812)	(87,812)
Total Comprehensive Income for the Year			16,693	16,693
Transactions with Owners of the Company				
Dividends	11.3	-	(66,250)	(66,250)
Balance as at 31st March 2024		250,000	630,396	880,396
Balance as at 1st April 2024		250,000	630,396	880,396
Comprehensive Income for the Year				
Profit for the Year		-	180,630	180,630
Other Comprehensive Expenses		-	(81,762)	(81,762)
Total Comprehensive Income for the Year			98,868	98,868
Transactions with Owners of the Company				
Dividends	11.3	-	(61,250)	(61,250)
Balance as at 31st March 2025		250,000	668,014	918,014

The accounting policies and explanatory notes set out on pages 267 to 320 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the Year ended 31st March		2025	2024
	Note	Rs'000	Rs'000
Cash Flows from Operating Activities			
Profit before Tax		305,423	226,483
Adjustments for non-cash items :			
Change in Fair Value of Biological Assets	13.2.2 & 13.5	(37,638)	(15,908)
Depreciation and Amortization	9	223,910	208,590
Provision for Retirement Benefit Obligations	22.3	115,501	113,764
Provision/(Reversal) for Obsolete Inventories	16.1	20,253	(393)
Provision for Impairment of Trade and Other Receivables	17.1	316	601
Finance Expenses	8.2	116,040	203,881
Finance Income	8.1	(2,735)	(3,926)
Lease Interest	21.3	40,794	34,666
Amortization of Capital Grants	6	(7,803)	(7,803)
Field Development/Other Capital Expenditure Written-off	13.1, 13.2 & 14	2,788	5,385
Operating Profit before Working Capital Changes		776,849	765,339
Changes in Working Capital			
Increase in Inventories		(78,393)	(37,810)
(Increase)/Decrease in Trade and Other Receivables		(47,054)	19,047
(Increase)/Decrease in Related Companies Receivables		(4,014)	7,665
Increase/(Decrease) in Related Companies Payables		74,664	(12,888)
Increase/(Decrease) in Trade and Other Payables		68,447	(27,565)
Cash Generated from Operations		790,499	713,787
Interest paid		(116,904)	(207,378)
Payments made for Retirement Benefit Obligations	22	(102,748)	(143,350)
Payment of Taxes		(348)	(145)
Net Cash Inflow from Operating Activities		570,499	362,914

STATEMENT OF CASH FLOWS

For the Year ended 31st March		2025	2024
	Note	Rs'000	Rs'000
Cash Flows from Investing Activities			
Purchase/Construction of Property, Plant and Equipment	14	(177,657)	(93,128)
Expenditure incurred on Biological Assets	13.1.1 & 13.2.1	(257,297)	(341,533)
Capital Grants and Subsidies received	23	500	500
Finance Income	8.1	2,728	3,926
Net Cash Outflow from Investing Activities		(431,726)	(430,235)
Cash Flows from Financing Activities			
Receipt of Project Loans	20	90,000	800,000
Repayment of Project Loans	20	(466,772)	(386,534)
Receipts of Short Term Loans	26.2.1	150,000	150,000
Repayment of Term Loans	20	(71,651)	(208,341)
Payment of Lease Rentals	21.3	(56,000)	(48,351)
Payment of Dividends		(52,063)	(56,251)
Net Cash (Outflow)/Inflow from Financing Activities		(406,486)	250,523
Net (Decrease)/Increase in Cash and Cash Equivalents during the Year		(267,711)	183,202
Cash and Cash Equivalents at the beginning of the Year		(276,422)	(459,624)
Cash and Cash Equivalents at the end of the Year	18.3	(544,133)	(276,422)

The accounting policies and explanatory notes set out on pages 267 to 320 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and Legal form

Horana Plantations PLC (hereafter mentioned as “the Company”), is a Public Limited Liability Company, incorporated and domiciled in Sri Lanka, under the Companies Act No.17 of 1982 (the Company re-registered under the Companies Act No.07 of 2007), in terms of the Public Corporation of Government Owned Business Undertakings into Public Companies Act No.23 of 1987. The registered office of the Company is situated at No 400, Deans Road, Colombo 10, and the plantations are situated in the planting districts of Nuwara-Eliya and Kalutara.

1.2. Principal Activities and Nature of Operations

During the year, the principle activities of the Company were the cultivation, manufacturing and sale of tea, rubber and other agricultural produce.

1.3. Immediate and Ultimate Parent Enterprise

The Company's immediate parent undertaking is Hayleys Plantation Services (Private) Limited, which is incorporated in Sri Lanka. The Company's ultimate parent undertaking is Hayleys PLC, which is incorporated in Sri Lanka.

1.4. Authorization for Issue

The Financial Statements were authorised for issue by the Board of Directors on 29th April 2025.

1.5. Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of the Company such comprise Statement of Profit or Loss and Other Comprehensive Income,

Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows together with the material Accounting Policies and Notes to the Financial Statements. These statements are prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) promulgated by the Institute of Chartered Accountants of Sri Lanka (ICASL).

Further, these financial statements comply with the requirements of the Companies Act No. 7 of 2007.

2.2. Basis of Measurement

These Financial Statements have been prepared in accordance with the historical cost convention basis except for the following material items in the Statement of Financial Position.

- Bearer Biological Assets and Property, Plant and Equipment, which have been measured as more fully described in Note 13 and 14.
- Consumable Mature Biological Assets are measured at fair value less cost to sell as per LKAS 41 - Agriculture.
- Liability for Retirement Benefit Obligation is recognized at the present value of the Retirement Benefit Obligation based on actuarial valuation as per LKAS 19 - Employee Benefits.
- Non-harvested Produce on Bearer Biological Assets is measured at fair value as per LKAS 41 – Agriculture.

2.3. Functional and Presentation Currency

These Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Company's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest thousand, unless stated otherwise.

2.4. Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by nature and listed in

an order that reflects their relative liquidity and maturity pattern.

2.5. Comparative Information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements.

2.6. Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs'000), except when otherwise indicated.

2.7. Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

2.8. Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading. (LKASs and SLFRSs).

2.9. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1- Presentation of Financial Statements.

Financial Assets and Financial Liabilities are offset, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on net basis, or to realize the assets and settle the liability simultaneously.

2.10. Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standards (LKASs and SLFRSs) requires the management to make judgments, estimates

NOTES TO THE FINANCIAL STATEMENTS

and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates and judgemental decisions.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions that are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements is included in the following notes:-

Critical Accounting Estimate / Judgment Disclosure Reference

Critical Accounting Estimate / Judgment	Disclosure Reference	
	Note	Page
Biological Assets	13	287
Inventories	16	293
Income Tax Expense	10	281
Deferred Tax Assets / Liabilities	24	306
Retirement Benefit Obligations	22	302

2.11. Fair Value Measurement

'Fair Value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

When measuring fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value of non-financial assets

The fair value used by the Company in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market that is accessible by the Company for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant

observable inputs and minimizing the use of unobservable inputs.

3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

3.1. Foreign Currency

3.1.1. Foreign Currency Transactions

Transactions in foreign currencies are translated to Sri Lankan Rupees at the rates of exchange prevailing at the date of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated into local currencies at the rates of exchange prevailing at the reporting, while non-monetary items are reported at the rates prevailing at the date of the transactions were affected.

The exchange difference arising on the translations are recognized in the Statement of Profit or Loss.

3.2. Assets and Bases of their Valuation

Assets classified as Current Assets in the Statement of Financial Position are Cash and Bank balances and those which are expected to be realized in cash during, the normal operating cycle of the Company's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

3.2.1. Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right

to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of
- a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At the inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

3.2.1.1. Right of Use Asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right of use assets are subsequently amortized using a straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of Property, Plant and Equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

If ownership of the leased asset transferred to the Company at the end of the lease period or the cost reflect the exercise of a purchase option, amortization is calculated using the estimated useful life of the asset.

Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liability measured at the present value of lease payment to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the incremental borrowing rate. After the commencement date, amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of

NOTES TO THE FINANCIAL STATEMENTS

the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short term leases

The Company has elected not to recognize right of use assets and lease liabilities for short term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight – line basis over the lease term.

3.2.2. Property, Plant and Equipment

3.2.2.1. Recognition and Measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of Property, Plant and Equipment is the cost of acquisition or construction together with any incidental expenditure incurred in bringing the asset to its working condition for its intended use. Capital work in progress is transferred to the respective asset accounts, when the assets are available for use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.2.2.2. Subsequent Expenditure

The Cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day-to-day servicing of Property, Plant and Equipment are recognized in Statement of Profit or Loss as incurred.

3.2.2.3. Capital Work in Progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon. Capital work in progress transferred to the respective asset

accounts at the time of first utilization or at the time of the asset is commissioned.

3.2.2.4. De-recognition

The carrying amount of an item of Property, Plant and Equipment is de-recognized on disposal; or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized in Statement of Profit or Loss.

Gains and losses on disposal of an item of Property, Plant and Equipment are Determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment, and are recognized net within other income in Statement of Profit or Loss.

3.2.2.5. Permanent Land Development Costs

Permanent land development costs are cost incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalized and depreciated over the earlier of the end of the useful life of the asset or remaining lease period. Permanent impairments to land development costs are charged to the Statement of Profit or Loss in full and reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.2.3. Biological Assets

Biological assets are classified as Bearer Biological Assets and Consumable Biological Assets. Bearer Biological Assets include tea, rubber, oil palm and other diversify crops those that are not intended to be sold or harvested but are however used to grow for harvesting agricultural produce from such Biological Assets. Consumable Biological Assets include managed live trees those that are to be sold as Biological Assets.

Biological assets are further classified in to Mature Biological Assets and Immature Biological Assets. Mature Biological Assets are those that have attained harvestable specifications or are able to sustain regular

harvests. Immature biological assets are those that have not yet attained harvestable specifications.

3.2.3.1. Recognition and Measurement

The Company recognizes the Biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The expenditure incurred on bearer biological asset fields, which are bearing during the year, has been transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of reporting date.

The Bearer Biological assets are measured at cost less accumulated amortization and accumulated impairment losses, if any, in terms of LKAS 16 - Property, Plant and Equipment as per the option provided by the ruling issued by the Institute of Chartered Accountants of Sri Lanka.

The managed live trees are measured on initial recognition and at the end of each reporting period at fair value less cost to sell in terms of LKAS 41 - Agriculture. The cost is treated as approximation to fair value of young plants (age below 5 years) as the impact on biological transformation of such plants to price during this period is immaterial.

3.2.3.2. Bearer Biological Assets

The cost of land preparation, rehabilitation, new planting, re-planting, crop diversifying, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long term loans used for financing immature plantations.

Permanent impairments to Bearer Biological Assets are charged to the Statement of Profit or Loss and Other Comprehensive Income in full and reduce the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.2.3.3. Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling are capitalized when infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance and infilling costs so capitalized are amortized over the newly assessed remaining useful economic life of the relevant mature plantation or unexpired lease period, whichever is lower.

Infilling costs that are not capitalized are charged to the Statement of Profit or Loss in the year in which they are incurred.

3.2.3.4. Growing Crop Nurseries

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

3.2.3.5. Consumable Biological Assets

The managed live trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41 - Agriculture. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of live trees is measured using Discounted Cash Flow (DCF) method taking into consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer.

The main variables in DCF model concerns

Variable	Comment
Currency	Sri Lankan Rupees
Volume at Rotation	Estimate based on physical verification of girth, height and considering the growth of each species.
	Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company.
Economic Useful Life/ Optimum Rotation	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.
Selling Price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition.
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.

3.2.3.6. Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with LKAS 23 - "Borrowing Costs".

Borrowing costs incurred in respect of specific loans that are utilized for field development activities have been capitalized as a part of the cost of the relevant immature plantation. The capitalization will cease when the crops are ready for commercial harvest.

3.2.4. Depreciation and Amortization

a) Amortization of Assets on JEDB / SLSPC Lease

The leasehold rights to the assets of JEDB/SLSPC are amortized in equal amounts over the following years since 1992 (Lower of lease period and economic useful life).

Asset Category	No. of Years	Rate
Bare Land	53	1.9%
Mature Plantations	30	3.3%
Permanent Land Development Cost	30	3.3%
Buildings	25	4.0%
Plant and Machinery	15	6.7%

NOTES TO THE FINANCIAL STATEMENTS

b) Amortization of Other Mature Plantations (Re-planting and New Planting)

Asset Category	No. of Years	Rate
Mature Plantations (Tea)	33	3.00%
Mature Plantations (Rubber)	20	5.00%
Mature Plantations (Oil Palm)	20	5.00%
Mature Plantations (Coconut)	50	2.00%
Mature Plantations (Cinnamon)	15	6.67%
Mature Plantations (Coffee & Pepper)	4	25.00%

Amortization of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognised.

Amortization methods, useful lives and residual values are re-assessed at the reporting date. Mature plantations are amortized over their useful lives or unexpired lease period, whichever is lower.

c) Depreciation

Depreciation is charged on a straight-line basis over the estimated useful economic life of such assets based on the cost or re-valued amount of all Property, Plant and Equipment. Assets are depreciated over the shorter of the lease term or their useful lives.

Description	No. of Years	Rate
Buildings	40	2.50%
Permanent Land Development Costs	40	2.50%
Plant and Machinery	13	7.50%
Equipment	10, 8, 5	10%, 12.5%, 20%
Furniture and Fittings	10	10.00%
Motor Vehicles	5, 4	20.00%, 25.00%
Computer Hardware and Software	8, 4	12.50%, 25.00%

The remaining lease period as at Statement of Financial Position date is 20 Years.

3.2.5. Intangible Assets

An Intangible Assets is recognized if it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably. Such items with finite useful life are carried at cost less accumulated amortization and accumulated impairment losses.

a) Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of Property, Plant and Equipment.

b) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the Statement of Profit or Loss as incurred.

c) Amortization

Amortization is recognized in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life is as follows:

	No. of Years	Rate
Computer	4	25.00%
Software		

3.2.6. Non-harvested Produce on Bearer Biological Assets

The Company recognizes its agricultural produce prior to harvest separately from its bearer plant. Such agricultural produce prior to harvest continues to be in the scope of LKAS 41-Agriculture and measured at fair value less costs to sell. Changes in the fair value of such agricultural produce is recognized in the Statement of Profit or Loss at the end of each reporting period.

When deriving the estimated quantity, the Company limits it to one harvesting cycle and the quantity is ascertained based on the last day of the harvest in the immediately preceding cycle. In order to ascertain the fair value of produce growing on trees, 50% of the estimated crop in that harvesting cycle is considered.

3.2.7. Inventories

Agricultural Produce harvested from Biological Assets

Agricultural produce harvested from Biological Assets are measured at their fair value less cost to sell at the point of harvest.

The finished and semi-finished inventories from agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.

Agricultural Produce after further processing

Further processed output of Agricultural Produce are valued at the lower of cost and estimated net realizable value, after making do allowance for obsolete and slow-moving items. Net realizable value is the price at which stocks can be sold in the normal course of business after allowing for estimated costs of conversion and the estimated costs necessary to bring them to a saleable condition.

The cost incurred in bringing the inventories to its present location and conditions are accounted using the following cost formulas:-

Input Material

At actual cost on first-in-first-out basis.

Spares and Consumables

At actual cost on first-in-first-out basis.

Produced Stocks

Valued at lower of cost or Net Realizable Value (NRV).

3.2.8. Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize inclusive of provisions for bad and doubtful debts. Other receivables and dues from related parties are recognized at amortized cost less provision for bad and doubtful receivables.

3.2.9. Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows.

3.3. Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from the reporting date.

All known liabilities have been accounted for in preparing these Financial Statements. Provision and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.3.1. Employee Benefits

3.3.1.1. Defined Benefit Plan

The retirement benefit plan adopted is as required under the Payment of Gratuity Act No.12 of 1983 and the Indian Repatriate Act No.34 of 1978 to eligible employees. This item is grouped under Retirement Benefit Obligations in the Statement of Financial Position. Provision for Gratuity on the Employees of the Company is based on an actuarial valuation, using the Projected Unit Credit (PUC) method as recommended by LKAS 19 "Employee Benefits". Key assumptions used in determining the defined retirement benefit obligations are given in Note 22. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Actuarial gains or losses are recognized in full in the Other Comprehensive Income.

The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messrs Actuarial and Management Consultants (Private) Limited as at 31st March 2025. The liability is not externally funded. The settlement of the liability is based on legal liability method.

3.3.1.2. Defined Contribution Plans - Provident Funds and Trust Fund

The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/ Estate Staff's Provident Society (ESPS)/ Employees' Provident Fund (EPF).

All the employees of the Company are members of the Employees' Trust Fund, to which the Company contributes 3% on the consolidated salary of such employees.

3.3.2. Contingent Liabilities

Contingent Liabilities are possible obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control.

3.3.3. Trade and Other Payables

Trade and other payables are stated at their amortized costs.

3.3.4. Deferred Income

Grants and Subsidies

Government Grants are recognized where there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related assets. When the grants relate to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that are intended to compensate.

Government Grants related to Property, Plant and Equipment, other than grants received for consumer biological assets are initially deferred and allocated to income on a systematic basis over the useful or unexpired lease period life of the related Property, Plant and Equipment, more fully mentioned in Note 23 to the Financial Statements.

Grants related to revenue expenditure are recognized in the Statement of Profit or Loss in the year which it is receivable.

Unconditional grants received for Consumable Biological Assets measured at fair value less cost to sell are recognized in the Statement of Profit or Loss when, and only when such grants become receivable.

NOTES TO THE FINANCIAL STATEMENTS

3.3.5. Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12-Income Taxes.

3.4. Financial Instruments

3.4.1. Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not an FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.4.2. Classification and Subsequent Measurement

3.4.2.1. Financial Assets

On initial recognition, a financial asset is classified as measured at; amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequently to their recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL;

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL;

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

On the initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

a) Business model assessment:

The Company makes an assessment of the objectives of the business model in which a financial asset is held as a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes.

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate

profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to the Company's management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

b) Assessment whether Contractual Cash Flows are Solely Payment of Principal and Interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative cost), as well as a profit margin.

In assessing whether the contractual cash flows are solely payment of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this

condition. In making this assessment, the Company considers;

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable rate features
- Prepayment and extension features; and
- Terms that limits the Company's claim to cash flows from specific assets (e.g. non-recourse features)

The prepayment feature is consistent with the solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable addition compensation for early termination of the contract.

c) **Subsequent Measurement and Gains and Losses:**

Financial assets at amortised cost. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income and impairment are recognized in the Statement of Profit or Loss. Any gain or loss on derecognition is recognized in the Statement of Profit or Loss.

3.4.2.2. Financial liabilities

3.4.2.2.1. Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the Statement of Profit or Loss. Other financial liabilities are subsequently measured at amortized cost using effective interest method. Interest expense and foreign

exchange gains and losses are recognized in the Statement of Profit or Loss. Any gain or loss on derecognition is also recognized in the Statement of Profit or Loss.

3.4.3. Derecognition

3.4.3.1. Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3.4.3.2. Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the Statement of Profit or Loss.

3.4.4. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the Statement of Financial Position when, and only when, the Company currently has a legally enforceable right to set off the

amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.4.5. Impairment – Financial Assets

Non-derivative Financial Assets

3.4.5.1. Financial Instruments

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and the financial year end, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

3.4.5.2. Measurement of Expected Credit Losses (ECLs)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

3.4.5.3. Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset occurred.

NOTES TO THE FINANCIAL STATEMENTS

Evidence that a financial asset is credit-impaired includes the following observable data;

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.4.5.4. Write-off

The gross carrying amount of financial assets is written-off when the Company has known reasonable expectation of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's value in use and its fair value less cost to sale and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the assets is considered impaired and is written down to its' recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their

present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

Impairment loss of continuing operations are recognized in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. If that is the case, carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 'exceed' the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit or Loss.

Statement of Profit or Loss and Other Comprehensive Income

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive income the Directors are of the opinion that function of expenses method presents fairly the elements of the Company is performance, and hence such presentation method is adopted in line with the provisions of LKAS 1 in Presentation of Financial Statements.

3.4.6. Revenue and Income Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control to a customer.

The Company generates revenue primarily from the sale of tea, rubber and other agricultural produce. The revenue is recorded at invoice value net of brokerage, sale expenses and other levies related to

revenue. The Company recognizes revenue when it transfers control over good to a customer. The Company considers sale of tea, rubber and other agricultural produce as one performance obligation and recognizes revenue when it transfers control to the customer.

Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

3.4.6.1. Gain and Losses on Disposal

Gains and losses on disposal of an item of Property, Plant & Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant & Equipment and are recognized within 'other operating income' in the Statement of Profit or Loss.

3.4.6.2. Interest Income

Interest Income is recognized as the interest accrued (taking into account the effective yield on the asset) unless collectability is in doubt.

3.4.6.3. Other Income

Other income is recognized on an accrual basis.

3.4.6.4. Deferred Income

Grants related to assets are recognized as income in the Statement of Profit or Loss over the related assets' useful life so as to match them with the related costs which they are intended to compensate. Other grants are set-off against related expenses and the net amount is reflected in the Statement of Profit or Loss. Grants relating to assets, including non-monetary grants at fair value, are presented in the Statement of Financial Position by setting up the grant as deferred income.

3.4.7. Expenditure Recognition

All expenses incurred in running the business and in maintaining the Property, Plant and Equipment in a state of efficiency is charged to the Statement of Profit or Loss.

3.4.8. Finance Income / Finance Expense

Interest income is recognized as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset. These are recognized in the Statement of Profit or Loss using the effective interest method.

3.4.9. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit or Loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments do not meet the definition of income taxes, and therefore, accounted for them under LKAS 37 - Provisions, Contingent Liabilities and Contingent Asset.

3.4.9.1. Current Tax

Current tax expenses for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act. No. 45 of 2022 as amended by subsequent legislation enacted or substantively enacted by the reporting date. Relevant details are disclosed in Note 10 to the Financial Statements.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date.

3.4.9.2. Deferred Taxation

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts and tax bases used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

The principal temporary differences arise from depreciation on Property, Plant & Equipment, tax losses carried forward and provisions for defined benefit obligations.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

3.5. Segmental Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Managing Director the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.6. Related Party Transactions

Disclosure has been made in respect of the transaction in which one party has the ability to control or exercise significant influence over the financial and operating policies/ decisions of the other, irrespective of whether a price is being charged.

A detailed Related Party Transaction analysis is presented in Note 30 to the Financial Statements.

3.7. Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid is classified as operating cash flows, interest and dividends received and government grants received are classified as investing cash flows while dividends paid is classified as financing cash flows for the purpose of presenting the Statement of Cash Flows.

3.8. Events Occurring After the Reporting Period

Events after the reporting period are those events, favourable and unfavourable, occurring between the end of the reporting period and the date when the Financial Statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments or disclosures are made in the Financial Statements, where necessary.

3.9. Commitment and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, which are beyond the company's control. Contingent Liabilities are disclosed in Note 27 to the Financial Statements. Commitments are disclosed in Note 28 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

3.10. New Accounting Standards issued but not Effective as at the Reporting Date

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued several new accounting standards and amendments/improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards are allowed, but the Company has not early adopted any of the new or amended standards in the preparation of these financial statements.

3.10.1 Lack of Exchangeability (Amendments to LKAS 21)

The amendments will require Companies to provide new disclosures to help users to the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

Amendments to LKAS 21 is not expected to have a material impact on the Company's financial statements.

3.10.2 Sustainability Disclosure Standard – SLFRS S1 on “General Requirements for Disclosure of Sustainability-related Financial Information” (SLFRS S1) and SLFRS S2 on “Climate-related Disclosures” (SLFRS S2)

Due to the investors growing demand for ESG information, the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures).

As a local accounting standard setter, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 & SLFRS S2 during the year 2024. The adoption of the Sri Lanka Sustainability Disclosure Standards, SLFRS S1 and SLFRS S2 will become effective for the Company from 1st January 2025 and no material financial impact is expected on the Company except for additional disclosures.

Further, the Institute of Chartered Accountants of Sri Lanka has issued following new Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable for financial periods beginning on 1st January 2026 and 1st January 2027 respectively and no material financial impact is expected on the Company except for additional disclosures. Accordingly, the Company has not applied these standards in preparing these Financial Statements.

- Amendments to SLFRS 9 and SLFRS 7 - Classification and measurement of financial instruments
- SLFRS 18 – Presentation and disclosure in financial statements

For the Year ended 31st March		2025	2024
		Rs'000	Rs'000
4.	REVENUE		
	Segmental Analysis of Revenue:		
	Main Sectors - Tea	2,803,252	2,556,632
	- Rubber	532,356	513,318
		3,335,608	3,069,950
	Diversified Crops	298,555	261,013
	Sale of Live Trees	41,012	27,648
	Other Operating Revenue	22,042	27,125
		3,697,217	3,385,736
4.1.	Timing of Revenue Recognition		
	Goods transferred at point in time	3,697,217	3,385,736
	Total Revenue	3,697,217	3,385,736
4.2.	Contract Balances		
	Receivables, which are included in "trade and other receivables"	113,316	99,832

For the Year ended 31st March		2025	2024
		Rs'000	Rs'000
5.	GROSS PROFIT		
	Segmental Analysis of Gross Profit:		
	Main Sectors - Tea	491,957	461,433
	- Rubber	96,354	73,794
		588,311	535,227
	Diversified Crops	125,778	96,194
	Sale of Live Trees	8,527	8,399
	Other Operating Revenue	9,205	13,435
		731,821	653,255

Segmental Revenue, Expenses, Assets and Liabilities are more fully described in Note 33 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st March		2025	2024
		Rs'000	Rs'000
6.	OTHER INCOME		
	Amortization of Capital Grants (Refer Note No.23.1.1)	7,803	7,803
	Revenue Grants Received	-	100
		7,803	7,903

For the Year ended 31st March		2025	2024
		Rs'000	Rs'000
7.	CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS		
	Change in Fair Value of Consumable Biological Assets (Refer Note No.13.2.2)	54,916	24,669
	Gain on Fair Value of Bearer Biological Assets (Non-harvested Crop) (Refer Note No.13.5)	14,466	9,651
		69,382	34,320

For the Year ended 31st March		2025	2024
		Rs'000	Rs'000
8.	NET FINANCE EXPENSES		
8.1	Finance Income :		
	Interest Income	2,727	3,926
	Foreign Exchange Gain	8	-
	Total Finance Income	2,735	3,926
8.2	FINANCE EXPENSES :		
	Project Loan Interest	119,911	190,591
	Term Loan Interest	13,901	26,857
	Bank Overdraft Interest	40,892	73,176
	Interest on Government Lease and Other Finance Leases	40,794	34,666
	Other Finance Charges	656	847
	Foreign Exchange Loss	-	33
	Sub-Total	216,154	326,170
	Capitalization of Borrowing Costs on Immature Plantations	(59,320)	(87,624)
	Total Finance Expense	156,834	238,546
8.3	Net Finance Expenses	154,099	234,620

For the Year ended 31st March		2025	2024
		Rs'000	Rs'000
9.	PROFIT BEFORE TAX IS STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING :		
	Directors Emoluments	22,918	20,553
	Auditors Remuneration and Expenses -Statutory Audit	5,529	5,075
	Auditors Remuneration and Expenses -Other Audit Related Services	680	225
	Secretarial Fees and Expenses	3,069	460
	Legal Fees and Expenses	29,708	29,409
	Donations	-	100
	Depreciation and Amortization:-		
	Right of Use Assets	25,187	23,706
	Bearer Biological Assets	122,214	121,436
	Property, Plant & Equipment	76,508	63,448
	Total - Depreciation and Amortization:	223,909	208,590
	Personnel Costs include:-		
	Provision for Retirement Benefit Obligations :-		
	- Current Service Cost	48,011	28,880
	- Interest Cost	67,490	84,884
	Defined Contribution Plan Costs (Provident Funds and ETF)	209,735	184,024
	Other Staff Costs	1,635,793	1,306,891

For the Year ended 31st March		2025	2024
		Rs'000	Rs'000
10.	TAX EXPENSE		
10.1.	Current Taxes on Continuing Operations:		
	Current Income Tax Expense (Refer Note No.10.2)	-	-
	Deferred Tax Charge (Refer Note No.10.4.1)	124,793	121,978
	Provision for Advanced Company Tax (Refer Note No.17.2)	-	-
	Tax Expense on Statement of Profit or Loss	124,793	121,978

NOTES TO THE FINANCIAL STATEMENTS

10. TAX EXPENSE (Contd.)

For the Year ended 31st March	2025	2024
	Rs'000	Rs'000
10.2. Reconciliation between Profit before Tax and Current Tax Expense:		
Profit before Tax	305,423	226,483
Add: Disallowable expenses	427,599	369,595
Less: Allowable expenses	(636,267)	(662,858)
Profit from Agriculture, Trade or Business	96,756	(66,779)
Other Sources of Income/Interest Income	7,244	8,596
Total Statutory Income	103,999	(58,183)
Total Statutory Income for the year is Categorized under following Sectors:-		
Taxable Loss from Agro Farming - Exempted Income	-	(162,462)
Taxable Profit from Agro Processing	-	95,683
Taxable Profit from Business	96,756	-
Taxable Profit from Investment Income/Other Sources of Income	7,244	8,596
	103,999	(58,183)
Tax Loss set off during the year	(103,999)	(104,279)
Tax Exempted Income from Agro Farming	-	162,462
Total Taxable Income for the Year	-	-
Income Tax Expense	-	-
Tax Rates Applicable -		
Agro Farming	30%	Exempt
- Agro Processing	30%	30%
- Investment Income/ Other Sources of Income	30%	30%

As per Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto, the Company has calculated its profit from business including both "Agro Farming" and "Agro Processing" and "Investment Income" for the year ended 31st March 2025, applying the standard tax rate of 30%.

Profits derived from the business of Agro Farming have been exempted from income tax up to the year 2023/24 under the Inland Revenue (Amendment) Act No. 45 of 2022. The exemption expired after the year 2023/24, and income from Agro Farming is taxed at the standard rate of 30% starting from the year 2024/25.

For the Year ended 31st March	2025	2024
	Rs'000	Rs'000
10.3 Accumulated Tax Losses:		
Tax Losses Brought Forward	1,756,775	1,852,935
Write off Tax Loss due to the end of stipulated time period end	(1,479,482)	-
Under Provision of Income Tax for the Previous Year	31,308	8,119
Taxable Income set off during the year	(96,756)	(95,683)
Investment Income/Other Sources of Income set off	(7,244)	(8,596)
Tax Loss Carried Forward	204,601	1,756,775

For the Year ended 31st March		2025	2025	2024	2024
		Temporary	Tax	Temporary	Tax
		Differences	Effect	Differences	Effect
		Rs'000	Rs'000	Rs'000	Rs'000
10.4.	Deferred Tax				
	On Property, Plant & Equipment	345,885	103,766	309,764	92,929
	On Bearer Biological Assets	2,646,693	794,008	2,515,934	754,780
	On Consumable Biological Assets	619,451	185,835	594,745	178,424
	On Right of Use Assets	271,174	81,352	248,859	74,658
	On Lease Liabilities	(300,891)	(90,267)	(268,619)	(80,586)
	On Retirement Benefit Obligations	(731,164)	(219,349)	(601,608)	(180,482)
	On Provision for Slow Moving Stocks/Bad Debts	(30,936)	(9,281)	(16,034)	(4,810)
	On Deferred Income	(91,869)	(27,561)	(99,172)	(29,751)
	On Tax Loss Carried Forward	(204,602)	(61,381)	(459,301)	(137,790)
		2,523,742	757,123	2,224,570	667,370
	Tax Rates Applicable		30%		30%
	Provision of Deferred Tax (Refer Note 24)		89,752		84,344

For the Year ended 31st March		2025	2024
		Rs'000	Rs'000
10.4.1.	Recognized through		
	Statement of Profit or Loss	124,793	121,978
	Statement of Other Comprehensive Income	(35,041)	(37,634)
		89,752	84,344
10.4.2.	Charge during the year		
	Arising on during the year movement	89,752	84,344
		89,752	84,344

- 10.4.3.** Deferred Tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax (asset)/liability has been computed taking into consideration the effective tax rate, which is 30% (2023/24- 30%) for the Company..

NOTES TO THE FINANCIAL STATEMENTS

11. EARNINGS PER SHARE AND DIVIDENDS PER SHARE

11.1. Basic Earnings Per Share

Basic Earning per Share has been calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the year.

For the Year ended 31st March	2025	2024
Profit for the year -Rs'000	180,630	104,505
Weighted Average Number of Ordinary Shares in issue during the year -Numbers (in Thousands)	25,000	25,000
Basic Earnings Per Share -Rs. Cts.	7.23	4.18

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.

11.3. Dividends Per Share

For the Year ended 31st March	2025	2024
Dividends Paid -Rs.2.10 per share (2023/24- Rs 2.25 per share) -Rs'000	52,500	56,250
Dividend Payable -Rs.0.35 per share (2023/24- Rs 0.40 per share) -Rs'000	8,750	10,000
	61,250	66,250
Total Dividend per share -Rs.Cts	2.45	2.65

As at 31st March	2025	2024
	Rs'000	Rs'000

12. RIGHT OF USE ASSETS

Right of Use Land (Refer Note 12.1)	270,118	236,440
Right of Use Immovable Estate Assets (Refer Note 12.2)	1,056	4,320
Right of Use Building (Refer Note 12.3)	-	8,124
Right of Use Other Assets (Refer Note 12.4)	-	-
	271,174	248,883

As at 31st March	2025 Rs'000	2024 Rs'000
12.1. Right of Use Land		
Capitalized Value : As at 22nd June 1992	204,931	204,931
Net book value carried forward as at 1st April	236,440	158,721
Remeasurement of leasehold right as at 1st July	46,464	87,847
	282,904	246,568
Amortization		
Charge for the year	12,786	10,128
Amortization as at 31st March	12,786	10,128
Carrying Value as at 31st March	270,118	236,440

The Right of Use Asset of Lands consist of the lease rights on estates of Janatha Estates Development Board and Sri Lanka State Plantations Corporation .This right to use asset is amortized over the remaining lease period of 21 years from 1st April 2024.

	Bearer Biological Assets (Mature) Rs'000	Permanent Land Development Costs Rs'000	Buildings Rs'000	Plant & Machinery Rs'000	Total as at 31.03.2025 Rs'000	Total as at 31.03.2024 Rs'000
12.2. Right of Use Immovable Estate Assets						
Capitalized Value :						
As at 22.06.1992	190,818	3,432	45,920	5,852	246,022	246,328
Disposal During the Year	(396)	-	-	-	(396)	(307)
At the end of the year	190,422	3,432	45,920	5,852	245,626	246,022
Amortization :						
At the beginning of the year	186,498	3,432	45,920	5,852	241,703	236,906
Charge for the year	3,263	-	-	-	3,263	5,103
Disposal During the Year	(396)	-	-	-	(396)	(307)
At the end of the year	189,366	3,432	45,920	5,852	244,570	241,703
Carrying Amount :						
As at 31.03.2025	1,056	-	-	-	1,056	-
As at 31.03.2024	4,320	-	-	-	-	4,320

NOTES TO THE FINANCIAL STATEMENTS

12. RIGHT OF USE ASSETS (CONTD.)

12.3. Right of Use Building

As at 31st March	2025 Rs'000	2024 Rs'000
Net book value carried forward as at 1st April	8,124	16,248
Remeasurement of leasehold right	1,014	-
As at 31st March	9,138	16,248
Amorisation:		
Charge for the year	9,138	8,124
As at 31st March	9,138	8,124
Carrying Value as at 31 March	-	8,124

Horana Plantations PLC (Head Office) as a tenant, occupying a building which belongs to Hayleys PLC (Ultimate Parent). The effect to the Statement of Financial Position and amortization of building to 31st March 2025 are given above.

As at 31st March	2025 Rs'000	2024 Rs'000
12.4. Right of Use Other Assets		
Leasehold Machinery		
Cost :		
Balance as at 1st April	5,611	5,611
Balance as at 31st March	5,611	5,611
Depreciation :		
Balance as at 1st April	5,611	5,260
Charge for the year	-	352
Balance as at 31st March	5,611	5,611
Carrying Value as at 31 March	-	-

13. BIOLOGICAL ASSETS

13.1. Bearer Biological Assets

	Tea	Rubber	Oil Palm	Diversi- fication	Total as at 31.03.2025	Total as at 31.03.2024
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
13.1.1. Immature Plantations						
Cost :						
At the beginning of the year	151,443	35,882	4,129	562,268	753,722	488,341
Additions	79,619	13,087	832	162,225	255,762	340,371
Transfers to Mature	(118,787)	-	-	(4,068)	(122,855)	(78,597)
Transfers from/(to)	-	-	-	-	-	4,220
Write off during the year	-	-	-	-	-	(612)
At the end of the year	112,275	48,969	4,961	720,425	886,629	753,722
13.1.2. Mature Plantations						
Cost :						
At the beginning of the year	909,426	1,399,175	278,546	216,870	2,804,017	2,756,168
Transfers from Immature	118,787	-	-	4,068	122,855	78,597
Disposal during the year	-	(27,919)	-	-	(27,919)	(30,748)
Write off during the year	-	-	-	(11,441)	(11,441)	-
At the end of the year	1,028,213	1,371,256	278,546	209,497	2,887,512	2,804,017
Amortization :						
At the beginning of the year	309,434	617,595	54,961	59,816	1,041,806	948,463
Charge for the year	31,173	63,918	13,927	13,196	122,214	121,436
Disposal During the Year	-	(25,131)	-	-	(25,131)	(28,093)
Write off during the year	-	-	-	(11,441)	(11,441)	-
At the end of the year	340,607	656,382	68,888	61,572	1,127,448	1,041,806
Carrying Amount	687,606	714,874	209,658	147,925	1,760,064	1,762,211
13.1.3. Total Bearer Biological Assets	799,881	763,842	214,619	868,350	2,646,693	2,515,934

These are investments in immature/mature plantations since the formation of the Company. The assets (including plantations) taken over by way of estate leases are set out in Note 12.2. Further investments in the immature plantations taken over by way of these leases are also shown in the above. When such plantations become mature, the additional investments since take over to bring them to maturity have been (or will be) moved from immature to mature under this category as and when fields become mature.

NOTES TO THE FINANCIAL STATEMENTS

13. BIOLOGICAL ASSETS (CONTD.)

13.2. Consumable Biological Assets

As at 31st March		2025	2024
		Rs'000	Rs'000
13.2.1.	Immature Plantations		
	Cost:		
	At the beginning of the year	10,410	13,467
	Additions during the year	1,535	1,163
	Transfers (to) / from	(572)	(4,220)
	At the end of the year	11,373	10,410
13.2.2.	Mature Plantations		
	Fair Value :		
	At the beginning of the year	584,335	578,079
	Decrease due to Harvest	(31,745)	(18,412)
	Increase due to new plantations	572	-
	Change in Fair Value less costs to sell	54,916	24,669
	At the end of the year	608,078	584,335
13.2.3.	Total Consumable Biological Assets	619,451	594,745

13.2.4. Basis of Valuation

Under LKAS 41-Agriculture the company has valued its managed plantations at fair value less cost to sell. Managed timber plantations as at 31st March 2025 comprised approximately 352 hectares.

Managed trees which are less than five years old are considered to be immature consumable biological assets, amounting Rs.11.4 Million as at 31st March 2025. The cost of immature trees is treated as approximate fair value, particularly on the ground that little biological transformation has taken place and the impact of the biological transformation on price is not material. When such plantation become mature , the additional investments since taken over to bring them to maturity are transferred from immature to mature.

The mature consumable biological assets were valued by Chartered Valuer Mr.A.A.M.Fathihu- Proprietor of FM Valuers for 2024/25 using Discounted Cash Flow (DCF) method . In ascertaining the fair value of timber, physical verification was carried covering all the estates.

Key assumptions used in valuation are;

13.2.4.1. The prices adopted are net of expenditure

13.2.4.2. Discounted rates used by the Valuer are within the range of 13%-15%.

The valuation, as presented in the external valuation model based on the net present value, takes into accounts the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realization value. The Board of Directors retains their view that commodity markets are inherently volatile and their long-term price projection are highly unpredictable. Hence, the sensitivity analysis regarding the selling price and discount rate variation as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the valuation against his own assumptions.

The biological assets of the Company are mainly cultivated in leased lands. When measuring the fair value of the biological assets it was assumed that these concession can and will be renewed at normal circumstances. Timber content expects to be realized in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease..

13.2.5. The Company is exposed to the following risks relating to its live tree plantation:-

13.2.5.1. Regulatory and Environmental Risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

13.2.5.2. Supply and Demand Risks

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

13.2.5.3. Climate and Other Risks

The Company's timber 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.

NOTES TO THE FINANCIAL STATEMENTS

13. BIOLOGICAL ASSETS (CONTD.)

13.3. Sensitivity Analysis

13.3.1. Sensitivity Variation on Sales Price

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the average sales price applied. Simulations made for timber show that an increase or decrease by 5% of the estimated future selling price has the following effect on the Net Present Value of the Biological assets..

		-5.0%	+5.0%
31 March 2025	Rs'000	(30,404)	30,404
31 March 2024	Rs'000	(29,217)	29,217

13.3.2. Sensitivity Variation on Discount Rate

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the Net Present Value of the Biological assets.

		-1%	+1%
31 March 2025	Rs'000	31,366	(27,775)
31 March 2024	Rs'000	27,089	(23,911)

13.4. Capitalization of Borrowing Costs

"Borrowing costs amounting to Rs.59,320 Million (Rs.87.623 Million in 2023/24) directly relating to investment in Biological Assets (Immature Plantations) have been capitalized during the period, at an average borrowing rate of 10.38% per annum (13.49% per annum in 2023/24).

As at 31st March	2025 Rs'000	2024 Rs'000
13.5. Non-harvested Produce on Bearer Biological Assets		
At the beginning of the year	9,651	9,847
Gain on Fair Value of Non-harvested Produce	14,466	9,651
Charged to Statement of Profit or Loss	(9,651)	(9,847)
At the end of the year	14,466	9,651

The volume of produce growing on bearer plants are measured considering the estimated crop of the last harvesting cycle of the year as follows :-

Tea -three days crop (50% of 6 days cycle), Oil Palm -five days crop (50% of 10 days cycle), Rubber -one day crop (50% of 2 days cycle) and Coconut -one month crop (50% of 2 months cycle).

Produce that grows on mature bearer plantations are measured at fair value less cost of harvesting and transport. The fair value of the unharvested green leaves is measured using the bought leaf formula recommended by the Sri Lanka Tea Board, the fair value of the unharvested fresh fruit bunches(FFB) of Oil Palm is measured using the using the Bought Mill Price and the Rubber crop is fair valued using 95% of RSS 1 Price. Coconut is fair valued using the Farm Gate Price.

14. PROPERTY, PLANT & EQUIPMENT

	Infrastructure and Buildings	Plant & Machinery	F & F / Equipment	Motor Vehicles	Capital Work in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost :						
As at 1st April 2023	380,891	420,387	271,332	203,215	5,412	1,281,237
Additions	25,314	10,757	43,629	14,158	(1,540)	92,317
On disposals	(1,925)	(338)	(71,203)	(704)	-	(74,170)
As at 31st March 2024	404,280	430,806	243,758	216,668	3,872	1,299,384
Depreciation :						
As at 1st April 2023	133,216	302,356	109,330	184,242	-	729,145
Charge for the year	12,773	16,593	29,446	4,542	-	63,354
On disposals	(634)	(338)	(70,375)	(704)	-	(72,051)
As at 31st March 2024	145,355	318,612	68,401	188,079	-	720,448
Cost :						
As at 1st April 2024	404,280	430,806	243,758	216,668	3,872	1,299,384
Additions	10,977	26,742	101,674	-	33,664	173,057
As at 31st March 2025	415,257	457,548	345,432	216,668	37,536	1,472,442
Depreciation :						
As at 1st April 2024	145,355	318,612	68,401	188,079	-	720,448
Charge for the year	13,867	16,179	38,115	7,468	-	75,628
On disposals	-	-	-	-	-	-
As at 31st March 2025	159,222	334,791	106,516	195,547	-	796,076
Carrying Amount :						
As at 31st March 2025	256,035	122,757	238,916	21,121	37,536	676,366
As at 31st March 2024	258,925	112,194	175,357	28,589	3,872	578,938

- (a) These Property, Plant and Equipment are those movable assets vested in the Company by Gazette Notification on the date of formation of the company (i.e. 22nd June 1992), and all investment in tangible assets (both movables and immovables) by the Company since its formation, other than plantation improvements.
- (b) The cost of fully depreciated Property, Plant & Equipment of the Company which are still in use as at the year end is Rs. 469.97 Mn (2023/24-Rs.432.1 Mn).
- (c) Details of assets pledged as mortgage are more fully described under Note 20 "Interest Bearing Loans & Borrowings".
- (d) Capital Work in Progress as at 31st March 2025 mainly includes Solar Panels and Related Equipments.

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT & EQUIPMENT (CONTD.)

14.1. Extents, Locations, Valuations and Number of Buildings of the Company's Land Holdings as at 31st March 2025

Location	Planting District	Leasehold Lands		Buildings			
		Extents	Valuation*	Numbers	Leasehold Valuation*	Freehold Cost	Total
		Hectares.	Rs'000		Rs'000	Rs'000	Rs'000
Up-Country							
Upcot/Maskeliya Region							
Alton	Nuwara Eliya	350	12,914	269	4,368	23,397	27,765
Fairlawn	Nuwara Eliya	448	17,132	229	3,754	29,095	32,849
Gouravilla	Nuwara Eliya	381	13,912	770	7,700	35,159	42,859
Mahanilu	Nuwara Eliya	236	9,058	146	4,923	11,814	16,737
Stockholm	Nuwara Eliya	305	11,393	522	5,034	56,378	61,412
Regional Total		1,720	64,409	1,936	25,778	155,844	181,622
Lindula Region							
Bambrakelly	Nuwara Eliya	591	19,728	357	4,347	26,400	30,746
Eildon Hall	Nuwara Eliya	162	6,301	303	2,941	19,834	22,775
Tillicoultry	Nuwara Eliya	377	13,807	691	3,608	12,249	15,857
Regional Total		1,130	39,836	1,351	10,895	58,482	69,378
Up-Country Total		2,850	104,245	3,287	36,673	214,326	251,000
Low Country							
Millakande	Kalutara	387	14,822	177	1,680	20,039	21,719
Halwatura	Kalutara	612	16,110	80	1,198	13,513	14,712
Hillstream	Kalutara	400	12,317	26	561	4,563	5,124
Neuchatel	Kalutara	902	20,172	105	1,361	28,214	29,575
Mirishena	Kalutara	487	12,908	152	1,376	10,232	11,608
Frocester/Kobowella	Kalutara	881	24,358	142	3,069	39,535	42,604
Low-Country Total		3,669	100,686	682	9,246	116,096	125,342
Total		6,519	204,931	3,969	45,920	330,423	376,342

* Capitalized Values of the Lands and Buildings at 22nd June 1992.

15. INTANGIBLE ASSETS

	ERP System	Other Software	2025 Total	2024 Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cost				
As at 1st April	9,464	5,744	15,208	15,869
Acquisition during the year	4,600	-	4,600	811
Disposal during the year	-	-	-	(1,472)
As at 31st March	14,064	5,744	19,808	15,208
Accumulated Amortisation				
As at 1st April	9,464	4,839	14,303	15,681
Amortisation charge for the year	668	212	880	94
On disposals	-	-	-	(1,472)
As at 31st March	10,132	5,051	15,183	14,303
Carrying Amount :				
As at 31st March	3,932	693	4,625	905

16. INVENTORIES

As at 31st March	2025 Rs'000	2024 Rs'000
Harvested Crops	522,944	300,206
Value Added Products	3,543	1,216
Consumables and Spares	86,116	225,100
Nurseries and Compost	9,206	7,241
	621,809	533,764
Provision for Obsolete/Slow Moving Inventories (Refer Note 16.1)	(29,581)	(9,328)
	592,228	524,435
16.1. Provision for Obsolete Inventories		
At the beginning of the year	9,328	9,721
Charge/(Reversal) for the Year	20,253	(393)
At the end of the year	29,581	9,328

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March		2025	2024
		Rs'000	Rs'000
17.	TRADE & OTHER RECEIVABLES		
	Trade Receivables	113,316	99,832
	Staff Debtors	36,046	31,357
	Tax Recoverable	998	650
	Other Receivables	3,444	6,533
	Deposits, Advances and Prepayments	72,693	46,389
		226,497	184,762
	Provision for Impairment of Other Receivables (Refer Note 17.1)	(1,355)	(6,706)
		225,142	178,057
17.1	Provision for Impairment of Other Receivables		
	At the beginning of the year	6,706	6,105
	(Reversal)/Charge for the Year	(5,351)	601
	At the end of the year	1,355	6,706
17.2	Advance Company Tax (ACT) Recoverable		
	Advance Company Tax	27,285	27,285
	Provision for Advance Company Tax (ACT)		
	At the beginning of the year	27,285	27,285
	Provisions made during the Year	-	-
	At the end of the year	27,285	27,285
	Carrying Value as at 31 March	-	-

As at 31st March		2025	2024
		Rs'000	Rs'000
18.	CASH & CASH EQUIVALENTS		
18.1.	Favourable Balances		
	Short Term Monetary Investments	27,838	25,803
	Cash at Bank and in Hand	17,150	19,213
	Cash in Transit	1,594	2,106
	Cash and Cash Equivalents shown in the Statement of Financial Position	46,582	47,122
18.2.	Unfavourable Balances		
	Bank Overdrafts (Refer Note No.26.1)	(590,716)	(323,544)
18.3	Cash and Cash Equivalents shown in the Statement of Cash Flows	(544,133)	(276,422)

As at 31st March		2025	2024
		Rs.	Rs.
19.	STATED CAPITAL		
	Issued and Fully Paid :-		
	25,000,000 Ordinary Shares	250,000,000	250,000,000
	1 Golden Share held by Secretary to the Treasury (Refer Note 19.1)	10	10
		250,000,010	250,000,010

19.1. Rights of the Golden Shareholder :

The concurrence of the Golden Shareholder will be required for the Company to sub-lease any of the estate lands/to be leased to the company by the Janatha Estate Development Board/Sri Lanka State Plantations Corporation.

The concurrence of the Golden Shareholder will be required to amend any clause in the Articles of Association of the Company which grant specific rights to the Golden Shareholder.

The Golden Shareholder or his nominee, will have the right to examine the books and accounts of the company at any time with two weeks written notice.

The Company will be required to submit a detailed quarterly report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of each fiscal year.

The Golden Shareholder can request the Board of Directors of the Company to meet with him/his nominee, once every quarter to discuss issues of interests to the Government relating to the Company's operations.

The Golden Share must be owned either directly by the Government or by a 100% Government owned public company."

NOTES TO THE FINANCIAL STATEMENTS

20. INTEREST BEARING LOANS & BORROWINGS

As at 31st March	2025 Rs'000	2024 Rs'000
At the beginning of the year	1,545,939	1,190,814
Loans obtained during the year	90,000	800,000
Repayments during the year	(538,423)	(444,875)
At the end of the year	1,097,516	1,545,939

20.1. Payable as follows:-

Amount repayable within one year	319,954	447,077
Amount repayable more than one year	777,562	1,098,862
Total Payable	1,097,516	1,545,939

20.2. Project Loans repayable in forty eight (48 months), after a twenty four (24) months grace period / * forty eight (48) months, after a twelve (12) months grace period:

Purpose	Date of Receipt	Hatton National Bank PLC		2025	2024
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Main & Minor Crops	24-Mar-17	250,000	AWPLR + 2.00%	-	21,200
Replanting of Main & Minor Crops	30-May-18	200,000	AWPLR + 1.75%	-	61,400
Replanting of Main & Minor Crops*	31-Dec-20	250,000	AWPLR + 1.25%	-	109,384
Replanting of Main & Minor Crops**	5-May-22	275,000	AWPLR + 0.85%	148,940	217,700
Replanting of Main & Minor Crops*	21-Sep-23	228,000	AWPLR + 1.00%	199,500	228,000
Replanting of Main & Minor Crops*	21-Sep-23	172,000	AWPLR + 1.00%	150,520	172,000
		1,375,000		498,960	809,684

Security Offered :

Primary Floating Mortgage for Rs.550 Million, over leasehold rights of Frocester Estate.

Primary Floating Mortgage for Rs.400 Million, over leasehold rights of Bambrakelly Estate.

**Primary Floating Mortgage for Rs.275 Million, over leasehold rights of Mirishena Estate.

20.3. Project Loans repayable in seventy two (72) monthly instalments, after a twenty four (24) months grace period:

Purpose	Date of Receipt	Commercial Bank of Ceylon PLC		2025	2024
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Main Crops	7-Sep-17	100,000	AWPLR + 2.00%	-	31,890
		100,000		-	31,890

Security Offered :

Primary Floating Mortgage for Rs.120 Million, over the leasehold rights of land and buildings of Stockholm Estate.

20.4. Project Loans repayable in forty eight (48) monthly instalments, after a twenty four (24) months grace period:

Purpose	Date of Receipt	Sampath Bank PLC		2025	2024
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Oil Palm	31-Jul-19	200,000	Monthly AWPLR + 0.50%	15,200	65,600
		200,000		15,200	65,600

Security Offered :

Primary Mortgage for Rs.150 Million, over the leasehold rights of land and buildings of Gouravilla Estate.

Primary Mortgage for Rs.150 Million, over the leasehold rights of land and buildings of Alton Estate.

20.5. Project Loans repayable in sixty (60) monthly instalments :

Purpose	Date of Receipt	Commercial Bank of Ceylon PLC		2025	2024
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Tea, Rubber, Coconut and Other Crops	26-Mar-21	350,000	Fixed Rate 8.50%	69,968	139,976
		350,000		69,968	139,976

Security Offered :

Primary Mortgage Bond over receivables of Tea sales routed through Forbes & Workers Tea Brokers (Pvt) Ltd and John Keells PLC.

20.6. Project Loans repayable in seventy two (72) monthly instalments :

Purpose	Date of Receipt	People's Bank		2025	2024
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Installation of Rooftop Solar Panels and Related Equipment	31-Dec-24	90,000	1-5 years Monthly AWPLR -1% and 6th year AWPLR +1%	86,250	-
		90,000		86,250	-

Security Offered :

Monthly buildup margin of Rs.250,000 per month and negative pledge over solar panels and other accessories related to the project.

NOTES TO THE FINANCIAL STATEMENTS

20. INTEREST BEARING LOANS & BORROWINGS (CONTD.)

20.7. Project Term Loan repayable in forty eight (48) monthly instalments, after a twenty four (24) months grace period:

Purpose	Date of Receipt	Sampath Bank PLC		2025	2024
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Main and Minor Crops	13-Dec-23	400,000	Monthly AWPLR + 0.25%	400,000	400,000
		400,000		400,000	400,000

Security Offered :

Existing Primary Mortgage of Rs. 150 Million and additional Mortgage for Rs.158.75 Million, over the leasehold rights of land and buildings of Gouravilla Estate.

Existing Primary Mortgage of Rs. 150 Million and additional Mortgage for Rs.118.45 Million, over the leasehold rights of land and buildings of Alton Estate.

Lien Over funds lying to the Fixed Deposit.

20.8. Term Loan, repayable in thirty six (36) monthly instalments:

Purpose	Date of Receipt	Hatton National Bank PLC		2025	2024
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Working Capital Management	5-May-22	125,000	AWPLR + 0.75%	6,850	48,550
		125,000		6,850	48,550

Security Offered :

Primary Floating Mortgage for Rs.125 Million, over leasehold rights of Mirishena Estate.

20.9. Term Loan, repayable in sixty (60) monthly instalments, after a six (06) months grace period:

Purpose	Date of Receipt	Commercial Bank of Ceylon PLC		2025	2024
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Installation of Rooftop Solar Panels and related equipment (Alton, Fairlawn and Stockholm Estates)	31-Jan-22	43,477	Fixed Rate of 7.75%	20,288	28,984
Installation of Rooftop Solar Panels and related equipment (Gouravilla and Mahanilu Estates)	16-Jun-22	28,985	AWPLR + 1.50%	-	21,255
		72,461		20,288	50,239

Security Offered :

Primary mortgage bond over Solar Panels and related equipment of Alton, Fairlawn, Stockholm, Gouravilla and Mahanilu Estates.

As at 31st March	2025	2024
	Rs'000	Rs'000
Total Payable	1,097,516	1,545,939

20.10. Maturity Analysis :

Financial Institution	Within Year-1	Within Year-2	Between Year-3 to Year-5	More than 5 Years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Hatton National Bank PLC (Refer Note 20.2)	68,760	68,760	11,420	-	148,940
	57,000	57,000	85,500	-	199,500
	44,880	44,880	60,760	-	150,520
Sampath Bank PLC (Refer Note 20.4)	15,200	-	-	-	15,200
Commercial Bank of Ceylon PLC (Refer Note 20.5)	69,968	-	-	-	69,968
People's Bank (Refer Note 20.6)	15,000	15,000	30,000	26,250	86,250
Sampath Bank PLC (Refer Note 20.7)	33,600	33,600	67,200	265,600	400,000
Hatton National Bank PLC (Refer Note 20.8)	6,850	-	-	-	6,850
Commercial Bank of Ceylon PLC (Refer Note 20.9)	8,696	8,696	2,896	-	20,288
Total	319,954	227,936	257,776	291,850	1,097,516

21. LEASE LIABILITIES

As at 31st March	2025			2024		
	Payable Within One Year	Payable After One Year	Total	Payable Within One Year	Payable After One Year	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Lease Liabilities - Land (Refer Note 21.1)	3,547	297,344	300,891	2,609	255,867	258,476
Lease Liabilities - Building (Refer Note 21.2)	-	-	-	10,143	-	10,143
	3,547	297,344	300,891	12,752	255,867	268,619

NOTES TO THE FINANCIAL STATEMENTS

21. LEASE LIABILITIES (CONTD.)

21.1 Lease Liabilities - Lands

As at 31st March	2025			2024		
	Gross Liability	Future Finance Cost	Net Liability	Gross Liability	Future Finance Cost	Net Liability
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
21.1.1. Movement :						
At the beginning of the year	791,052	(532,576)	258,475	557,936	(382,578)	175,358
Remeasurement of right-of-use asset as at 1st July	137,843	(91,379)	46,464	270,624	(182,777)	87,847
	928,894	(623,955)	304,939	828,560	(565,355)	263,205
Repayments during the year	(44,072)	-	(44,072)	(37,508)	-	(37,508)
Interest Expense for the year	-	40,023	40,023	-	32,779	32,779
At the end of the year	884,822	(583,931)	300,891	791,052	(532,576)	258,475
21.1.2 Payable as follows :						
Payable within One Year	-	-	-	-	-	-
Payable by due dates	44,743	(41,196)	3,547	37,911	(35,302)	2,609
	44,743	(41,196)	3,547	37,911	(35,302)	2,609
Payable after One Year :-						
Payable within Two to Five Years	176,852	(159,000)	17,852	150,865	(137,552)	13,313
Payable after Five Years	663,229	(383,736)	279,492	602,278	(359,723)	242,555
	840,081	(542,737)	297,344	753,142	(497,275)	255,867
Total Payable	884,824	(583,932)	300,891	791,053	(532,577)	258,476

The weighted average incremental borrowing rate applied to the lease liabilities was 14.44% (01 April 2019).

The rental payable under the JEDB/SLSPC lease is Rs. 11.018 Million per quarter until 21st July 2045 and this amount to be inflated annually by Gross Domestic Production (GDP) Deflator. The future liability will be remeasured annually based on the inflated annual lease rental.

21.2. Lease Liabilities - Building

As at 31st March	2025			2024		
	Gross Liability	Future Finance Cost	Net Liability	Gross Liability	Future Finance Cost	Net Liability
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
21.2.1. Movement						
At the beginning of the year	10,843	(700)	10,143	21,686	(2,587)	19,099
Remeasurement of leasehold right as at 01st April	1,084	(70)	1,014	-	-	-
Accretion of Interest	-	770	770	-	1,887	1,887
Payments during the year	(11,928)	-	(11,928)	(10,843)	-	(10,843)
At the end of the year	-	-	-	10,843	(700)	10,143
21.2.2. Payable as follows						
Payable within One Year	-	-	-	10,843	(700)	10,143
Payable after One Year	-	-	-	-	-	-
Total Lease Liability as at 31 March	-	-	-	10,843	(700)	10,143

The weighted average incremental borrowing rate applied to the lease liabilities was 12.51% (01 April 2020).

21.3. Following are the amounts recognized in the Statement of Profit or Loss and the Statement of Cash Flows related to all the leases of the Company as of the reporting date:-

As at 31st March	2025	2024
	Rs'000	Rs'000
Amounts recognized in the Statement of Profit or Loss		
- Interest on Lease Liabilities	40,794	34,666
- Amortization of ROU Assets	25,187	23,706
Amounts recognized in the Statement of Cash Flows		
- Total Cash outflows for Leases	56,000	48,351

NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	2025 Rs'000	2024 Rs'000
At the beginning of the year	601,608	505,748
Provision made during the Year	232,304	239,210
Payments made during the Year	(102,748)	(143,350)
At the end of the year	731,164	601,608
Payable for Retired Employees included under Current Liabilities	(30,719)	(39,188)
Present Value of Obligation as at 31st March	700,445	562,419

An Actuarial Valuation of the retirement benefit obligation was carried out as at 31st March 2025 by Mr. M. Poopalanathan, Actuarial & Management Consultants (Pvt) Ltd.

The valuation method used by the actuaries to value the benefit is the "Project Unit Credit (PUC) Method", the method recommended by the Sri Lanka Accounting Standards (LKAS) No.19 "Employee Benefits".

According to the actuarial valuation report as at 31 March 2025, the actuarial present value of promised retirement benefits amounted to Rs.700.445 Million. If the Company had provided for gratuity on the basis of 14 days wages and half months salary for each completed year of service, the liability would have been Rs. 750.874 Million (2023/24 - Rs. 620.546 Million).

22.1. The amount recognized in the Statement of Financial Position is as follows:-

As at 31st March	2025 Rs'000	2024 Rs'000
Present Value of Unfunded Obligation	700,445	562,419
Present Value of Funded Obligation	-	-
Total Present Value of Obligation	700,445	562,419
Fair Value of Plan Assets	-	-
Present Value of Net Obligation	700,445	562,419
Unrecognised Actuarial (Gain)/Losses	-	-
Recognized liability for Retirement Benefit Obligations	700,445	562,419

22.2. Movement in the Present Value of Retirement Benefit Obligations:-

As at 31st March	2025 Rs'000	2024 Rs'000
Liability for Retirement Benefit Obligations as at 1st April	562,419	458,833
Actuarial Loss - due to experience adjustments	97,969	11,364
Actuarial Loss - due to changes in financial and demographic assumptions	18,834	114,082
Benefit payable by the Plan	(94,278)	(135,624)
Current Service Cost	48,011	28,880
Interest Cost	67,490	84,884
Liability for Retirement Benefit Obligations as at 31st March	700,445	562,419

22.3. Expenses recognized in Statement of Profit or Loss and Other Comprehensive Income:-

As at 31st March	2025 Rs'000	2024 Rs'000
Current Service Cost	48,011	28,880
Interest Cost	67,490	84,884
Actuarial Loss during the year	116,803	125,446
	232,304	239,210

22.4. The Key Assumptions used by the actuary include the following:-

As at 31st March	2025	2024
22.4.1. Rate of Interest	-11% per annum	-12% per annum
22.4.2. Rate of Salary Increase		
- Workers	-9.00% per annum	-10.00% per annum
- Estate Staff	-10.00% per annum	-11.00% per annum
- Head Office Staff	-10.00% per annum	-11.00% per annum
22.4.3. Retirement Age		
- Workers	-60 years	-60 years
- Estate Staff	-60 years	-60 years
- Head Office Staff	-60 years	-60 years
22.4.4. Staff Turnover	-Range of 0.09 to 0.00	- range of 0.07 to 0.02

22.4.5. The Company will continue as a going concern.

22.4.6. The weighted average duration of the Retirement Benefit Obligation at the end of the reporting period is 7.5 years and 7.4 years for staff and workers respectively.

22.4.7. A Long-term treasury bond rate 11% p.a. (2024 - 12% p.a.) was used to discount future liabilities taking into consideration remaining working life of employees.

22.5. Sensitivity Analysis:-

The following sensitivity analysis shows the significance of the change in liability of Present Value of the Retirement Benefit Obligation due to change in salary/wage escalation rate and discount rate assumed in this valuation, for all employees as at 31st March 2025 :-

Discount Rate	Salary Escalation Rate	Impact to Present Value of the Retirement Benefit Obligations Rs '000
Increase of 1%	As per Note No.22.4.2	656
Decrease of 1%	As per Note No.22.4.2	750
As per Note No.22.4.1	Increase of 1%	754
As per Note No.22.4.1	Decrease of 1%	653

NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

22.6. Maturity Profile of the Retirement Benefit Obligation :-

Future Working Life Time	Present Value of the Retirement Benefit Obligations Rs'000
Within the next 12 months	87,548
Between 2 - 5 years	215,850
Between 6 -10 years	185,804
Beyond 10 years	211,242
Total	700,445

23. DEFERRED INCOME

As at 31st March	2025 Rs'000	2024 Rs'000
23.1. Deferred Capital Grants and Subsidies		
23.1.1. Movement :		
Grant and Subsidies Received :		
At the beginning of the year	210,639	210,139
Received during the year	500	500
At the end of the year	211,139	210,639
Accumulated Amortization :		
At the beginning of the year	111,468	103,665
Amortisation for the year	7,803	7,803
At the end of the year	119,271	111,468
Net Grants and Subsidies	91,869	99,172

The amounts spent are included under the relevant category of Property, Plant & Equipment and Biological Assets and the grant/ subsidies received for such is reflected under Deferred Income. When the Company complies with the conditions attached to the grants/ subsidies, the grants/subsidies will be credited to the Statement of Profit or Loss over the useful life of the respective assets.

23.1.2. Category wise details on Deferred Capital Grants and Subsidies

Granted By	Purpose of the Grant	Amount Received (to-date) Rs'000	Basis of Amortization	Balance as at 31-Mar-24 Rs'000	Received during the Year Rs'000	Amortized during the Year Rs'000	Balance as at 31-Mar-25 Rs'000
Sri Lanka Tea Board	Tea Factory Modernization	1,602	Rate of Depreciation applicable to Plant & Machinery (7.50% p.a.)	867	-	96	771
	Tea Replanting Subsidy	8,336	Will be amortised at rate applicable to Tea Mature Plantations, after become mature (3.00% p.a.)	7,292	500	310	7,482
	Farm Waste Shedder	300	Rate of Depreciation applicable to Equipment (20.00% p.a.)	225	-	38	187
Plantation Development Project (PDP) -Asian Development Bank (ADB)	Improvement of workers living environment	31,588	Rate of Depreciation applicable to Buildings (2.50% p.a.)	10,930	-	1,128	9,802
Plantation Human Development Trust (PHDT)	Improvement of workers living environment	45,143	Rate of Depreciation applicable to Buildings and Furniture & Fittings (2.50% and 10.00% p.a.)	19,135	-	1,600	17,535
Estate Infrastructure Development Project (EIDP)	Improvement of workers living environment	489	Rate of Depreciation applicable to Buildings (2.50% p.a.)	183	-	17	166
Plantation Development Project (PDP) -ADB/JBIC	Improvement of workers living environment	20,051	Rate of Depreciation applicable to Buildings (2.50% p.a.)	10,318	-	716	9,601
	Internal Road Development and Boundary Posts	4,622	Rate of Depreciation applicable to Permanent Land Development Cost (2.50% p.a.)	2,474	-	165	2,309
	Minor Factory Development	10,099	Rate of Depreciation applicable to Buildings (2.50% p.a.)	5,486	-	361	5,126
Rubber Development Department (RDD)	Rubber Replanting Subsidy	51,311	Will be amortised at rate applicable to Rubber Mature Plantations, after become mature (5.00% p.a.)	42,169	-	3,363	38,807
Export Agriculture Department (EAD)	Cinnamon Replanting Subsidy	130	Will be amortised at rate applicable to Cinnamon Mature Plantations, after become mature (6.67% p.a.)	92	-	9	84
		174,170		99,172	500	7,803	91,869

NOTES TO THE FINANCIAL STATEMENTS

24. DEFERRED TAX LIABILITY

As at 31st March	2025 Rs'000	2024 Rs'000
At the beginning of the year	667,370	583,027
Charged during the period (Refer Note 10.4.1)	89,752	84,344
At the end of the year	757,122	667,370

25. TRADE & OTHER PAYABLES

As at 31st March	2025 Rs'000	2024 Rs'000
Trade and Service Creditors	93,434	85,084
Retiring Benefit Obligations -Current Payable (Refer Note 22)	30,719	39,188
Bank Interest Payable	4,289	5,147
Other Payables and Accrued Charges (Refer Note 25.1)	268,403	199,132
	396,845	328,552

25.1. Other Payables and Accrued Charges :

Staff Creditors	101,751	67,242
Government Departments and Statutory Bodies	40,484	33,107
Others including Provisions and Accrued Charges	126,168	98,783
	268,403	199,132

26. SHORT TERM BORROWINGS

26.1. Bank Overdrafts (Secured) :

Financial Institution	Type of Securities	Rate of Interest (per annum)	Facility Available Rs'000	2025 Rs'000	2024 Rs'000
Seylan Bank PLC Millennium Branch Colombo 1	Mortgage over leasehold rights of Mahanilu Estate, including land and buildings, fixed and floating assets.	Monthly AWPLR + 2.5%	100,000	-	5,172
Commercial Bank of Ceylon PLC Foreign Branch Colombo 1	Mortgage over leasehold rights of Stockholm Estate and Fairlawn Estate, including buildings, fixed and floating assets.	Weekly AWPLR + 0.5%	200,000	183,527	134,709
Hatton National Bank PLC Dehiwala	Mortgage over leasehold rights of Eildon Hall Estate and Frocester Estate, including buildings, fixed and floating assets.	Weekly AWPLR + 0.5%	150,000	134,002	148,340
Sampath Bank PLC Headquarters Branch Colombo 2	Primary Mortgage Bond over leasehold rights of Gouravilla Estate.	Monthly AWPLR + 0.50%	100,000	96,358	35,323

Financial Institution	Type of Securities	Rate of Interest (per annum)	Facility Available Rs'000	2025 Rs'000	2024 Rs'000
People's Bank Corporate Banking Division, Colombo 2	Not Applicable	Weekly AWPLR	150,000	79,536	-
Amana Bank PLC Head Office Branch Colombo 3	Primary Mortgage for Rs.500 Mn plus rental/profit/ charges, costs and expenses, over the leasehold property of Tillicoultry Estate.	Monthly AWPLR	100,000	97,287	-
National Development Bank Head Office Branch Colombo 2	Not Applicable	-	-	6	-
				590,716	323,544

26.2 Other Short Term Loans (Secured) :

Financial Institution	Type of Securities	Rate of Interest (per annum)	Facility Rs'000	2025 Rs'000	2024 Rs'000
Amana Bank PLC	-	8.56%	70,000	70,000	-
		8.42%	80,000	80,000	-
Total Other Short Term Loans (Refer Note 26.2.1)				150,000	-
Total Short Term Borrowings				740,716	323,544

26.2.1 Other Short Term Loans

As at 31st March	2025 Rs'000	2024 Rs'000
Movement		
At the beginning of the year	-	-
Loans obtained during the year	150,000	150,000
Repayments during the year	-	(150,000)
At the end of the year	150,000	-

27. CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at the year end except for the following:

27.1. Legal Proceedings on Labour and Other Disputes: -

Several legal cases and disputes are pending against the company in Labour Tribunal and Courts. All these cases are being vigorously contested /prosecuted and our lawyers have advised that an evaluation of the likelihood of an unfavourable outcome and the amount or range of potential loss cannot be quantified or commented upon at this stage.

NOTES TO THE FINANCIAL STATEMENTS

28. COMMITMENTS

28.1. Financial Commitments:-

There are no material Financial Commitments other than the JEDB/SLSPC. Lease Rentals Payable to the Secretary to the Treasury as explained in Note 21.1. 'Lease Liabilities - Lands'.

28.2. Capital Commitments:-

There were no capital commitments outstanding as at the year end.

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No material event has occurred subsequent to the Reporting Period, which require adjustments or disclosures in the Financial Statements.

30. RELATED PARTY TRANSACTIONS & BALANCES

As at 31st March			2025	2024
			Rs'000	Rs'000
30.1. The following balances were outstanding as at the year end :-				
30.1.1. Related Companies Receivables:				
Hayleys Consumer Products Ltd	Affiliate	-	69	
Kelani Valley Plantations PLC	Affiliate	8	519	
Talawakelle Tea Estates PLC	Affiliate	-	28	
North South Line (Pvt) Ltd	Affiliate	5	5	
Hayles Fentons Limited	Affiliate	5,386	500	
Royal Ceramics Lanka PLC	Other Related Company	269	125	
Rocell Barthware Ltd	Other Related Company	2	83	
Uni-Dil Pakaging Limited	Other Related Company	-	150	
Lanka Walltiles PLC	Other Related Company	11	86	
Lanka Tiles PLC	Other Related Company	51	153	
		5,732	1,719	
30.1.2. Related Companies Payables				
Hayleys PLC	Ultimate Parent	13,189	1,994	
Hayleys Plantation Services (Pvt) Limited	Immediate Parent	3,793	4,335	
Hayleys Agriculture Holdings Limited	Affiliate	1,967	647	
Hayleys Agro Fertilizer (Private) Limited	Affiliate	3,489	15,015	
Hayleys Business Solutions International (Private) Limited	Affiliate	134	205	
Kelani Valley Plantations PLC	Affiliate	2,147	1,119	
Talawakelle Tea Estates PLC	Affiliate	3,894	883	
Logiwiz Limited	Affiliate	4	4	
Hayleys Aventura (Private) Limited	Affiliate	330	-	
Hayles Fentons Limited	Affiliate	68,868	-	
Lanka Tiles PLC	Other Related Company	21	-	
Royal Ceramics Lanka PLC	Other Related Company	224	174	
Uni-Dil Pakaging Limited	Other Related Company	233	-	
Uni-Dil Pakaging Solutions Limited	Other Related Company	393	-	
Singer (Sri Lanka) PLC	Other Related Company	326	-	
Diesel & Motor Engineering PLC	Other Related Company	29	-	
		99,041	24,377	

30.2. Transactions with Related Companies:

The transactions carried out in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard - LKAS 24 "Related Party Disclosure". The details of which are reported below:-

Name of Company	Name of Director	Nature of Interest	Details of Transactions	2025	2024
				Rs'000	Rs'000
Hayleys PLC <i>Ultimate Parent</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda Mr. K.D.G. Gunaratne Mr.T.A.B.Speldewinde	Executive Chairman Executive Director Non Executive Director Independent Non Executive Director	Office Premises Rentals & Related Services	119,838	40,609
			Settlements	(108,642)	(40,053)
			Sale of Goods	-	107
			Settlements	-	(107)
Hayleys Plantation Services (Pvt) Ltd <i>Immediate Parent</i>	Mr. A.M.Pandithage Mr. Roshan Rajadurai Mr. S. C. Ganegoda	Executive Chairman Managing Director Director	Dividend Payable (Net of Tax)	26,552	28,719
			Dividend Paid (Net of Tax)	(27,094)	(24,384)
Hayleys Fentons Limited <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Purchase of Solar Power System & Electronic Equipment	99,892	1,879
			Settlements	(31,024)	(1,879)
			Advance Payment	4,886	-
Hayleys Business Solutions International (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Salary Processing Fee	248	209
			Other Services	115	192
			Settlements	(434)	(209)
Hayleys Aventura (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Plant & Equipment Maintenance Services	2,834	447
			Settlement	(2,503)	(447)
Logiwiz Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Document Storage Rental	60	63
			Settlement	(60)	(63)
Hayleys Agriculture Holdings Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Purchase of Agri Equipment	10,917	17,295
			Settlements	(9,598)	(19,325)
Hayleys Agro Fertilizer (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Purchase of Fertilizer	72,314	282,294
			Settlements	(83,840)	(267,279)
Hayleys Travels (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Purchase of Air Tickets	381	516
			Settlements	(381)	(516)
Yusen Logistics Lanka Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Office Premises Related Services	-	3
			Settlements	-	(3)
The Kingsbury PLC <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S.C.Ganegoda Mr.T.A.B.Speldewinde	Executive Chairman Non-Executive Director Independent Non Executive Director	Providing Services for AGM and other official functions	725	-
			Settlements	(725)	-
			Sale of Goods	46	-
			Settlements	(46)	-

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTY TRANSACTIONS & BALANCES (CONTD.)

Name of Company	Name of Director	Nature of Interest	Details of Transactions	2025 Rs'000	2024 Rs'000
Singer (Sri Lanka) PLC <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Non-Executive Director	Purchase of Equipment Settlements	12,209 (11,884)	628 (628)
Kelani Valley Plantations PLC <i>Affiliate</i>	Mr. A.M.Pandithage Mr. Roshan Rajadurai Mr. S. C. Ganegoda Mr. M.C.B. Talwatte	Executive Chairman Managing Director Non-Executive Director Non-Executive Independent Director	Reimbursement of Management Expenses Settlements	13,096 (12,069)	3,537 (4,613)
Talawakelle Tea Estates PLC <i>Affiliate</i>	Mr. A.M.Pandithage Mr. Roshan Rajadurai Mr. M.C.B. Talwatte	Executive Chairman Managing Director Non-Executive Independent Director	Reimbursement of Management Expenses Settlements	10,540 (7,529)	5,760 (7,787)
Hayleys Consumer Products Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Sale of Value Added Products Settlements	184 (253)	532 (574)
Hayleylines Limited <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Reimbursement of Expenses Settlements	- -	8 (8)
North South Line (Pvt) Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Purchase of Medical and Analytical Equipments Settlements	- -	5 -

30.3. Transactions with Other Related Companies:

Name of Company	Name of Director	Nature of Interest/ Relationship	Details of Transactions	2025 Rs'000	2024 Rs'000
Diesel & Motor Engineering PLC <i>Other Related Company</i>	Mr. A.M.Pandithage	Non Executive Director	Purchase of Motor Vehicle Spares Purchase of Fertilizer Settlements	- 2,334 (2,305)	220 15,799 (15,799)
Delmage Forsyth & Co. Ltd <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Sale of Tea Settlements	- -	- (6,720)
Vallibel Plantation Management Ltd <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Reimbursement of Expenses Settlement of Expenses	- -	- (23,894)
Uni-Dil Packaging Limited <i>Other Related Company</i>	Mr.S.M.Liyanage	Managing Director	Sale of Tea Settlements Purchase of Packing Materials Settlements	1,483 (1,633) 364 (131)	750 (750) 963 (1,181)
Uni-Dil Packaging Solutions Limited <i>Other Related Company</i>	Mr.S.M.Liyanage	Managing Director	Purchase of Packing Materials Settlements	9,576 (9,183)	12,134 (12,210)
Lanka Ceramic PLC <i>Other Related Company</i>	Mr.S.M.Liyanage	Non Executive Director	Sale of Tea Settlements	- -	- (27)

Name of Company	Name of Director	Nature of Interest/ Relationship	Details of Transactions	2025 Rs'000	2024 Rs'000
Lanka Walltiles PLC <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Tiles	388	379
			Settlements	(388)	(379)
			Sale of Tea	34	304
			Settlements	(110)	(1,724)
Royal Ceramics Lanka PLC <i>Other Related Company</i>	Mr.S.M.Liyanage	Non Executive Director	Purchase of Tiles	949	1,330
			Settlements	(900)	(1,199)
			Sale of Tea	712	623
			Settlements	(568)	(625)
Rocell Bathware Ltd <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Sanitaryware	50	751
			Settlements	(50)	(751)
			Sale of Tea	81	438
			Settlements	(161)	(501)
Lanka Tiles PLC <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Sanitaryware	2,701	243
			Settlements	(2,680)	(243)
			Sale of Tea	482	767
			Settlements	(583)	(710)

30.4 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard - LKAS 24, "Related Party Disclosure", Key Management Personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly members of the Board of Directors (including Executive and Non-Executive Directors) has been classified as Key Management Personnel of the Company.

For the year ended 31st March	2025 Rs'000	2024 Rs'000
Directors Emoluments	22,918	20,553
Post Employment benefits paid to Key Management Personnel	Nil	Nil

30.5. Related Party Transactions

There are no Non-recurrent Related Party Transactions where aggregate value exceeds 10% of the Equity or 5% of the Total Assets and Recurrent Related Party Transactions where aggregate value exceeds 10% Gross Revenue/Income.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT

31.1. Overview :

The Company has exposure to the following risks from its use of financial instruments:-

- * Credit risk
- * Liquidity risk
- * Market risks (Including currency risk and interest rate risk)

This note present qualitative and quantitative information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for measuring and managing those risks.

31.1.1 Risk Management Framework

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and system are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

31.2 Credit Risk :

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet it's contractual obligation, and arises principally from the Company's receivables from customer, investment securities etc.

The Company is exposed to credit risk from its operating activities (primarily trade receivables), other advances including loans and advances to staff/workers, and from its financing activities, including deposits with banks and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. The following figures show maximum risk positions.

As at 31st March	2025	2024
	Rs'000	Rs'000
Trade and Other Receivables	226,497	184,762
Related Companies Receivables	5,732	1,719
	232,229	186,481

31.2.1 Management of Credit Risk

Trade Receivables

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. The company's credit policy is monitored at the Board level. The new customers are analysed individually for credit worthiness before company's standard payment and delivery terms and conditions are offered. Company review includes external ratings when available and in some cases, bank references, purchase 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.

The Company has a minimal credit risk of its trade receivables from Produce Brokers, as the repayment is guaranteed within seven days by the Tea and Rubber Auction systems.

Credit Quality of Financial Assets

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 31st March 2025 is as follows:

As at 31st March	Carrying value	
	2025	2024
	Rs'000	Rs'000
Below 30 days	113,316	99,832
30 - 45 days	-	-
46 - 60 days	-	-
61 - Over	-	-
	113,316	99,832

The movement in the provision for impairment in respect of other receivables during the year was as follows :-

As at 31st March	Impairment	
	2025	2024
	Rs'000	Rs'000
At the beginning of the year	6,706	6,105
Provision for Impairment	(5,351)	601
At the end of the year	1,355	6,706

Impairment Loss Recognized

The Company believes that the unimpaired amounts that are past due by more than 45 days are still to be collected in full. Based on the Company's monitoring of customer credit risk, the Company believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

Amounts due from Related Companies

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each related Company.

The Company does not require a provision for impairment in respect of Related Companies Receivables.

31.2.2. Cash and Cash Equivalents

The Company held cash and cash equivalents of Rs. 46.582 Mn at 31 March 2025 (2024: Rs.47.122 Mn.), the following table shows the credit ratings of the main banks with whom the Company has invested.

Bank	Credit rating
Peoples Bank	A
Sampath Bank	A
Commercial Bank of Ceylon PLC	A

31.3. Liquidity Risk :

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable losses or damage to the company's reputation.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT (CONTD.)

The Company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the company has available funds to meet its short-and medium-term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Company holds cash and undrawn committed facilities to enable the Company to manage its liquidity risk.

The Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected capital cash flows from operations.

31.3.1. Liquidity Risk Management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

The mixed approach combines elements of the cash-flow-matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows, plus other inflows that can be generated through the sale of assets or other secured borrowings.

The table below summarizes the maturity profile of the financial liabilities based on contractual undiscounted payments.

As at 31 March 2025	Current		Non Current			Total
	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Above 5 years	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Bank Overdrafts	590,716	-	-	-	-	590,716
Interest Bearing Loans & Borrowings	-	469,954	227,936	257,776	291,850	1,247,516
Lease Liabilities	-	44,743	44,743	132,109	663,229	884,824
Trade Payables	-	93,434	-	-	-	93,434
Related Companies Payables	-	99,040	-	-	-	99,040
Total	590,716	707,171	272,679	389,885	955,079	2,915,530

As at 31 March 2024	Current		Non Current			Total
	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Above 5 years	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Bank Overdrafts	323,544	-	-	-	-	323,544
Interest Bearing Loans & Borrowings	-	516,840	453,228	803,012	87,675	1,860,755
Lease Liabilities	-	48,754	37,716	113,148	602,278	801,896
Trade Payables	-	85,084	-	-	-	85,084
Related Companies Payables	-	24,377	-	-	-	24,377
Total	323,544	675,055	490,944	916,160	689,953	3,095,657

31.4. Market Risk :

Market risk is the risk that changes in market prices, such as foreign exchange rates, Interest rates and etc.; will affect the Company's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

31.4.1. Interest Rate Risk :

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments fluctuate because of changes in market interest rates. The Company has borrowings with AWPLR interest rate which would affect the Company's cash flow/profit as the amount of interest paid would be changed depending on market interest rate.

At the end of the reporting period the interest rate profile of the company's interest bearing financial instruments as reported to the management of the company was as follows :-

As at 31 March	Nominal Amount	
	2025	2024
	Rs'000	Rs'000
Variable Rate Instruments		
Financial Assets		
Short Term Investments	27,838	25,803
Financial Liabilities		
Interest bearing Loans & Borrowings	1,097,516	1,545,939
Short Term Loans & Borrowings	150,000	-
Bank Overdrafts	590,716	323,544
Total	1,838,232	1,869,484

A reasonable change of 100 basis points in interest rate at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant.

As at 31 March	Nominal Amount	
	2025	2024
	Rs'000	Rs'000
Variable Rate Instruments		
100 bp increase	(11,891)	(17,794)
100 bp decrease	11,891	17,794

The above table demonstrates the sensitivity to a reasonable change in interest rates on loans where floating rates are applicable with all other variables held constant.

Constant monitoring of market interest rates is carried out to ensure appropriate steps are taken to maximize the return on financial management and to minimize the cost of borrowings. The Company very strongly negotiates with banks and obtains best possible interest rates for the Company's borrowings. Listed below are steps adopted by the Company to minimize the effect of interest rate risks;

- Entering into loans with interest rate caps.
- Renegotiating with banks on interest rates whenever there are favourable fluctuation in the market rates.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT (CONTD.)

31.4.2. Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital, which the company defines as result from operating activities divided by total shareholders' equity. The Company also monitors the level of dividends to ordinary shareholders.

The Company's liabilities to adjusted capital ratio at the end of the reporting period was as follows.

As at 31st March	Nominal Amount	
	2025	2024
	Rs'000	Rs'000
Total Liabilities	4,184,445	3,819,993
Less: Cash and Cash Equivalents	(46,582)	(47,122)
Net Debt	4,137,863	3,772,871
Total Equity	918,014	880,396
Net Debt Equity Ratio	4.51	4.29

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

32. FINANCIAL INSTRUMENTS

32.1. Fair Value Hierarchy for Financial Assets Carried at Fair Value

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level I: Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices-or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates. The objective of the valuation technique is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by the market participants acting at arm's length.

32.2 Analysis of Financial Instruments by Measurement Basis

The fair values of financial assets and liabilities, together with carrying amounts shown in the Statement of Financial Position, are as follows.

As as 31st March 2025	Note	Mandatory at FVTPL - Others	FVOCI - Equity Instruments	Financial Assets at Amortized Cost	FVOCI - Debt Instruments	Other Financial Assets & Liabilities	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets							
Trade and Other Receivables	17	-	-	153,804	-	-	153,804
Related Companies Receivables	30.1.1	-	-	5,732	-	-	5,732
Cash and Cash Equivalents	18.1	-	-	46,582	-	-	46,582
Total		-	-	206,118	-	-	206,118
Financial Liabilities							
Interest bearing Borrowings	20.1	-	-	-	-	1,097,516	1,097,516
Lease Liabilities	21.	-	-	-	-	300,891	300,891
Trade and Other Payables	25	-	-	-	-	366,126	366,126
Related Companies Payables	30.1.2	-	-	-	-	99,041	99,041
Bank Overdrafts/Short Term Loans	26	-	-	-	-	740,716	740,716
Total		-	-	-	-	2,754,289	2,754,289

As as 31st March 2024	Note	Mandatory at FVTPL - Others	FVOCI - Equity Instruments	Financial Assets at Amortized Cost	FVOCI - Debt Instruments	Other Financial Assets & Liabilities	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets							
Trade and Other Receivables	17	-	-	138,373	-	-	138,373
Related Companies Receivables	30.1.1	-	-	1,719	-	-	1,719
Cash and Cash Equivalents	18.1	-	-	47,122	-	-	47,122
Total		-	-	226,898	-	-	226,898
Financial Liabilities							
Interest bearing borrowings	20.1	-	-	-	-	1,545,939	1,545,939
Lease liabilities	21.	-	-	-	-	268,619	268,619
Trade and Other Payables	25	-	-	-	-	289,363	289,363
Related Companies Payables	30.1.2	-	-	-	-	24,377	24,377
Bank Overdrafts	26.1	-	-	-	-	323,544	323,544
Total		-	-	-	-	2,451,843	2,451,843

The company does not anticipate the fair value of the above to be significantly different to their carrying values and considers the impact as not material for the disclosure.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTD.)

32.3 Fair Value Hierarchy for Assets Carried at Fair Value

	Note	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
As at 31st March 2025					
Consumable Biological Assets	13.2.2	-	-	608,078	608,078
Non-Harvested Produce on Bearer Biological Assets	13.5			14,466	14,466
As at 31st March 2024					
Consumable Biological Assets	13.2.2	-	-	584,335	584,335
Non-Harvested Produce on Bearer Biological Assets	13.5			9,651	9,651

Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation techniques used in measuring the fair value of consumable biological assets, as well as the significant unobservable inputs used.

Non Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs		Relationship of Unobservable Inputs to Fair Value
			2025	2024	
Consumable Managed Biological Assets	Discounted Cash Flows	Discounting Rate	13% - 15%	14% - 16%	The fair value decreases/increases when discount rate is increased/decreased.
		Optimum rotation (Maturity)	25-35 Years	25-35 Years	The fair value decreases/increases when rotation period is increased/decreased.
		Volume at rotation	15-65 cu.mt	15-65 cu.mt	The fair value increases/decreases when volume at rotation is increased/decreased.
		Price per cu.mt.	Rs.10,230/- to Rs.53,120/-	Rs.10,000/- to Rs.53,500/-	The fair value increases/decreases when price is increased/decreased.

32.4. Financial Assets and Liabilities by Fair Value Hierarchy

As as 31st March 2025		Fair value			
	Note	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Financial Assets not measured at fair value					
Trade and Other Receivables	17	-	-	225,142	225,142
Related Companies Receivables	30.1.1	-	-	5,732	5,732
Cash and Cash Equivalents	18.1	-	46,582	-	46,582
Total		-	46,582	230,874	277,456
Financial Liabilities					
Interest bearing Borrowings	20.1	-	-	1,097,516	1,097,516
Lease Liabilities	21.	-	-	300,891	300,891
Trade and Other Payables	25	-	-	396,845	396,845
Related Companies Payables	30.1.2	-	-	99,041	99,041
Bank Overdrafts/Short Term Loans	26	-	740,716	-	740,716
Total		-	740,716	1,894,293	2,635,009

As as 31st March 2024		Fair value			
	Note	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Financial Assets not measured at fair value					
Trade and Other Receivables	17	-	-	178,057	178,057
Related Companies Receivables	30.1.1	-	-	1,719	1,719
Cash and Cash Equivalents	18.1	-	47,122	-	47,122
Total		-	47,122	179,777	226,898
Financial Liabilities					
Interest bearing Borrowings	20.1	-	-	1,545,939	1,545,939
Lease Liabilities	21.	-	-	268,619	268,619
Trade and Other Payables	25	-	-	328,552	328,552
Related Companies Payables	30.1.2	-	-	24,377	24,377
Bank Overdrafts	26.1	-	323,544	-	323,544
Total		-	323,544	2,167,487	2,491,031

During the year ended 31st March 2025, there were no transfers between levels of the fair value hierarchy.

33. INFORMATION ON BUSINESS SEGMENTS

For the year ended 31st March	Tea		Rubber		Unallocated		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segmental Revenue								
Main Sectors	2,803,252	2,556,632	532,356	513,318	-	-	3,335,608	3,069,950
Diversified Crops	-	-	-	-	298,555	261,013	298,555	261,013
Sale of Live Trees	-	-	-	-	41,012	27,648	41,012	27,648
Other Operating Revenue	-	-	-	-	22,042	27,125	22,042	27,125
	2,803,252	2,556,632	532,356	513,318	361,609	315,786	3,697,217	3,385,736
Segmental Gross Profit	491,957	461,433	96,354	73,794	143,510	118,028	731,821	653,255
Other Income					7,803	7,903	7,803	7,903
Change in Fair Value of Biological Assets					69,382	34,320	69,382	34,320
Administrative Expenses					(349,484)	(234,375)	(349,484)	(234,375)
Profit from Operations							459,522	461,103
Finance Income					2,735	3,926	2,735	3,926
Finance Expenses					(156,834)	(238,546)	(156,834)	(238,546)
Profit before Tax							305,423	226,483
Tax Expense					(124,793)	(121,978)	(124,793)	(121,978)
Profit for the year							180,630	104,505

NOTES TO THE FINANCIAL STATEMENTS

33. INFORMATION ON BUSINESS SEGMENTS (CONTD.)

For the year ended 31st March	Tea		Rubber		Unallocated		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Other Comprehensive Income:								
Actuarial Loss on Retirement Benefit Obligations					(116,803)	(125,446)	(116,803)	(125,446)
Tax effect on Other Comprehensive Income					35,041	37,634	35,041	37,634
Other Comprehensive Expenses for the year, net of tax							(81,762)	(87,812)
Total Comprehensive Income for the year							98,868	16,693
OTHER INFORMATION								
Segmental Assets								
Non-current Assets	1,967,342	1,323,862	1,008,363	1,007,735	1,242,604	1,607,808	4,218,309	3,939,405
Current Assets	658,487	551,257	73,877	112,730	151,786	96,997	884,150	760,984
Total Assets	2,625,829	1,630,772	1,082,241	1,106,598	1,394,390	1,704,805	5,102,459	4,700,389
Segmental Liabilities								
Non-current Liabilities	798,400	587,191	291,175	208,911	1,534,767	1,887,588	2,624,342	2,683,690
Current Liabilities	475,495	184,081	125,055	37,840	954,597	914,382	1,560,103	1,136,303
Total Liabilities	1,273,895	771,272	416,230	246,752	2,489,365	2,801,968	4,184,445	3,819,992
Capital Expenditure	180,086	150,128	47,882	31,309	206,919	253,225	434,887	434,662
Amortization and Depreciation	107,835	83,256	77,739	82,180	38,336	43,154	223,910	208,590
Non-Cash Expenditure other than Amortization and Depreciation	129,248	108,759	36,347	33,904	81,920	187,604	247,515	330,267

34. RECLASSIFICATION OF COMPARATIVE FIGURES

Reclassifications have been made to the comparative figures in accordance with LKAS 38, which requires that when the software is not an integral part of the related hardware, such computer software is treated as an intangible asset. Accordingly, the Company has reclassified Property, Plant and Equipment to Intangible Assets and presented in financial statements in order to comply with Sri Lanka Accounting Standards and to improve the comparability and fair presentation of these financial statements. As a result, following balances have been amended in the Statement of Financial Position as shown below.

Statement of Financial Position	As previously reported Rs.000'	Adjustment Rs.000'	Reclassified Amount Rs.000'
Reclassification of Property, Plant and Equipment to Intangible Assets			
Property, Plant and Equipment	579,842	(905)	578,937
Intangible Assets	-	905	905

SUPPLEMENTARY INFORMATION

Empowering Balance, Enriching Sustainability

Beyond numbers and narratives lies the deeper story of who we are. At Horana Plantations PLC, we are defined by the people we employ, the communities we serve, and the impact that we create. Ours is a holistic journey - our dedication to operational clarity, stakeholder inclusion and shared value creation is unmatched, and our commitment to maintaining prosperity and empowerment goes hand in hand with our unfailing principle of holding ourselves accountable.



TEN YEAR SUMMARY

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Operating Results										
Revenue	1,806,106	1,947,278	2,248,463	2,020,360	1,762,154	2,125,306	2,563,636	3,794,035	3,385,736	3,697,217
Gross Profit/(Loss)	(1,574)	102,743	265,515	196,608	(217,542)	200,455	371,010	1,234,689	653,255	731,821
Profit/(Loss) from Operations	(35,885)	45,774	191,589	136,970	(324,002)	60,830	208,685	986,510	461,103	459,522
Net Finance Expenses	(39,859)	(88,656)	(86,915)	(129,622)	(146,373)	(136,960)	(140,363)	(329,418)	(234,620)	(154,099)
Profit/(Loss) before Tax	(75,744)	(42,882)	104,674	7,348	(470,375)	(76,130)	68,322	657,092	226,483	305,423
Tax (Expense)/Reversals	2,625	1,160	(20,330)	(2,546)	(24,494)	(1,742)	(25,868)	(487,030)	(121,978)	(124,793)
Profit/(Loss) for the year	(73,119)	(41,722)	84,344	4,802	(494,868)	(77,872)	42,454	170,062	104,505	180,630
Other Comprehensive Income/ (Expenses)	43,847	27,095	(35,196)	(75,184)	(18,155)	10,833	5,860	(36,232)	(87,812)	(81,762)
Total Comprehensive Income/ (Expenses)	(29,272)	(14,627)	49,148	(70,382)	(513,023)	(67,039)	48,314	133,830	16,693	98,868
Net Assets Employed										
Non-Current Assets	3,054,576	3,151,998	3,285,020	3,324,470	3,384,566	3,362,949	3,406,041	3,624,615	3,939,405	4,218,309
Current Assets	322,531	400,281	408,986	471,655	336,828	426,587	558,164	730,556	760,984	884,150
Total Assets	3,377,107	3,552,279	3,694,006	3,796,125	3,721,394	3,789,536	3,964,205	4,355,171	4,700,389	5,102,459
Current Liabilities (excluding Borrowings)	(230,918)	(272,611)	(332,632)	(286,181)	(266,067)	(289,924)	(357,757)	(405,074)	(365,681)	(499,433)
Non-Current Liabilities (excluding Borrowings)	(781,233)	(744,576)	(783,239)	(831,931)	(949,170)	(964,941)	(907,736)	(1,332,326)	(1,584,829)	(1,846,780)
Total Net Assets (excluding Borrowings)	2,364,956	2,535,092	2,578,135	2,678,013	2,506,157	2,534,671	2,698,712	2,617,771	2,749,880	2,756,246
Capital Employed										
Stated Capital	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Capital Reserves	70,000	70,000	70,000	70,000	70,000	-	-	-	-	-
Revenue Reserves	1,066,277	1,051,652	1,100,799	1,017,916	491,578	497,810	546,124	679,954	630,396	668,014
Shareholders' Equity	1,386,277	1,371,652	1,420,799	1,337,916	811,578	747,810	796,124	929,954	880,396	918,014
Borrowings	978,679	1,163,440	1,157,336	1,340,097	1,694,579	1,786,861	1,902,588	1,687,817	1,869,484	1,838,232
	2,364,956	2,535,092	2,578,135	2,678,013	2,506,157	2,534,671	2,698,712	2,617,771	2,749,880	2,756,246

		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash Flows											
Net Cash Inflow/(Outflow) from Operating Activities		111,493	48,366	284,016	14,218	(152,283)	113,363	245,805	681,563	362,914	570,499
Net Cash Outflow from Investing Activities		(187,868)	(202,572)	(252,141)	(170,736)	(160,955)	(173,706)	(300,989)	(430,107)	(430,235)	(431,726)
Net Cash Inflow/(Outflow) from Financing Activities		7,992	109,132	(38,353)	64,598	99,219	375,350	(159,097)	(227,186)	250,523	(406,486)
Net Increase/(Decrease) in Cash and Cash Equivalents		(68,383)	(45,074)	(6,478)	(91,920)	(214,019)	315,007	(214,281)	24,270	183,202	(267,711)
Cash and Cash Equivalents at the beginning		(158,746)	(227,129)	(272,203)	(278,681)	(370,600)	(584,619)	(269,613)	(483,894)	(459,624)	(276,422)
Cash and Cash Equivalents at the end		(227,129)	(272,203)	(278,681)	(370,600)	(584,619)	(269,613)	(483,894)	(459,624)	(276,422)	(544,133)
Key Indicators											
Earnings/(Loss) per Share	Rs. Cts.	(2.92)	(1.67)	3.37	0.19	(19.79)	(3.11)	1.70	6.80	4.18	7.23
Market Value per Share	Rs. Cts.	16.90	16.50	22.00	17.00	17.00	23.20	21.90	52.50	39.50	44.40
Dividend per Share	Rs. Cts.	-	-	-	0.50	-	-	-	-	2.65	2.45
Net Assets per Share	Rs. Cts.	55.45	54.87	56.83	53.52	32.46	29.91	31.84	37.20	35.22	36.72
Price Earnings Ratio	Times	(5.78)	(9.89)	6.52	88.51	(0.86)	(7.45)	12.88	7.72	9.45	6.14
Earning Yield	%	(17.31)	(10.11)	15.34	1.13	(116.44)	(13.43)	7.76	12.96	10.58	16.28
Interest Cover	Times	(0.09)	0.52	2.20	1.06	(2.21)	0.44	1.49	2.99	1.97	2.98
Dividend Cover	Times	-	-	-	0.38	-	-	-	-	1.58	2.95
Dividend Payout	%	-	-	-	260.33	-	-	-	-	63.40	33.91
Effective Dividend Rate	%	-	-	-	5.00	-	-	-	-	26.50	24.50
Dividend Yield	%	-	-	-	2.94	-	-	-	-	6.71	5.52
Current Ratio	Times	0.53	0.57	0.52	0.49	0.27	0.43	0.38	0.54	0.67	0.57
Revenue to Capital Employed	Times	0.76	0.77	0.87	0.75	0.70	0.84	0.95	1.45	1.23	1.34
Property, Plant & Equipment to Shareholders' Equity	Times	1.88	1.94	1.93	2.05	0.43	0.48	0.56	0.59	0.66	0.74
Equity to Total Assets	%	41.05	38.61	38.45	35.24	21.81	19.73	20.08	21.35	18.73	17.99
Return on Equity	%	(5.27)	(3.04)	5.94	0.36	(60.98)	(10.41)	5.33	18.29	11.87	19.68
Return on Capital Employed	%	(1.52)	1.81	7.43	5.11	(12.93)	2.40	7.98	37.69	16.77	16.67
Return on Total Assets	%	(2.17)	(1.17)	2.28	0.13	(13.30)	(2.05)	1.07	3.90	2.22	3.54
Gearing	%	41.38	45.89	44.89	50.04	67.62	70.50	70.50	64.48	67.98	66.69

STATEMENT OF FINANCIAL POSITION - HORIZONTAL ANALYSIS

As at 31st March	2025		2024		2023		2022		2021	
	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
ASSETS										
Non-Current Assets										
Right of Use Assets	271,174	9	248,883	35	184,742	(5)	194,693	(9)	214,372	11
Bearer Biological Assets	2,646,693	5	2,515,934	10	2,296,046	6	2,172,955	1	2,155,964	(2)
Consumable Biological Assets	619,451	4	594,745	1	591,546	(1)	595,643	(6)	630,578	(0.03)
Property, Plant & Equipment	676,366	17	578,937	5	552,281	25	442,750	22	362,035	3
Intangible Asset	4,625	411	905	-	-	-	-	-	-	-
Total Non-Current Assets	4,218,309	7	3,939,405	9	3,624,615	6	3,406,041	1	3,362,949	(1)
Current Assets										
Non-harvested Produce on Bearer Biological Assets	14,466	50	9,651	(2)	9,847	21	8,129	2	7,999	138
Inventories	592,228	13	524,435	10	476,386	36	350,398	37	255,625	38
Advance Company Tax (ACT) Recoverable	-	-	-	-	-	(100)	17,586	(8)	19,185	(30)
Trade and Other Receivables	225,142	26	178,057	(10)	197,560	44	137,620	7	128,636	51
Holding Company Receivable	-	-	-	-	-	-	-	(100)	654	(95)
Related Companies Receivables	5,732	234	1,719	(82)	9,384	52	6,170	726	747	(90)
Cash and Cash Equivalents	46,582	(1)	47,122	26	37,379	(2)	38,261	178	13,741	(8)
Total Current Assets	884,150	16	760,984	4	730,556	31	558,164	31	426,587	27
Total Assets	5,102,459	9	4,700,389	8	4,355,171	10	3,964,205	5	3,789,536	2
EQUITY & LIABILITIES										
Equity										
Stated Capital	250,000	-	250,000	-	250,000	0	250,000	-	250,000	-
Retained Earnings	668,014	6	630,396	(7)	679,954	25	546,124	10	497,810	1
Total Equity	918,014	4	880,396	(5)	929,954	17	796,124	6	747,810	(8)
Non-Current Liabilities										
Interest bearing Loans & Borrowings	777,562	(29)	1,098,862	47	745,939	(6)	796,364	(26)	1,081,523	47
Lease Liabilities	297,344	16	255,867	39	183,991	1	181,691	(3)	186,648	18
Retirement Benefit Obligations	700,445	25	562,419	23	458,833	(5)	483,611	(12)	548,770	1
Deferred Income	91,869	(7)	99,172	(7)	106,475	(6)	113,324	(5)	118,995	(3)
Deferred Tax Liability	757,122	13	667,370	14	583,027	352	129,110	17	110,527	(12)
Total Non-Current Liabilities	2,624,342	(2)	2,683,690	29	2,078,265	22	1,704,100	(17)	2,046,463	21
Current Liabilities										
Trade and Other Payables	396,846	21	328,552	(9)	361,677	24	291,547	12	259,278	9
Related Companies Payables	99,041	306	24,377	(26)	32,930	(41)	55,897	162	21,345	(17)
Interest bearing Loans & Borrowings	319,954	(28)	447,077	0.5	444,875	10	404,069	6	381,984	29
Lease Liabilities	3,547	(72)	12,752	22	10,467	1	10,314	11	9,302	364
Short Term Borrowings	740,716	129	323,544	(35)	497,003	(29)	702,154	117	323,354	(51)
Total Current Liabilities	1,560,103	37	1,136,303	(16)	1,346,952	(8)	1,463,981	47	995,263	(19)
Total Liabilities	4,184,445	10	3,819,993	12	3,425,217	8	3,168,081	4	3,041,726	5
Total Equity and Liabilities	5,102,459	9	4,700,389	8	4,355,171	10	3,964,205	5	3,789,536	2

STATEMENT OF FINANCIAL POSITION - VERTICAL ANALYSIS

As at 31st March	2025		2024		2023		2022		2021	
	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
ASSETS										
Non-Current Assets										
Right of Use Assets	271,174	5	248,883	5	184,742	4	194,693	5	214,372	6
Bearer Biological Assets	2,646,693	52	2,515,934	54	2,296,046	53	2,172,955	55	2,155,964	57
Consumable Biological Assets	619,451	12	594,745	13	591,546	14	595,643	15	630,578	17
Property, Plant & Equipment	676,366	13	578,938	12	552,281	13	442,750	11	362,035	10
Intangible Asset	4,625	0.1	905	-	-	-	-	-	-	-
Total Non-Current Assets	4,218,309	83	3,939,405	84	3,624,615	83	3,406,041	86	3,362,949	89
Current Assets										
Non-harvested Produce on Bearer Biological Assets	14,466	0.3	9,651	0.2	9,847	0.2	8,129	0.2	7,999	0.2
Inventories	592,228	12	524,435	11	476,386	11	350,398	9	255,625	7
Advance Company Tax (ACT) Recoverable	-	-	-	-	-	-	17,586	0.04	19,185	1
Trade and Other Receivables	225,142	4	178,057	4	197,560	5	137,620	3	128,636	3
Holding Company Receivable	-	-	-	-	-	-	-	-	654	0.02
Related Companies Receivables	5,732	0.1	1,719	0.04	9,384	0.2	6,170	0.2	747	0.02
Cash and Cash Equivalents	46,582	1	47,122	1	37,379	1	38,261	1.0	13,741	0.4
Total Current Assets	884,150	17	760,984	16	730,556	17	558,164	14	426,587	11
Total Assets	5,102,459	100	4,700,389	100	4,355,171	100	3,964,205	100	3,789,536	100
EQUITY & LIABILITIES										
Equity										
Stated Capital	250,000	5	250,000	5	250,000	6	250,000	6	250,000	7
Retained Earnings	668,014	13	630,396	13	679,954	16	546,124	14	497,810	13
Total Equity	918,014	18	880,396	19	929,954	21	796,124	20	747,810	20
Non-Current Liabilities										
Interest bearing Loans & Borrowings	777,562	15	1,098,862	23	745,939	17	796,364	20	1,081,523	29
Lease Liabilities	297,344	6	255,867	5	183,991	4	181,691	5	186,648	5
Retirement Benefit Obligations	700,445	14	562,419	12	458,833	11	483,611	12	548,770	14
Deferred Income	91,869	2	99,172	2	106,475	2	113,324	3	118,995	3
Deferred Tax Liability	757,122	15	667,370	14	583,027	13	129,110	3	110,527	3
Total Non-Current Liabilities	2,624,342	51	2,683,690	57	2,078,265	48	1,704,100	43	2,046,463	54
Current Liabilities										
Trade and Other Payables	396,846	8	328,552	7	361,677	8	291,547	7	259,278	7
Related Companies Payables	99,041	2	24,377	1	32,930	1	55,897	1	21,345	1
Interest bearing Loans & Borrowings	319,954	6	447,077	10	444,875	10	404,069	10	381,984	10
Lease Liabilities	3,547	0.1	12,752	0.3	10,467	0.2	10,314	0.3	9,302	0.2
Short Term Borrowings	740,716	15	323,544	7	497,003	11	702,154	18	323,354	9
Total Current Liabilities	1,560,103	31	1,136,303	24	1,346,952	31	1,463,981	37	995,263	26
Total Liabilities	4,184,445	82	3,819,993	81	3,425,217	79	3,168,081	80	3,041,726	80
Total Equity and Liabilities	5,102,459	100	4,700,389	100	4,355,171	100	3,964,205	100	3,789,536	100

STATEMENT OF PROFIT OR LOSS

HORIZONTAL ANALYSIS

For the Year Ended 31st March	2025		2024		2023		2022		2021	
	Rs.000	%	Rs.000	%	Rs.000	%	Rs.000	%	Rs.000	%
Revenue	3,697,217	9	3,385,735	(11)	3,794,035	48	2,563,636	21	2,125,306	21
Cost of Sales	(2,965,396)	(9)	(2,732,480)	(7)	(2,559,346)	(17)	(2,192,626)	(14)	(1,924,851)	3
Gross Profit	731,821	12	653,255	(47)	1,234,689	233	371,010	85	200,455	192
Other Income	7,803	(1)	7,903	2	7,782	3	7,564	2	7,446	8
Change in Fair Value of Biological Assets	69,382	(102)	34,320	884	(4,377)	(114)	31,464	(22)	40,089	(29)
Administrative Expenses	(349,484)	49	(234,375)	0.1	(234,621)	(27)	(185,153)	(6)	(174,949)	(0.2)
Management Fees	-	-	-	100	(16,963)	(5)	(16,200)	(33)	(12,211)	100
Profit from operations	459,522	(0.2)	461,103	(53)	986,510	373	208,685	243	60,830	(119)
Net Finance Expenses	(154,099)	34	(234,620)	29	(329,418)	135	(140,363)	(2)	(136,960)	(6)
Profit before tax	305,423	35	226,483	(66)	657,092	(862)	68,322	190	(76,130)	(84)
Tax expenses	(124,793)	(2)	(121,978)	75	(487,030)	(1,783)	(25,868)	(1,385)	(1,742)	(93)
Profit for the year	180,630	73	104,505	(39)	170,062	(301)	42,454	155	(77,872)	(84)

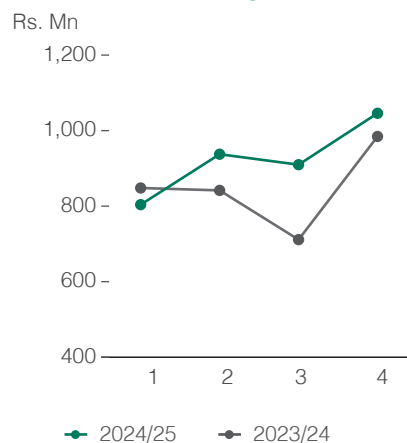
VERTICAL ANALYSIS

For the Year Ended 31st March	2025		2024		2023		2022		2021	
	Rs.000	%	Rs.000	%	Rs.000	%	Rs.000	%	Rs.000	%
Revenue	3,697,217	100	3,385,735	100	3,794,035	100	2,563,636	100	2,125,306	100
Cost of Sales	(2,965,396)	(80)	(2,732,480)	81	(2,559,346)	67	(2,192,626)	86	(1,924,851)	(91)
Gross Profit	731,821	20	653,255	19	1,234,689	33	371,010	14	4,050,157	9
Other Income	7,803	0.2	7,903	0.2	7,782	0.2	7,564	0.3	7,446	0.4
Change in Fair Value of Biological Assets	69,382	2	34,320	1	(4,377)	(0.1)	31,464	1	40,089	2
Administrative Expenses	(349,484)	(9)	(234,375)	(7)	(234,621)	(6)	(185,153)	(7)	(174,949)	(8)
Management Fees	-	-	-	-	(16,963)	(5)	(16,200)	(1)	(12,211)	(1)
Profit from operations	459,522	12	461,103	14	986,510	26	208,685	8	60,830	3
Net Finance Expenses	(154,099)	(4)	(234,620)	(7)	(329,418)	(9)	(140,363)	(5)	(136,960)	(6)
Profit before tax	305,423	8	226,483	7	657,092	17	68,322	3	(76,130)	(4)
Tax expenses	(124,793)	(3)	(121,978)	(4)	(487,030)	(13)	(25,868)	(1)	(1,742)	(0.1)
Profit for the year	180,630	5	104,505	3	170,062	4	42,454	2	(77,872)	(4)

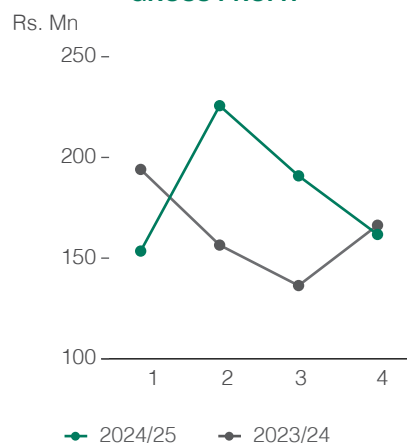
QUARTERLY RESULTS

As at 31st March	2024/25 Rs'000	2023/24 Rs'000	Change %
Revenue			
1st Quarter	803,966	848,107	-5%
2nd Quarter	937,524	841,739	11%
3rd Quarter	909,779	711,316	28%
4th Quarter	1,045,948	984,574	6%
Year	3,697,217	3,385,736	9%
Gross Profit			
1st Quarter	153,504	194,046	-21%
2nd Quarter	225,696	156,482	44%
3rd Quarter	190,855	136,385	40%
4th Quarter	161,766	166,342	-3%
Year	731,821	653,255	12%
Profit/(Loss) for the period :			
1st Quarter	36,367	54,814	-34%
2nd Quarter	72,185	18,681	>100
3rd Quarter	37,270	11,981	>100
4th Quarter	34,808	19,029	83%
Year	180,630	104,505	73%
Other Comprehensive Income/(Expenses)			
1st Quarter	-	-	-
2nd Quarter	(121,332)	-	(>100)
3rd Quarter	-	-	-
4th Quarter	39,570	(87,812)	>100
Year	(81,762)	(87,812)	7%
Total Comprehensive Income/(Expense)			
1st Quarter	36,366	54,814	-34%
2nd Quarter	(49,148)	18,681	(>100)
3rd Quarter	37,270	11,982	>100
4th Quarter	74,380	(68,783)	>100
Year	98,868	16,694	>100

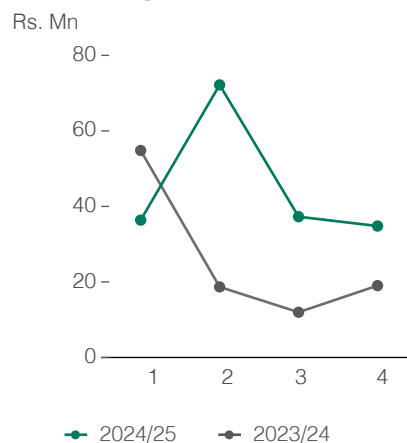
REVENUE



GROSS PROFIT



PROFIT AFTER TAX



SHAREHOLDER & INVESTOR INFORMATION

STATED CAPITAL

The Stated Capital of the Company is Rs. 250,000,010/- divided into Twenty Five Million (25,000,000) Ordinary Shares and One (01) Golden Share.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the year ended 31st March 2025

TWENTY (20) MAJOR SHAREHOLDERS OF THE COMPANY

Names	31st March 2025		31st March 2024	
	No. of Shares	%	No. of Shares	%
1 Hayleys Plantation Services (Private) Limited	12,750,000	51.00	12,750,000	51.00
2 Sri Lanka Insurance Corporation Ltd-Life Fund	1,565,124	6.26	1,565,124	6.26
3 Sri Lanka Insurance Corporation Ltd-General Fund	1,385,434	5.54	1,385,434	5.54
4 Seylan Bank PLC/Mohamed Mushtaq Fuad	460,992	1.84	100	0.00
5 Macksons Holdings (Private) Limited	350,650	1.40	64,003	0.26
6 Therad Capital (Private) Limited	312,558	1.25	-	-
7 Dr. Dilesh Jayanntha	280,000	1.12	190,000	0.76
8 Access Engineering PLC	245,200	0.98	-	-
9 Seylan Bank PLC/ R.A.Rishard	216,791	0.87	14,920	0.06
10 Mr. Kangasu Chelvadurai Vignarajah	186,255	0.75	186,255	0.75
11 Sezeka Limited	170,053	0.68	170,053	0.68
12 Hatton National Bank PLC/Mushtaq Mohamed Fuad	164,184	0.66	301,061	1.20
13 Mr. Allan Jagath Monesh Jinadasa	151,000	0.60	135,000	0.54
14 Mr. Sarath Clement Ganegoda	139,350	0.56	109,350	0.44
15 People's Leasing & Finance PLC/Hi Line Towers (Private) Limited	131,979	0.53	131,979	0.53
16 Mr. Hashim Ahmed Alsayid Hashim Algharabally	131,500	0.53	131,500	0.53
17 Mr. Daranakumburalage Shalika Rangajith Daranakumbura	125,000	0.50	-	-
18 Mr. Pasquel Fonsekalage Nandasiri	103,165	0.41	103,165	0.41
19 Mr. Anthony Ashokkumar Page	100,000	0.40	100,000	0.40
20 Seylan Bank PLC/ Don Kasun Thusara	100,000	0.40	-	-
Sub Total	19,069,235	76.28	17,337,944	69.35
Others	5,930,766	23.72	7,662,057	30.65
Total Issued Shares	25,000,001	100.00	25,000,001	100.00

SHAREHOLDERS AS AT 31ST MARCH 2025

Number of Shareholders as at 31st March 2025 is 10,630 (as at 31st March 2024 -10,568).

From	To	RESIDENTS			NON RESIDENTS			TOTAL		
		No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1	1,000	10,180	1,982,599	7.93	5	3,150	0.01	10,185	1,985,749	7.94
1,001	10,000	324	1,173,045	4.69	3	10,500	0.04	327	1,183,545	4.73
10,001	100,000	99	2,949,372	11.80	1	12,100	0.05	100	2,961,472	11.85
100,001	1,000,000	13	2,867,124	11.47	2	301,553	1.21	15	3,168,677	12.68
Over 1,000,000		3	15,700,558	62.80	-	-	-	3	15,700,558	62.80
		10,619	24,672,698	98.69	11	327,303	1.31	10,630	25,000,001	100.00

CATEGORY

Individuals	10,501	5,824,642	23.30	10	157,250	0.63	10,511	5,981,892	23.93
Institutions	118	18,848,056	75.39	1	170,053	0.68	119	19,018,109	76.07
	10,619	24,672,698	98.69	11	327,303	1.31	10,630	25,000,001	100.00

QUARTERLY ANALYSIS

	Quarter 1 30.06.2024	Quarter 2 30.09.2024	Quarter 3 31.12.2024	Quarter 4 31.03.2025
Market Value of Ordinary Shares				
Basic/Diluted Earnings per Share for the three month ending (Rs.)	1.45	2.90	1.49	1.39
Last traded price (Rs. Cts.)	41.20	39.00	47.00	44.40
Highest price recorded for the three months ending (Rs. Cts.)	42.00	41.00	51.80	54.90
Lowest price recorded for the three months ending (Rs. Cts.)	36.00	36.00	37.00	41.50
Float-Adjusted Market Capitalization (Rs. Cts.)	497,721,020	472,276,389	572,786,492	540,090,434
Share Trading Information				
Number of transactions	1,343	438	3,568	1,855
Number of shares traded	2,418,908	693,371	6,500,762	2,454,828
Value of shares traded (Rs.)	93,790,715	26,572,739	287,484,126	125,293,552

There were no non -voting shares as at 31st March 2025.

SHARE TRADING INFORMATION

For the Year Ended		31st March 2025		31st March 2024	
Highest Price	Rs.	54.90	21.01.2025	54.80	10.07.2023
Lowest Price	Rs.	36.00	05.04.2024 & 09.09.2024	37.00	05.03.2024
Closing Price	Rs.	44.60	28.03.2025	39.50	28.03.2024
No. of Transactions		7,204		3,221	
No. of shares traded		12,067,869		2,443,101	
Value of shares traded	Rs.	533,141,131		115,043,419	

PUBLIC HOLDING

Percentage of public holding as at 31st March 2025	48.44%
Total number of shareholders representing the public holding	10,627
Float-adjusted market capitalization	Rs. 540,090,435

The Company complies with option 5 of the Listing Rules 7.13.1 (i) (a) - Less than Rs. 2.5 Bn. Float Adjusted Market Capitalization which requires 20% minimum public holding.

DIVIDENDS

During the financial year 2024/25, following dividends were paid

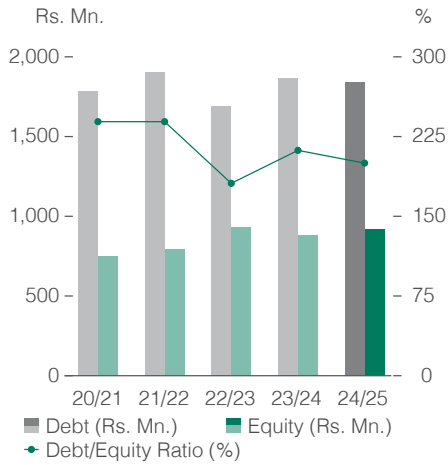
*First Interim Dividend of Rs. 1.70 per share for 2024/25 paid on 22nd October 2024

*Second Interim Dividend of Rs. 0.40 per share for 2024/25 paid on 22nd January 2025

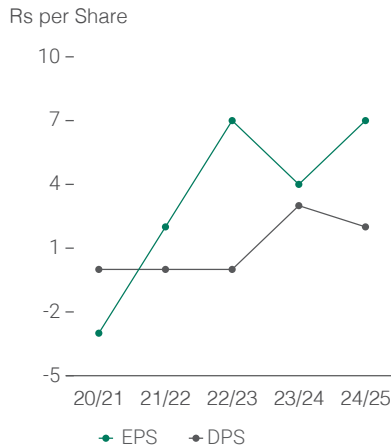
*Third Interim Dividend of Rs. 0.35 per share for 2024/25 paid on 22nd April 2025

SHAREHOLDER & INVESTOR INFORMATION

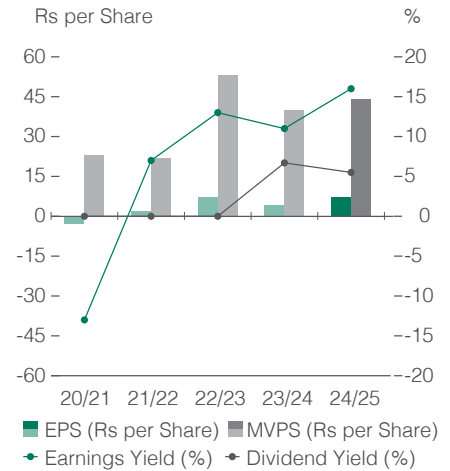
DEBT/EQUITY RATIO (%)



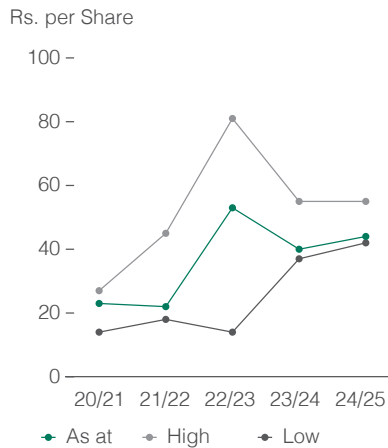
EARNINGS PER SHARE (EPS) VS DIVIDEND PER SHARE (DPS)



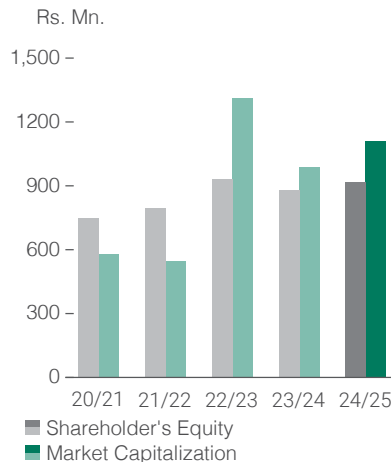
EARNINGS & DIVIDEND YIELD (%)



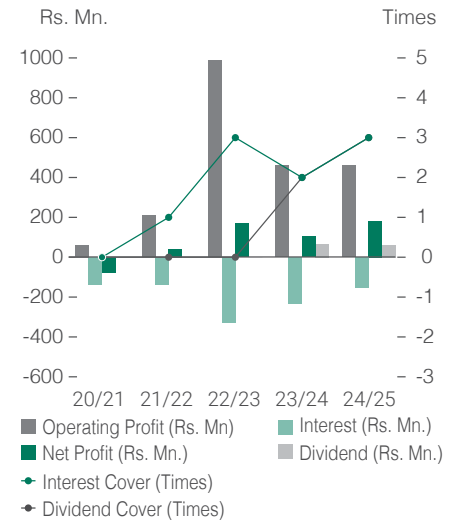
HIGH-LOW MARKET PRICES



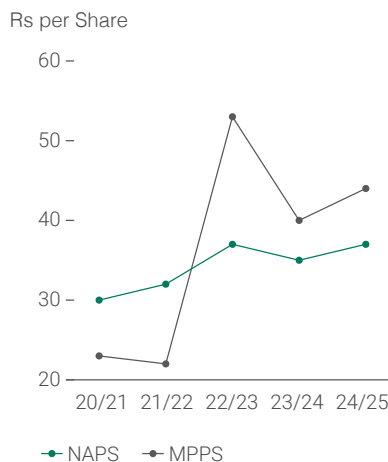
MARKET CAPITALIZATION VS. SHAREHOLDERS' EQUITY



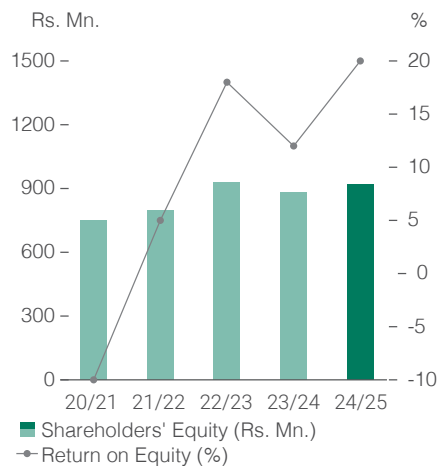
INTEREST & DIVIDEND COVER (TIMES)



NET ASSETS PER SHARE VS. MARKET PRICE PER SHARE



RETURN ON EQUITY (%)



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: eysl@lk.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of Horana Plantations PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024/25

SCOPE

We have been engaged by Horana Plantations PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Horana Plantations PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Horana Plantations 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 HORANA PLANTATIONS PLC

In preparing the Subject Matter, Horana Plantations PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

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.

HORANA PLANTATIONS PLC'S RESPONSIBILITIES

Horana Plantations PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Horana Plantations PLC on 19 May 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.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeevani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalaqala ACA ACMA, B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCCA MBA (USJ-SL), G B Goudlan ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shaktihivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

INDEPENDENT ASSURANCE REPORT

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:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

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

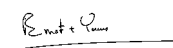
EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Horana Plantations PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.



24 May 2025

Colombo

INDEPENDENT ASSURANCE REPORT ON INTERGRATED 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: eysl@lk.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of Horana Plantations PLC on the Integrated Annual Report 2024/25

SCOPE

We have been engaged by Horana Plantations PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Horana Plantations PLC's Information on how 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 Horana Plantations 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 HORANA PLANTATIONS PLC

In preparing the Subject Matter, Horana Plantations PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

HORANA PLANTATIONS PLC'S RESPONSIBILITIES

Horana Plantations PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such

that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Horana Plantations PLC on 19 May 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.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalaqala ACA ACMA, B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudlan ACA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shaktihivi B.Com (Sp)

A member firm of Ernst & Young Global Limited

INDEPENDENT ASSURANCE REPORT ON **INTERGRATED REPORTING**

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.

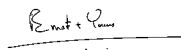
EMPHASIS OF MATTER

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 Horana Plantations PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.



24 May 2025

Colombo

NOTES TO THE ESG PERFORMANCE

SECTION 01 – BASIS OF PREPARATION

This ESG statement has been prepared for Horana Plantations PLC (HPL). The indicators reported are material to HPL and aligned with the following frameworks:

1. GRI Standards 2021: Issued by the Global Reporting Initiative (GRI)
2. International Integrated Reporting Framework (IIRF) 2021
3. Greenhouse Gas (GHG) Emissions Reporting:
4. ISO 14064-1:2018
 - Organization Quantification and Reporting of Greenhouse Gases
 - Corporate Standard of the Greenhouse Gas Protocol by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD)
5. Governance: Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
6. United Nations Sustainable Development Goals (UN SDGs)
7. United Nations Global Compact

HPL adheres to reporting principles outlined in the GRI Standards and the <IR> Framework to guarantee the quality of the information presented. Key principles include:

Materiality

HPL determines the disclosures included in its consolidated ESG statement based on their materiality to the assessment of the company's value creation ability by financial capital providers over the short, medium, and long term. This evaluation considers ongoing stakeholder engagement, the company's operating context, and trend analysis. Key issues identified through this process are addressed through management programs and action plans with clear and measurable targets.

The disclosures presented in the Integrated Annual Report are considered

material to the company's Environmental, Social, and Governance (ESG) performance and its future business prospects. This comprehensive reporting approach assists stakeholders in making informed decisions.

Accuracy, Completeness, and Verifiability of Data

Data accuracy, completeness, and verifiability are guaranteed through certified management systems audited by independent certification bodies, ensuring the integrity of the information. These systems include:

- ISO 22000:2018, HACCP
- Fair Trade
- Rain Forest Alliance (RA)
- Forest Stewardship Council (FSC)
- ISO 14064-1:2018
- ISO 45001: 2018 - Occupational Health and Safety Management System
- ISO 9001:2015
- Eco Labelling – Tea
- ISO 14001:2015
- Eco system restoration Verification (ERV)

Comparability

The consolidated ESG statement is created by consistently applying comparable indicators across all included years unless otherwise specified

SECTION 02 – ENVIRONMENTAL PERFORMANCE

2.1 Renewable and Non-Renewable Energy Consumption

Measurement Basis:

Energy consumption comprises the usage of power, heat, and fuel for HPL's manufacturing activities. Apart from internally generated renewable energy like solar and hydropower, all other energy sources are non-renewable, such as petrol, diesel, and LP gas. The measurement is derived from meter readings, stock details, invoices, and other primary sources of data.

2.2 Renewable Energy Generation

Measurement Basis:

Renewable energy is generated through on-grid solar power plants installed on the rooftops of the Gouravilla, Alton, Mahanilu, Stockholm, Fairlawn, and Kobowela Processing Centres. Hydropower is produced by plants located at the Fairlawn and Bambrakelly estates. Off-grid solar plants are also installed at all managers' bungalows. Energy generation is assessed through meter readings from the systems set up for solar and hydropower production.

2.3 Waste Water Generation form Operation

Measurement Basis:

The primary water source for HPL is surface water drawn from within our estates at the field level. This water is mainly used for cleaning purposes in the factory during tea manufacturing and is not involved in the actual manufacturing process. Water usage in the tea fields depends entirely on rainfall. In contrast, rubber manufacturing requires a substantial amount of water and results in the discharge of significant volumes of treated wastewater. Water consumption is measured based on records maintained at the factories.

2.4 Emissions

Basis for Measurement

Emissions are confined to CO₂, CH₄, and N₂O emissions from emission sources, excluding other greenhouse gases. The methodology for measuring emissions adheres to ISO 14064-1:2018 and the WBCSD/WRI Greenhouse Gas Protocol's Corporate Standard (Revised Edition). Reporting primarily covers Scopes 1 and 2, with certain aspects of optional Scope 3 included based on data availability. Consumption is gauged using invoices and meter readings. Assumptions are employed as necessary to estimate consumption quantities when precise figures are unavailable.

SECTION 03 – SOCIAL PERFORMANCE

3.1 Total Employees and Employee Turnover

Basis for Measurement:

Employee diversity is gauged by the proportion of female employees relative to the total workforce. Senior management encompasses employees holding positions higher than senior manager roles, while middle management includes those above Executive and Assistant Manager position

3.2 Employee Trust Index

Basis of Measurement:

The Employee Trust Index is assessed using the GPTW Employee Trust Index, which evaluates credibility, respect, fairness, pride, and camaraderie. Results are classified into categories such as highly positive perception, positive perception, mixed perception, and low perception. In the 2024/25 period, it indicated a score of 99%.

3.3 Average Training Hours per Employee

Basis for Measurement

The calculation of training hours per employee relies on the total hours allocated to training for each individual. Employee training hours are meticulously recorded and documented as evidence, adhering to the guidelines specified by each management system.

3.4 Training Investment

Basis for Measurement

Expenditures linked to investments in employee training are disclosed in the financial statements of each estate. These reported expenditures undergo verification and consolidation with the company-level financial statements to ensure accuracy.

3.5 Gender in Leadership Positions

Basis for Measurement

Assessing gender diversity involves analysing the percentage distribution of genders in leadership roles, encompassing employees in positions that entail leading teams. Additionally, diversity on the Board

of Directors is evaluated by examining the gender split among all board members.

3.6 Total Number of Injuries

Basis for Measurement

An injury is described as either a non-fatal or fatal occurrence resulting from or occurring during work. The injury rate is computed by assessing the frequency of injuries in relation to the total time worked by all employees during the reporting period.

An occupational disease is defined as an illness stemming from a work situation, activity, or a work-related. Lost working days refer to the number of days that cannot be worked (and are therefore 'lost') because a worker or workers are unable to perform their usual tasks due to an occupational disease or accident.

Injuries and occupational diseases are documented based on the logs maintained by the medical officer at respective locations.

3.7 Total Employee Benefits Distribute

Basis of Measurement:

The measurement basis involves assessing the financial value generated and distributed by the Group, illustrating how this value is allocated among various stakeholders to promote economic and social advancement. Financial transactions documented in the accounting system form the foundation for this calculation.

Community

3.8 Community and Environmental Investment

Basis of Measurement:

Every estate diligently documents its investments in community development and environmental initiatives, concentrating on four sub-pillars. These investments are financed through company accounts and augmented by contributions and collaborative support from government agencies and non-governmental organizations.

Value Chain

3.9 Customer Satisfaction Index

Basis of Measurement:

In the fiscal year 2024/25, customer satisfaction notably increased, reaching 87%. Additionally, customer complaints and rejections were recorded at 10.

SECTION 04 – GOVERNANCE PERFORMANCE

4.1 Board Position

Basis of Measurement:

Board positions, which include the ratio of independent to non-independent members, are reported as follows: The gender and position ratios of the Board of Directors are determined by the ratio of men to women and the total number of board members, taking into account their respective roles and responsibilities.

4.2 Number of whistle-blower Cases reported and solved

No cases reported

4.3 Management Systems

Number of total audits conducted on Management Systems

Basis of Measurement:

No any Non-compliance identified during Audits

4.4 ESG Steering Committee Meetings.

Basis of Measurement:

As per the ESG steering committee charter, the committee must convene quarterly to deliberate on strategic-level ESG affairs and ensure that minutes are documented for each meeting .

GRI INDEX

GRI CONTENT INDEX

Statement of use	Horana Plantations PLC has reported in accordance with the GRI Standards for the period 01 April 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	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
General Disclosures						
GRI 2: General Disclosures 2021	2-1	Organizational details	About Horana Plantations Page No 09			
	2-2	Entities included in the organization's sustainability reporting	About this Report Page No 05			
	2-3	Reporting period, frequency and contact point	About this Report Page No 05			
	2-4	Restatements of information	About this report Page No 05			
	2-5	External assurance	About this Report Page No 05 & 335			
	2-6	Activities, value chain and other business relationships	Our Story Page No 08,10,14,16 & 18			
	2-7	Employees	Human Capital Page No 139			
	2-8	Workers who are not employees	Human Capital Page No 139			
	2-9	Governance structure and composition	Corporate Governance Page No 20, 70, 216 & 218			
	2-10	Nomination and selection of the highest governance body	Corporate Governance Page No 219 Nomination and Governance Committee Report Page No. 243			
	2-11	Chair of the highest governance body	Corporate Governance Page No 220			
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Page No 70 & 224			
	2-13	Delegation of responsibility for managing impacts	Corporate Governance Page No 70 & 224			
	2-14	Role of the highest governance body in sustainability reporting	Corporate Governance Page No 70 & 225			
	2-15	Conflicts of interest	Corporate Governance Page No 225 Related Party Transaction Review Committee Report Page No 247			
	2-16	Communication of critical concerns	Corporate Governance Page No 225			
	2-17	Collective knowledge of the highest governance body	Corporate Governance Page No 221 & 225			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Page No 220 & 225				
	2-19 Remuneration policies	Corporate Governance Page No 225 & 245				
	2-20 Process to determine remuneration	Corporate Governance Page No 225 & 245				
	2-21 Annual total compensation ratio	-	2-21	Confidentiality constraints	The organization has determined that disclosing this ratio could reveal sensitive compensation structures and individual pay levels in a way that risks breaching confidentiality agreements or competitive positioning.	
	2-22 Statement on sustainable development strategy	Chairman's Message Page No 39				
	2-23 Policy commitments	Strategy, Policies and Practices Page No 59				
	2-24 Embedding policy commitments	Strategy, Policies and Practices Page No 63				
	2-25 Processes to remediate negative impacts	Strategy, Policies and Practices Page No 64				
	2-26 Mechanisms for seeking advice and raising concerns	Strategy, Policies and Practices Page No 54 & 65				
	2-27 Compliance with laws and regulations	Strategy, Policies and Practices Page No 65				
	2-28 Membership associations	About Horana Plantations Page No 15				
	2-29 Approach to stakeholder engagement	Stakeholder Engagement Page No 50				
	2-30 Collective bargaining agreements	Human Capital Page No 139				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Determining Material topics Page No 56				
	3-2 List of material topics	Determining Material topics Page No 57				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE		LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Economic performance							
GRI 3: Material Topics 2021	3-3	Management of material topics	Financial Capital Page No 113				13.2.1 / 13.22.1
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Financial Capital Page No 113				13.22.2
	201-2	Financial implications and other risks and opportunities due to climate change	ESG Risk Management Page No 78				13.2.2
	201-3	Defined benefit plan obligations and other retirement plans	Human Capital Page No 141				
	201-4	Financial assistance received from government	Financial Capital Page No 113				
Indirect economic impacts							
GRI 3: Material Topics 2021	3-3	Management of material topics	Social Capital Page No 160				13.22.1
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Social Capital Page No 160				13.22.3
	203-2	Significant indirect economic impacts	-	203-2	Information unavailable/ Incomplete	Currently, we are not gathering information	13.22.4
Procurement practices							
GRI 3: Material Topics 2021	3-3	Management of material topics	Social Capital Page No 166				13.23.1
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Social Capital Page No 165				
Materials							
GRI 3: Material Topics 2021	3-3	Management of material topics	Natural Capital Page No 211				
	301-1	Materials used by weight or volume	Natural Capital Page No 211				
	301-2	Recycled input materials used	Natural Capital Page No 211				
	301-3	Reclaimed products and their packaging materials	-	301-3	Information unavailable/ Incomplete	Currently, we are not gathering information	
Energy							
GRI 3: Material Topics 2021	3-3	Management of material topics	Natural Capital Page No 171				
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Natural Capital Page No 173				
	302-2	Energy consumption outside of the organization	-	302-2	Information unavailable/ incomplete	Currently, we are not gathering information of energy consumption outside of the organization	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
	302-3 Energy intensity	-	302-3	Information unavailable/incomplete	It is complex to report data separately as per the organizational context	
	302-4 Reduction of energy consumption	Natural Capital Page No 174				
	302-5 Reductions in energy requirements of products and services	-	302-5	Information unavailable/incomplete	Currently, we are not gathering information of Reductions in energy requirements of products and services	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital Page No 193				13.7.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Natural capital 193				13.7.2
	303-2 Management of water discharge-related impacts	Natural Capital Page No 196				13.7.3
	303-3 Water withdrawal	Natural Capital Page No 197				13.7.4
	303-4 Water discharge	Natural Capital Page No 197				13.7.5
	303-5 Water consumption	Natural Capital Page No 197				13.7.6
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital Page No 175				13.3.1
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	304-1	Information unavailable/incomplete	There are no sufficient data recorded	13.3.2
	304-2 Significant impacts of activities, products and services on biodiversity	-	304-2	Information unavailable/incomplete	There are no sufficient data recorded	13.3.3
	304-3 Habitats protected or restored	Natural Capital Page No 181				13.3.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	304-4	Information unavailable/incomplete	There are no sufficient data recorded	13.3.5

GRI STANDARD/ OTHER SOURCE	DISCLOSURE		LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Emissions							
GRI 3: Material Topics 2021	3-3	Management of material topics	Natural Capital Page No 186				13.1.1
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Natural Capital Page No 189				13.1.2
	305-2	Energy indirect (Scope 2) GHG emissions	Natural Capital Page No 190				13.1.3
	305-3	Other indirect (Scope 3) GHG emissions	Natural Capital Page No 191				13.1.4
	305-4	GHG emissions intensity	Natural Capital Page No 191				13.1.5
	305-5	Reduction of GHG emissions	Natural Capital Page No 191				13.1.6
	305-6	Emissions of ozone-depleting substances (ODS)	-	305-6	Information unavailable/ incomplete	No significant impact from ozone-depleting substances (ODS)	13.1.7
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	305-7	Information unavailable/ incomplete	No significant impact from Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	13.1.8
Waste							
GRI 3: Material Topics 2021	3-3	Management of material topics	Natural Capital Page No 198				13.8.1
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	-	306-1	Information unavailable/ incomplete	Currently, we are not gathering information on Waste generation and significant waste-related impacts	13.8.2
	306-2	Management of significant waste-related impacts	Natural Capital Page No 201				13.8.3
	306-3	Waste generated	-	306-3	Information unavailable/ incomplete	Currently, we are not gathering information on Waste generated	13.8.4
	306-4	Waste diverted from disposal	-	306-4	Information unavailable/ incomplete	Currently, we are not gathering information on Waste diverted from disposal	13.8.5
	306-5	Waste directed to disposal	-	306-5	Information unavailable/ incomplete	Currently, we are not gathering information on Waste directed to disposal	13.8.6

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital Page No 139				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital Page No 140				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital Page No. 141				
	401-3 Parental leave	Human Capital Page No 144				
Labour Management Relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital Page No 144				
GRI 402: Labour/ Management Relations	402-1 Minimum notice periods regarding operational changes	Human Capital Page No 145				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital Page No 145				13.19.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital Page No 145				13.19.2
	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital Page No 146				13.19.3
	403-3 Occupational health services	Human Capital Page No 147				13.19.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital Page No 148				13.19.5
	403-5 Worker training on occupational health and safety	-	403-5	Information unavailable/incomplete	Currently, we are not gathering information	13.19.6
	403-6 Promotion of worker health	Human Capital Page No 148				13.19.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital Page No 149				13.19.8
	403-8 Workers covered by an occupational health and safety management system	Human Capital Page No 149				13.19.9
	403-9 Work-related injuries	Human Capital Page No 149				13.19.10
	403-10 Work-related ill health	-	403-10	Information unavailable/incomplete	Currently, we are not gathering information on Work-related ill health	13.19.11

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Training and education						
GRI 3: Material Topics 2021	3-3	Management of material topics	Human Capital Page No 150			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Human Capital Page No 150		We do not calculate average training hours for employee category wise	
	404-2	Programs for upgrading employee skills and transition assistance programs	Human Capital Page No 150			
	404-3	Percentage of employees receiving regular performance and career development reviews	Human Capital Page No 152			
Local communities						
GRI 3: Material Topics 2021	3-3	Management of material topics	Social Capital Page No 160			13.12.1
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Social Capital Page No 160			13.12.2
	413-2	Operations with significant actual and potential negative impacts on local communities	Social Capital Page No 160			13.12.3
Customer health and safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	Social Capital Page No 157			13.10.1
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Social Capital Page No 158			13.10.2
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Social Capital Page No 159			13.10.3
Topic 13.4: Natural ecosystem conversion	3-3	Management of material topics	Natural Capital Page No 203			13.4.1/ 13.4.2
Topic 13.5 Soil health	3-3	Management of material topics	Natural Capital Page No 208			13.5.1
Topic 13.6 Pesticides use	3-3	Management of material topics	Natural Capital Page No 209			13.6.1/ 13.6.2
Topic 13.9 Food security	3-3	Management of material topics	Social Capital Page No 163			13.9.1
Topic 13.20 Employment practices	3-3	Management of material topics	Human Capital Page No 137			13.20.1
Topic 13.21 Living income and living wage	3-3	Management of material topics	Human Capital Page No 138			13.21.1
Topic 13.23 Supply chain traceability	3-3	Management of material topics	Social Capital Page No 166			13.23.1

Topics in the applicable GRI Sector Standards determined as not material

TOPIC	EXPLANATION
GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022	
Topic 13.11 Animal health and welfare	HPL does not engage in any form of animal farming within its operations.
Topic 13.13 Land and resource rights	HPL does not have any involvement or engagement in land and resource rights-related issues.
Topic 13.14 Rights of indigenous peoples	HPL does not engage or have any involvement in matters concerning the rights of indigenous peoples.
Topic 13.15 Non-discrimination and equal opportunity	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
Topic 13.16 Forced or compulsory labour	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
Topic 13.17 Child labour	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
Topic 13.18 Freedom of association and collective bargaining	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
Topic 13.24 Public policy	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
Topic 13.25 Anti-competitive behaviour	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
Topic 13.26 Anti-corruption	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.

GLOSSARY

A

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Accrual Basis

Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

Actuarial Gains and losses

Is the effects of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions

ADRA

Adventist Development and Relief Agency

Agricultural Activity

Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for sale or

for conversion into agricultural produce or into additional biological assets.

Agricultural Produce

Agricultural produce is the harvested produce of the entity's biological assets.

AGM

Annual General Meeting.

Amortization

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

ARABIS

Agri Research Advisory Biotech Services.

AWPLR

Average Weighted Prime Lending Rate.

B

Basic Earnings per Share (EPS)

Profit after tax divided by the weighted average number of ordinary shares outstanding during the period.

BOD

Biochemical oxygen demand

Bearer Biological Assets

Biological assets those are not to be harvested as agricultural produce or sold as biological assets. The biological assets other than the consumable biological assets.

Biological Assets

Is a living animal or plant.

Biological Transformation

It comprises the process of growth, degeneration, production, and procreation that cause qualitative or quantitative change in biological assets.

Borrowing Costs

Borrowing Costs are interest and other costs incurred by an enterprise in connection with borrowing of funds.

BOD

Board of Directors

C

Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

ICASL

The Institute of Chartered Accountants of Sri Lanka.

Capital Employed

Total equity and interest bearing borrowings.

Capital Reserves

Part of earnings reserved without distributing in current year, for future specified purpose or future business commitment or distributions.

CARP

Council for Agriculture Research and Policy

CASA

Ceylon Association of Shipping Agents

CDC

Child Development Centres

CDO's

Child Development Officer

CEA

Central Environment Authority

CPFP

Child Protection Focal Points

CGU

Cash Generating Units.

CNN

Climate Neutral Now

COD

Chemical Oxygen Demand

Consumable Biological Assets

The biological assets those that are to be harvested as agricultural produce or sold as biological assets.

Contingent Liabilities

Conditions or situations at the reporting date, the financial effect of which are to be determined by future events which may or may not occur.

Cost of production (COP)

Cost of producing a kilo/unit of tea/rubber/coconut/oil palm at estate level.

GLOSSARY

COC

Chain of Custody

CPPS

Ceylon Planters' Provident Society

CRI

Coconut Research Institute of Sri Lanka

CRRO

CLIMATE-RELATED RISKS AND OPPORTUNITIES

CSE

Colombo Stock Exchange.

CSR

Corporate Social Responsibility.

Current ratio

Current assets divided by Current liabilities.

D

DCF

Discounted Cash Flow

Debt Equity Ratio

Total liabilities divided by its shareholders' equity.

Debt Ratio

Total borrowings divided by Total assets

Deferred taxation

The tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.

Derivative

Is a financial instrument or other contract whose prices is dependent upon or derived from one or another underline asset.

Diluted Earnings per Share

Diluted Earnings per Share calculated by net income minus Preferred Dividends divided by Weighted Average Shares Outstanding plus Conversion of Dilutive Securities.

Dividends

Distribution of profits to holders of equity investments.

Dividend Pay out

Dividend per share as a percentage of the earring per share

Dividend Yield

Dividend per share as a percentage of the Market prices measure of return on investment.

DPS

Dividend per Share

Dividend cover

Profits after tax divided by dividends.

Dividend Payout

The Percentage of Earnings paid to shareholders in dividends.

Dividend Yield

Annual dividend divided by current stock price.

Discount Rate

The discount rate refers to the interest rate used in discounted cash flow analysis to determine the present value of future cash flows.

E

Earnings Yield

The earnings per share for the most recent 12 months period divided by the current market price per share.

EBIT

Earnings before Interest and Tax

EBITDA

Earnings before Interest, Tax, Depreciation, and Amortization.

EFC

Employers' Federation of Ceylon

Effective Tax Rate

Income tax expenses divided by profit from ordinary activities before tax

EIR

Effective Interest Rate

EPF

Employees' Provident Fund

EMS

Eco Management system

EMS

Environmental Management System

EPS

Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

EPI's

Environment Protection license

ESG

Environment Social and Governance

Equity

The value of an ownership interest in property, including shareholders' equity, in a business. Equity or shareholders' equity is part of the total capital of a business.

Equity / Assets ratio

Shareholders' funds divided by Non current assets plus current assets.

Equity Instruments

Any contract that evidences a residual interest in the assets of a entity after deducting all of its liabilities.

ERP

Enterprise resource planning

ESPS

Estate Staff's Provident Society

ESIA

Environmental and Social Impact Assessment

ETF

Employees Trust Fund

ETP

Effluent Treatment Plants

EU

European Union

EUDR

European Union Deforestation Regulation

EY

Ernst & Young

F**Fair value**

Fair value is the amount for which an asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in arm's length transaction.

Fair Value Through Profit and Loss (FVTPL)

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or a derivative (except for a derivative that is a financial guarantee contract).

FFB

Fresh Fruit Bunch

Field

A unit extent of land. Estates are divided into fields in order to facilitate management

Financial Asset

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial liability

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Float Adjusted Market Capitalization

Float Adjusted Market Capitalization is calculated by multiplying the Public Holding Percentage of the company by the Market Capitalization.

FSC

Forest Stewardship Council

FSMS

Food Safety Management System

FTE

Full Time Equivalent

FVOCI

Fair Value through Other Comprehensive Income

FY

Financial Year

G**GAP**

Good agricultural Practices

GDP

Gross Domestic Production.

Gearing ratio

Total interest bearing loans & borrowings as a percentage of total Shareholders' funds plus total interest bearing loans & borrowings.

GHG

Green House Gas

Goodwill

Goodwill in accounting is an intangible asset that arises when a buyer acquires an existing business.

GPS

Global Positioning System

GRI

Global Reporting Initiatives

GRN

Goods Received Note

Gross dividends

Portion of profits inclusive of tax withheld, distributed to shareholders during the year.

GMC

Group Management Committee

GSA

Gross Sale Average. Average sale price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage, etc.

H**HACCP**

Hazard Analysis Critical Control Point system. Internationally accepted foods safety standard.

Ha

Hectare.

HOPL.N0000 Share

CSE stock code for the company.

HPL

Horana Plantations PLC

HR

Human Resource

HRIS

Human Resources Information System

GLOSSARY

I

IFRS

International Financial Reporting Standards.

IIRC

International Integrated Reporting Council

ILO

International Labour organization

IMF

International Monetary Fund

IoT

Internet of Things

Immature plantation

The extent of plantation that is underdevelopment and is not being harvested.

Infilling

A method of field development where by planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

Interest cover ratio

Profit before tax and interest divided by interest charge.

IPM

Integrated Pest Management

IPNS

Integrated plant nutrient system

IPCC

Intergovernmental Panel on Climate Change

IR

Integrated reporting

ISO

International Standards Organization.

J

JEDB

Janatha Estate Development Board.

K

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

KPI

Key Performance indicators.

L

Liquidity

An asset or security can be quickly bought or sold in the market without affecting the asset's price.

LKR

Sri Lanka Rupee

M

Mature plantation

The area of land developed with a perennial crop, which has been brought into bearing ready for commercial harvesting. A perennial crop is a crop with a useful economic life which extends over more than one accounting period.

Market capitalization

Number of shares in issue multiplied by the market value of each share at the reporting date.

MOU

Memorandum of Understanding

MVPS (Market value per share)

Total Market Value of the business, Divided by the total number of shares outstanding.

MRL

Maximum Residue Level

N

NAITA

National Apprentice and Industrial Training Authority

NCPC

National Cleaner Production Centre

Net assets

Total assets less Current liabilities and non-current liabilities.

Net assets per share

Net assets at the end of period divided by the number of Ordinary Shares issued.

NGSA

National Gross Sales Average

NCPC

National Cleaner Product Centre

NGO

Non-Governmental Organizations

Net sale average (NSA)

This is the average sale price obtained (Over a period of time) after deducting brokerage fees and cost of gratis from Gross Sale Average (GSA).

NIPM

National Institute of Plantation Management.

NRV

Net Realizable Value

NVQ

National Vocational Qualification

O

OCI

Other Comprehensive Income
Items of income and expenses that are not recognized in profit or loss as required or permitted by other SLFRS's.

OHS

Occupational Health & Safety

P**PAT**

Profit After Tax

PERC

Public Expenditure Review Committee

PFWO's

Plantation family welfare officers.

PHDT

Plantation Human Development Trust.

PO

Purchase Order

Price earnings

Market price of a share divided by Earnings per Share.

PRCs

Regional Plantation Companies.

PUC

Projected Unit Credit

PBT

Profit before Tax

R**RA**

Rain-Forest Alliance

R&D

Research and Development

RTR

Receivables Turnover Ratio

Total Revenue divided by Average accounts receivable

Related parties

One party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Replanting

A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing trees/bushes and replanting with new trees/bushes.

Retirement Benefits

Present value of a defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

- Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.
- Current service cost is the increase in the present value of the defined benefit obligation resulting from em

Return on total assets

Profit before tax plus net interest cost divided by total assets

Return on capital employed

Profit before interest and tax as a percentage of total Capital Employed.(Shareholders' funds plus total Interest bearing borrowings).

Return on equity

Profit after tax as a percentage of shareholder's funds.

Revenue Reserves

Reserves considered as being available for distributions and investments.

Revenue to capital employed

Dividend net operating profit or earring before interest and tax (EBIT), by capital employed.

ROI

Return on Investment.

ROE

Return on Equity

ROCE

Return on Capital Employed

RPTs

Related Party Transactions

RRI

Rubber Research Institute of Sri Lanka

RSS - 1

Ribbed Smoked Sheet - Grade 1.

RSM

Revenue Share Model

RTE

Rare Tridents Engagement

S**SASB**

Sustainability Accounting Standards Board

SBTI

Science Based Target Initiatives

SCER+

Sri Lankan Certified Emission Reductions plus

SDG's

Sustainable Development Goals

SEC

Security Exchange Commission of Sri Lanka

Segments

Constituent business units grouped in terms of similarity of operations and location.

GLOSSARY

Shareholders' funds

Funds attributable to Shareholders an comprising of share capital, reserves and retained profit.

SLFRS/LKAS

Sri Lanka Accounting standards corresponding to international Financial Reporting Standards.

SLAuSs

Sri Lanka Auditing Standards

SLCCS

Sri Lanka Carbon Crediting Scheme

SLSPC

Sri Lanka State Plantations Corporation.

SIA

Social Impact Assessment

SRRO

Sustainability Related Risk and Opportunity

T

TCFD

Task Force on Climate-Related Financial Disclosures

TVEC

Tertiary and Vocational Education Commission

TRI

Tea Research Institute of Sri Lanka

TSS

Total suspended solids

U

UNFCCC

United Nation Framework Convention on Climate Change

UNGC

United Nation Global Compact

UN

United Nation

UNGC

United Nation Global Compact

UNSDG

United Nation Sustainable Development Goals

USA

United States of America

V

Value addition

The quantum of wealth generated by the activities of the Company and its application.

VFD

Variable Frequency Drivers

W

WACC

Weighted average cost of capital.

WHO

World Health Organization

WNPS

Wildlife and Nature Protection Society

Working capital

Capital required financing the day to day operations computed as the excess of current assets over current liabilities.

WTO

World Trade Organization

Y

Yield (YPH)

Average Periodical output of produce from hectare of plantation.

YOY

Year on Year

CORPORATE INFORMATION

DOMICILE & LEGAL FORM

Horana Plantations PLC is a Quoted Public Company with limited liability, Incorporated and domiciled in Sri Lanka, under the Companies Act No.17 of 1982 in terms of the provisions of the Conversion of Public Corporations of Government Owned Business Undertakings into Public Companies Act No.23 of 1987 and re-registered under the Companies Act No.7 of 2007.

DATE OF INCORPORATION

22nd June 1992

REGISTRATION NUMBER

PQ 126

DIRECTORS

A. M. Pandithage – Executive Chairman
Roshan Rajadurai –Managing Director

Johann A Rodrigo – Director/Chief Executive Officer

S C Ganegoda

K D G Gunaratne

S M Liyanage

T A B Speldewinde

M C B Talwatte

Ms. A I Wanigasekera (Appointed on 31.12.2024)

A N Wicremasinghe (Resigned w.e.f. 22.11.2024)

AUDIT COMMITTEE

T A B Speldewinde - Chairman (Senior Independent Director)

S C Ganegoda

K D G Gunaratne

M C B Talwatte

Ms. A I Wanigasekera (Appointed on 31.12.2024)

REMUNERATION COMMITTEE

T A B Speldewinde - Chairman (Senior Independent Director)

S C Ganegoda

K D G Gunaratne

M C B Talwatte

Ms. A I Wanigasekera (Appointed on 31.12.2024)

RELATED PARTY TRANSACTION REVIEW COMMITTEE

T A B Speldewinde - Chairman (Senior Independent Director)

S C Ganegoda

K D G Gunaratne

M C B Talwatte

Ms. A I Wanigasekera (Appointed on 31.12.2024)

NOMINATIONS & GOVERNANCE COMMITTEE

T A B Speldewinde - Chairman (Senior Independent Director)

S C Ganegoda

K D G Gunaratne

M C B Talwatte

Ms. A I Wanigasekera (Appointed on 31.12.2024)

REGISTERED OFFICE ADDRESS

No.400 Deans Road, Colombo 10.

Telephone 011 2627000, 011 2627301-7322

Facsimile 011 2627323

E Mail: horanap@hplnet.com

Web: www.horanaplantations.com

PARENT COMPANY

Hayleys Plantation Services (Private) Limited

No.400 Deans Road,
Colombo 10.

ULTIMATE PARENT COMPANY OF THE GROUP

Hayleys PLC

No.400 Deans Road,
Colombo 10.

COMPANY SECRETARIES & REGISTRARS

Hayleys Group Services (Private) Limited
No.400 Deans Road,
Colombo 10.

INDEPENDENT AUDITORS

KPMG

Chartered Accountants

No.32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3.

LEGAL ADVISORS

Nithi Murugesu & Associates

Attorneys-at-Law & Notaries Public

No.28 (Level 2) W.A.D. Ramanayake Mawatha,
Colombo 2.

TAX ADVISORS

KPMG

Chartered Accountants

No.32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3.

BANKERS

Amana Bank PLC

Commercial Bank of Ceylon PLC

Hatton National Bank PLC

People's Bank

Seylan Bank PLC

Sampath Bank PLC

NOTICE OF ANNUAL GENERAL MEETING

HORANA PLANTATIONS PLC

(Company Registration No. PQ 126)

NOTICE IS HEREBY GIVEN THAT THE THIRTY SECOND ANNUAL GENERAL MEETING OF HORANA PLANTATIONS PLC will be held on **Monday, 23rd June 2025 at 3.00 p.m. at the Chas P. Hayley Lounge of Hayleys PLC, **No. 400, Deans Road, Colombo 10** for the following purposes:**

1. To consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.
2. To re-elect as a Director Ms. A I Wanigasekera, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 98 of the Articles of Association of the Company.
3. To re-elect as a Director Mr. K D G Gunaratne, who retires by rotation at the Annual General Meeting in terms of Article 92 of the Articles of Association of the Company.
4. To re-elect as a Director Mr. J A Rodrigo, who retires by rotation at the Annual General Meeting in terms of Article 92 of the Articles of Association of the Company.
5. 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 of age 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'.

6. To authorise the Directors to determine donations and contributions to charities for the ensuing year.

7. To re-appoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2025/26 and to authorise the Directors to determine their remuneration.
8. To consider and if thought fit, to pass the following Special Resolutions to amend the existing articles in the Articles of Association of the Company ;

Special Resolution (1)

IT IS HEREBY RESOLVED THAT Article 78(a) of the Articles of Association of the Company be deleted in its entirety and be replaced by the following Article;

"78(a) The number of Directors shall not be less than five (5) nor more than nine (9)."

Special Resolution (2)

IT IS HEREBY RESOLVED THAT Article 101(a) to 101(d) of the Articles of Association of the Company be deleted in their entirety, and be replaced by the following Articles 101(a) to 101(f);

101 Alternate Directors

- (a) An Alternate Director shall only be appointed under exceptional circumstances by any Director ('appointor'), giving notice in writing left at the office of the Company and approved by the Board to be an Alternate Director of the Company to act in their place during their absence, subject to applicable laws, rules and regulations. Any such appointment shall not exceed a period of one (1) year from the date of appointment.
- (b) If an Alternate Director is appointed for a Non-Executive Director such Alternate should not be an Executive of the Company. Similarly, if an Alternate Director is appointed for an Independent Director, the person so appointed shall meet the criteria for independence under applicable laws, rules and regulations. The Nominations and Governance

Committee shall review and determine that the person nominated as the alternate qualifies as an Independent Director before the appointment is made.

- (c) In the event a Director appoints another Director to be his Alternate Director he shall thereupon be entitled to exercise (in addition to his own right of voting as a Director) such appointor's rights at meetings of the Board. A person shall not act as an Alternate Director for more than one Director.
 - (d) An Alternate Director shall on his giving an address for such notice to be served upon him be entitled to receive notices of all meetings of Directors and to attend and vote as a Director, at any such meeting at which the Director appointing him is not personally present and generally at such meetings to perform all the functions of his appointor as a Director in the absence of such appointor.
 - (e) The attendance of any Alternate Director at any meeting including Board Committee meetings shall be counted for the purpose of the quorum.
 - (f) An Alternate Director may be appointed for a specified period (not exceeding one (1) year) or until the happening of a specified event, but he shall ipso facto cease to be an Alternate Director if his appointor ceases for any reason to be a Director."
9. To consider any other business of which due notice has been given.

By Order of the Board,

HORANA PLANTATIONS PLC



HAYLEYS GROUP SERVICES (PRIVATE) LIMITED
Secretaries

Colombo,
29th May 2025.

Notes to shareholders:

1. The Annual Report of the Company for 2024/25 is available on the corporate website www.horanaplantations.com and on the Colombo Stock Exchange website - www.cse.lk.
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.
3. A shareholder who requires a printed copy of the Annual Report must submit the duly completed 'Request Form - Annexure A' to the office of the Secretaries.

Contact Person : Chameera Gunawardena

Contact Number : +94 11 2627653

Email Address : chameera.gunawardena@secretarial.hayleys.com

Mailing Address :

Hayleys Group Services (Private) Limited, Secretaries,
No. 400, Deans Road,
Colombo 10.

NOTES

[illegible]

FORM OF PROXY

HORANA PLANTATIONS PLC - Company Number: PQ 126

I/We
(full name of Shareholder) holder of NIC No./Reg. No.
of
being Shareholder/Shareholders of Horana Plantations PLC hereby appoint:
(1)
(full name of Proxyholder) holder of NIC No.
of
or failing him/her,
(2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our Proxy to attend and vote as indicated hereunder for me/us and on my/our behalf at the Thirty Second Annual General Meeting of the Company to be held on Monday, 23rd June 2025 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Ms. A I Wanigasekera, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director Mr. K D G Gunaratne, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director Mr. J A Rodrigo, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. A M Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine donations and contributions to charities for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the year 2025/26 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8. To pass the Special Resolutions to amend the Articles of Association of the Company as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution (1)	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution (2)	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of2025.

.....
Signature of Shareholder/s

(Instructions are given overleaf)

Instructions:

1. The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. **Delayed Proxy Forms shall not be accepted.**
2. A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.
3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.
4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
5. The duly completed Form of Proxy must be dated and signed by the Shareholder.
6. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy can vote as he/she thinks fit.
7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.
8. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
9. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.



Horana Plantations PLC