



Hayleys Lifecycle



ESG FRAMEWORK
SECOND EDITION - MARCH 2025



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Hayleys Lifecode

Like stepping stones guiding the way across uncharted waters, the Hayleys Lifecode serves as our roadmap to a more inclusive world and a thriving planet.

The visual theme of this edition, a serene yet determined path through nature, reflects the ambitious quest we embarked on in 2022 and the journey of progress, sustainability and purpose we have made since. Each step represents a milestone: deeper integration of ESG principles across the Group, and tangible strides in environmental, social, and governance commitments.

However, the path ahead is not without its challenges. The rapidly evolving landscape, much like nature itself, is dynamic and ever-changing. It demands that we continuously assess what matters most to our diverse stakeholders, both now and in the future, allowing us to recalibrate, refine, and renew our efforts in pursuit of the aspirations we have set for 2030.

With a unified focus on reducing dependence on fossil fuels, a reinforced commitment to social impact, and an uncompromising stance on integrity, we are progressing forward, step by step, decision by decision, innovation by innovation.

The Hayleys Lifecode is thus a living, evolving guide that keeps our business aspirations aligned with our corporate values and our purpose: to inspire an inclusive world and a thriving planet.

As we unveil this 2nd edition, we reaffirm our commitment to this journey and call on our diverse Hayleys family to walk this path together, driven by resilience, innovation, and the pioneering spirit that is unique to us. With every step, we are shaping a future of progress - one that is thriving, sustainable, and true to who we are.

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SECOND EDITION - MARCH 2025

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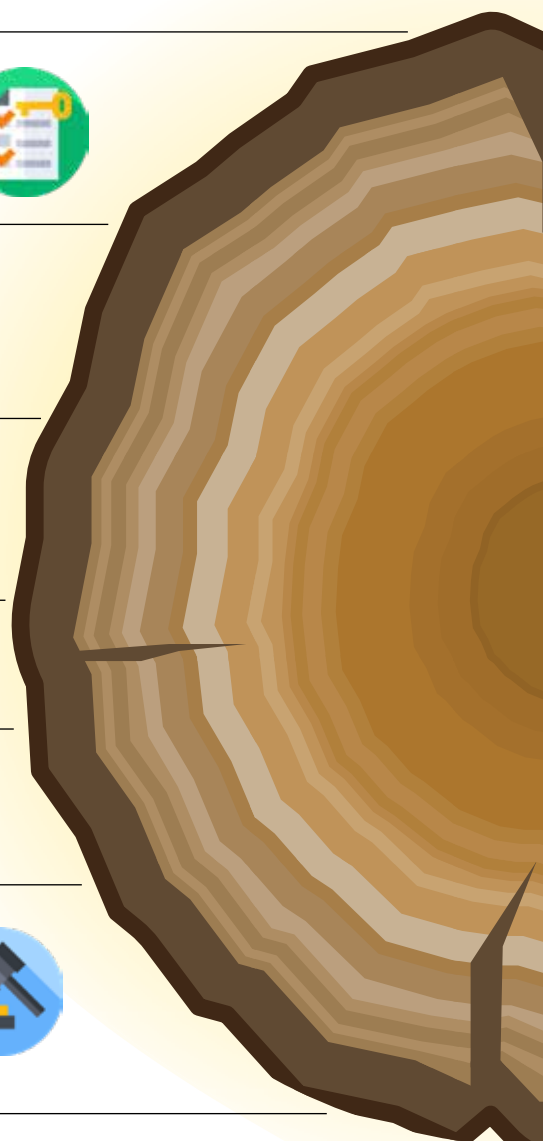
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Introduction

About This Document

This document is the property of Hayleys PLC and should not be reproduced in part or whole without the explicit written consent of the Head of Group ESG of the Hayleys Group. It is intended for the purpose of embedding integrated thinking in the Group's decision-making processes considering financial and ESG aspects of the businesses.

This is the Second Edition of this document and should be reviewed and updated at least biennially to reflect developments in related areas or more frequently if deemed necessary by the Group Management Committee.

How to read this document

This document articulates the Hayleys Group's commitment to embedding ESG considerations across its strategy and decision-making processes. It primarily includes detailed disclosures on the Group's approach to managing material ESG topics, long-term sustainability aspirations and the roadmap to achieve these goals, together with the Group's approach to ESG governance and risk management.

The relevant Environmental and Social policies are enclosed as annexures to this document.



← This document can also be viewed online at www.hayleys.com



Net Zero

by 2050



30%

reduction in Scope 1 and Scope 2
GHG emissions by 2030



50%

sustainable water sourcing
by 2030



50%

increase in CSR beneficiaries
by 2030

Introduction

Chairman's Message



“THE EXPERIENCES GAINED SINCE THE LAUNCH OF THE FIRST EDITION HAVE PROVIDED VALUABLE INSIGHTS, AND WE HAVE LEARNED A GREAT DEAL THAT WILL INFORM OUR APPROACH MOVING FORWARD.”

Since the launch of its first edition in 2022, the Hayleys Lifecode has served as a blueprint upon which we steered the Group, laying a robust foundation for integrating the principles of ESG deeper into the core of our business. Through the Hayleys Lifecode, the Group publicly committed to ambitious ESG targets, thereby guiding our strategic interventions, stakeholder engagement and overall approach to value creation. As we mark the launch of the 2nd edition, it is a moment for reflection, growth and renewed commitment to the principles that have shaped our journey of sustainability.

The global landscape around ESG has evolved rapidly over the past few years, and sustainability has moved from being a peripheral consideration to a core element of strategy and a source of competitive advantage. Regulators, consumers, potential employees and investors are placing increasing emphasis on how organisations interact with the environment and communities in which they operate.

On the one hand, escalating implications of climate change and unparalleled biodiversity loss have transformed organisations' risk landscapes. On the other hand, the transition to a greener economy is presenting new avenues for innovation, collaboration and growth. The bottom line is that our future as a business is directly tied to the prosperity of the environment and society and our ability to both preserve and leverage that relationship will determine the resilience and success of our business.

Sustainability interventions are typically transformative and not always quick wins. They require the commitment to continuously build on prior achievements while striving for long-term, positive impacts. While we have made considerable progress against several of our key targets,

the performance in certain areas has fallen short of expectations. While challenges have been pervasive, we view these difficulties as opportunities for growth and are resolute in our determination to address any gaps and move forward. The experiences gained since the launch of the first edition have provided valuable insights, and we have learned a great deal that will inform our approach moving forward.

Sri Lanka has set an ambitious target of achieving net zero by 2050 with a near term target of achieving 70% of its electricity generation through renewable sources. As a key player in Sri Lanka's renewable energy space, the Group is cognisant of the vital role it can play in supporting Sri Lanka's transition to a green economy. A genuine commitment to ESG can also provide a competitive edge, particularly across our export businesses, a trend we have seen gathering rapid momentum in recent times.

Against this backdrop, I am excited and optimistic about what the future holds. Our ESG commitments are not merely targets, but are stepping stones on our journey towards fulfilling our Purpose, which is To Inspire an Inclusive World and a Thriving Planet. I am encouraged by the passion, commitment and dedication of our leadership and ESG teams across our diverse businesses. I have no doubt that, together, we will not only achieve these targets but exceed them, creating lasting, meaningful impact and driving real progress for a better future.

Mr. Mohan Pandithage
Chairman and Chief Executive

Message from the Group Chief Financial Officer



I am delighted to unveil the 2nd Edition of the Hayleys Lifecode today— as we reflect on the progress we have made, embrace the lessons we have learned and reaffirm our commitment to charting a bold path ahead. I am proud of the progress we have made since the launch of the 1st edition and take this opportunity to thank everyone whose dedication and efforts have been instrumental in bringing our vision to life.

Over the past few years the Group has made considerable progress in driving the strategic integration of ESG across its decision-making, processes and organisational culture. The formation of ESG Steering Committees with Board representation, both at the Group and Sector-level have enhanced Board oversight of ESG factors, embedding them more deeply into core operations and functional strategies. We have also strengthened processes surrounding the identification, monitoring and review of ESG-related risks, which have become increasingly prominent in the Group's risk landscape.

The Group has made significant progress against its 2030 ESG targets, although I acknowledge that performance in certain areas have not met our expectations. As described in further detail in subsequent sections, the Group has made impressive strides in reducing dependence on fossil-fuel based energy sources through significant investments in solar power and other renewable energy sources. Reducing emissions however, have been challenging due to persistent difficulties stemming from the broader operating landscape as well as limited availability of sustainable energy sources in the country. Despite these barriers, we remain committed to exploring innovative and sustainable solutions to advance our environmental targets. Progress in the social pillar has been commendable as we have made

strategic interventions in creating a diverse and inclusive culture, strengthening our value propositions to business partners and empowering communities.

The last few years have also brought significant regulatory changes in relation to climate governance and reporting. The introduction of the IFRS Sustainability Disclosure Standards have reshaped the reporting landscape and calls for robust governance and reporting of sustainability and climate-related risks and opportunities. Hayleys is responding to these shifts by investing in the knowledge, technology and capabilities required to comply with these emerging requirements, in line with our roadmap for achieving full compliance.

I am a firm believer that integrating sustainability into our business offers a strategic advantage that drives long-term success. In addition to reducing environmental impacts and improving efficiency, it widens access to new markets and fosters innovations that unlock sustainable solutions at scale. At Hayleys, we are on the path to transform sustainability to be a driver of profitable growth and shared value creation.

As we chart our way forward, I am confident that through a powerful combination of our people, technology, innovation and passion we can reimagine the future, unlocking the power and ideas to achieve our purpose- to Inspire an Inclusive World and a Thriving Planet.

Milinda Hewagama

Group Chief Financial Officer

Board Member of the United Nations Global Compact

“I AM A FIRM BELIEVER THAT INTEGRATING SUSTAINABILITY INTO OUR BUSINESS OFFERS A STRATEGIC ADVANTAGE THAT DRIVES LONG-TERM SUCCESS”



Introduction

Overview

In the two years following the launch of the first edition of the Hayleys Lifecode in 2022, the Group has witnessed rapid shifts in its operating landscapes as well as a significant increase in the sustainability consciousness of customers. With sustainability-related risks including escalating implications of climate change, regulatory pressure and shifts in customer behaviour gaining increasing prominence in the Group's risk landscape, embedding ESG across operations has taken centerstage in the Group's strategic aspirations. As a diversified conglomerate with operations spanning across multiple regions and several industry sectors, institutionalising ESG allows Hayleys Group to manage risks and opportunities more effectively, while safeguarding the Group's reputation, providing access to new markets and preserving the social license to operate our varying businesses in over 500 locations. It also highlights the need to embed understanding our stakeholder's concerns and changing operating environment dynamics into our decision-making processes, supporting efficient resource allocation.



Scope & Boundaries

In order for us to minimise Group-wide business risks and safeguard the reputation of Hayleys Group as a responsible corporate citizen, the ESG Framework should be implemented across all locations at a minimum level of assurance with reporting on relevant material topics for the Group and sector. Accordingly, the Group ESG Division will maintain a list of all operational locations of the Group and ensure that these locations report on the same regularly. The Group has achieved 100% reporting across all business locations (including overseas locations) ensuring that the financial and ESG reporting boundaries are consistent.

New Locations and Businesses

New locations and businesses are required to comply with ESG reporting requirements in the year of commencing operations.

New locations added must be named in the Annual Report to facilitate comparability of ESG information within the Annual Report.

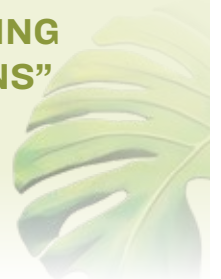
Cessation of operations

Locations that cease operations must be identified and named in the Annual Report to facilitate comparability of ESG information over previous years.

Annual Assessment of Scope

The Group ESG Division will assess the adequacy of coverage/scope on an annual basis by September of each financial year to facilitate implementation of the ESG Framework in a consistent manner across all our businesses and provide a status report to the Group ESG Steering Committee for their information and necessary action.

“NEW LOCATIONS AND BUSINESSES ARE REQUIRED TO COMPLY WITH ESG REPORTING REQUIREMENTS IN THE YEAR OF COMMENCING OPERATIONS”



External Standards and Frameworks

The purpose of the ESG Framework is to ensure compliance with regulatory requirements and move beyond compliance to adopting best practice in this regard.

The ESG Framework seeks to comply with the requirements of the following voluntarily adopted standards, frameworks and codes.

- Sri Lanka Financial Reporting Standards S1 and S2 Sustainability Disclosure Standards (based on IFRS Sustainability Disclosure Standards)
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka 2023
- Integrated Reporting Framework issued by the International Integrated Reporting Council
- GRI Standards (2021) issued by the Global Reporting Initiative
- Standards issued by the Sustainability Accounting Standards Board (SASB)
- Ten Principles of the United Nations Global Compact
- UN Global Compact CEO Water Mandate



Additionally, Hayleys Group recognises that the UN Sustainable Development Goals cannot be achieved without the active participation of private enterprises and is committed to supporting the same. The Group has identified and prioritised the SDGs which are most relevant to its operations, and these are denoted across this Document through the use of relevant icons. Hayleys PLC is also Participant of the United Nations Global Compact, together with 10 other Group companies.

Standards, Certifications & Ratings

Our businesses voluntarily opt to obtain ratings on ESG aspects which provide confirmation of sound practices in line with specified criteria. These typically

provide access to markets or supports differentiation of our products vis a vis our competitors. We will continue to obtain these in the future as well while striving to

also facilitate uniform use of universally recognised standards certification across all sectors of the Group to facilitate a minimum level of assurance at a Group level.

Measuring Progress on ESG Targets & Goals

Hayleys Lifecode Index (HLI)

We will monitor progress against our own internal goals and targets on a quarterly basis. The Hayleys Lifecode Index (HLI) represents a weighted aggregate score which measures performance against defined ESG

targets on a scoring scale of 10. This scoring system will also be used to benchmark sectors internally to assess performance and identify Group vulnerabilities, areas for further improvement and allocation of necessary resources.

An Annual assessment will be made against a peer group of diversified conglomerates who publish ESG information to assess our performance vis-à-vis comparable market leaders for benchmarking our performance.

Introduction

Progress made since the Launch of 1st Edition

Since the launch of the 1st Edition of the Hayleys Lifecode in 2022, the Group has made considerable progress in strategically integrating ESG considerations across its processes, organisational culture and decision-making. Emphasis was placed on strengthening ESG governance and reporting mechanisms, thereby ensuring that relevant sustainability-related information is escalated to those charged with governance. The Group is largely on track to meet the 2030 targets, although progress in certain areas has been below expectations, reflecting a volatile and extremely challenging operating landscape in Sri Lanka over the past few years.

Strengthening ESG governance

Hayleys PLC established a Group ESG Steering Committee in 2023, comprising 3 Executive Directors and 3 Members of the Group Management Committee. This Committee has oversight responsibility on the implementation of the Group's ESG roadmap, strategy, policies, risks and opportunities, initiatives and external commitments. The Steering Committee monitors the Group's quarterly ESG performance metrics, progress against targets as well as emerging ESG risks and opportunities which could affect the organisation's operations. ESG Steering Committees have also been formalised at Sector-level facilitating more focused and systematic implementation of Sector-level ESG strategies, which are aligned to the Hayleys Lifecode.

ESG risk management

The Group's ESG risk management has been strengthened since the launch of the 1st edition with clearly defined processes for risk identification and prioritisation, data collection, integration into decision-making, monitoring and reporting. Risks are identified

at Sector-level, allowing effective aggregation at the Group-level and facilitating the holistic identification of the most material ESG risk exposures.

Sector-level alignment

Several key Sectors including Textiles, Purification, Hand Protection, Transportation & Logistics, Construction Materials and Eco Solutions have implemented Sector-specific roadmaps aligned to the Hayleys Lifecode. Sector-level targets broadly represent the aspirations of the Group, but include additional sector-specific areas of focus which are material to the relevant industries. In line with the implementation of these roadmaps, Sector-level ESG governance, reporting and risk management processes have also been strengthened.

Performance against targets

The Group has made incremental but consistent progress towards achieving the 2030 targets set out in the Lifecode. Progress in certain areas have been below expectations, reflecting both external and internal challenges and rapid shifts in operating conditions. Against this backdrop, certain targets have been revised and refined in this edition to reflect business realities and emerging developments in the ESG arena.

Environmental targets: The Group is on track to meet its targets on reducing reliance on fossil fuels, with approximately 70% of its energy requirements now fulfilled through renewable sources. Considerable progress has also been made in reducing the energy intensity of its operations through ongoing focus on upgrading infrastructure and improving technology. In recent years, significant focus was placed on improving the computation and credibility of the Group's carbon footprint, with a roadmap in place for gradually widening the computation of Scope 3 emissions. While driving reductions in its Scope 1 emissions has been challenging,

the Group remains committed to its original target and is confident that emerging green alternatives to fossil fuels and innovation can accelerate this transition. Meanwhile, 2 Group entities (which accounted for 27% of Scope 1 & 2 emissions in 2023/24) have obtained verification of its emission targets by the Science-based-targets-initiative (SBTI). The Group is also on track to meet its biodiversity and water-related targets while there is further progress to be made in the area of waste and chemical management.

Social targets: The Group is largely on track to meet its HR-related targets with strategic focus being placed on training and development, health and safety, succession planning and diversity, equity and inclusion. A country-wide exodus of skilled employees following the economic woes of recent years led to an inevitable increase in turnover levels, necessitating a refinement of the attrition target to reflect business realities. While the Group is on track to meet its customer and community related targets, further interventions are planned to accelerate progress towards its supplier-related targets.

Governance targets: The Group has made significant progress in all governance-related aspects set out in the Lifecode, including Structure and Oversight, Stakeholder Engagement, ESG Risk Management, Transparent and Accurate Reporting and Ethics and Culture. The Group strengthened its commitment to minimising the risk of corruption through the implementation of a holistic Bribery and Anti-Corruption Policy, while measures were also adopted to integrate ESG risk management with existing risk management frameworks.

Key updates in the 2nd Edition

Defining six strategic long-term commitments

In this 2nd edition, the Group has further refined its ESG aspirations by defining six long-term commitments which reflect key priority areas stemming from the Group's material risks and opportunities, evolving stakeholder requirements and the dynamic sustainability context in which the Group operates. Accordingly, the 16 priority areas defined in the 1st edition have been classified into 6 principal areas of focus, thereby improving clarity and coherence of the Group's ESG aspirations.

Policy refresh and update

The Group's ESG policies were reviewed and updated in the 2nd edition reflecting changing dynamics in both the internal and external environments. In addition, several new policies including the Policy on Bribery and Anti-Corruption, Risk management and Internal controls, Rewards and Remuneration among others were added to the Group's suite of policies during the year. The policies that were refreshed and updated during the year include the Group Procurement Policy, Energy and Emission Management Policy and Chemical Management Policy.

Our Commitments

- Accelerate climate action
- Restore and regenerate nature
- Optimise resource footprint
- Responsible work place
- Partner progress
- Responsible and responsive corporate citizenry

Revisions to targets

Having assessed progress against the defined interim targets and in consideration of the Group's strategic agenda, stakeholder considerations and emerging risks and opportunities the following targets have been refined/revised in the 2nd edition of the Hayleys Lifecode. The remaining targets are unchanged from the previous Edition.

COMMITMENT	FOCUS	REVISION
Accelerate climate action	Energy	<ul style="list-style-type: none"> • The definition of renewable and sustainable energy (when computing reliance on renewable and sustainable energy composition) to include renewable electricity generated and supplied to the national grid which can be used to offset fossil-fuel based energy applications • Energy intensity to be computed based on Revenue measured in USD to minimise impact of exchange rate fluctuations
	Emissions	<ul style="list-style-type: none"> • Baseline year recalculated to reflect improvements in computation methodology in line with ISO 14064 (1): 2018 • Emission reduction compared to baseline (2018/19) to apply to entities within the Group's operating boundary in the baseline year • Annual GHG emission reduction targets for acquisitions/new companies
Optimise resource footprint	Water	<ul style="list-style-type: none"> • Water intensity to be computed based on Revenue measured in USD to minimise impact of exchange rate fluctuations
	Material and waste management	<ul style="list-style-type: none"> • Targets revised to achieve traceability of all waste categories, increase percentage of waste recycled and drive usage of environmentally-friendly packaging material • Waste intensity to be computed based on Revenue measured in USD to minimise impact of exchange rate fluctuations
	Chemical management	<ul style="list-style-type: none"> • New target on chemical-related safety incidents
Restore and regenerate nature	Biodiversity	<ul style="list-style-type: none"> • Target refined to represent a multiple of the built environment of the Group
Responsible work place	Engaged team	<ul style="list-style-type: none"> • Definition of category-specific employee turnover targets • Baseline changed to 2023/24 to reflect country-wide increases in employee turnover levels in recent years
Responsible and responsive corporate citizenry	Bribery and anti-corruption	<ul style="list-style-type: none"> • Zero tolerance of bribery and corruption

A Purposeful Lifecode

Our Lifecode envisions a better future for everyone. Thriving on a purposeful approach that takes in to account the impact on every stakeholder, our roadmap to sustainable value creation spans across three pillars namely, environmental, social and governance- all instrumental for a prosperous tomorrow.

Strategic ESG Integration

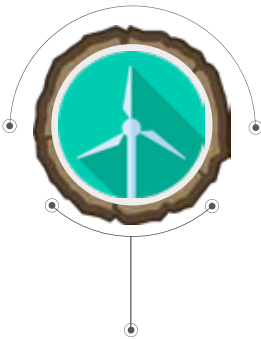
Strategic ESG Integration

As a purpose-driven organisation, the Group's corporate purpose represents the core drive of its value creation and strategy, embodying the Group's aspirations to drive multi-stakeholder value. The Hayleys Lifecode is directly aligned to the corporate purpose, as the Group seeks to drive triple bottom line value through driving sustainable economic growth, fostering social development, and investing in environmental sustainability while ensuring integrity and good governance.

Alignment to Purpose

OUR PURPOSE

Inspire an Inclusive World and a Thriving Planet



ENVIRONMENTAL

Minimise our footprint while seizing opportunities to shape a greener future



SOCIAL

Striving and thriving together for a better tomorrow



GOVERNANCE

Responsible and Responsive Corporate Citizenry

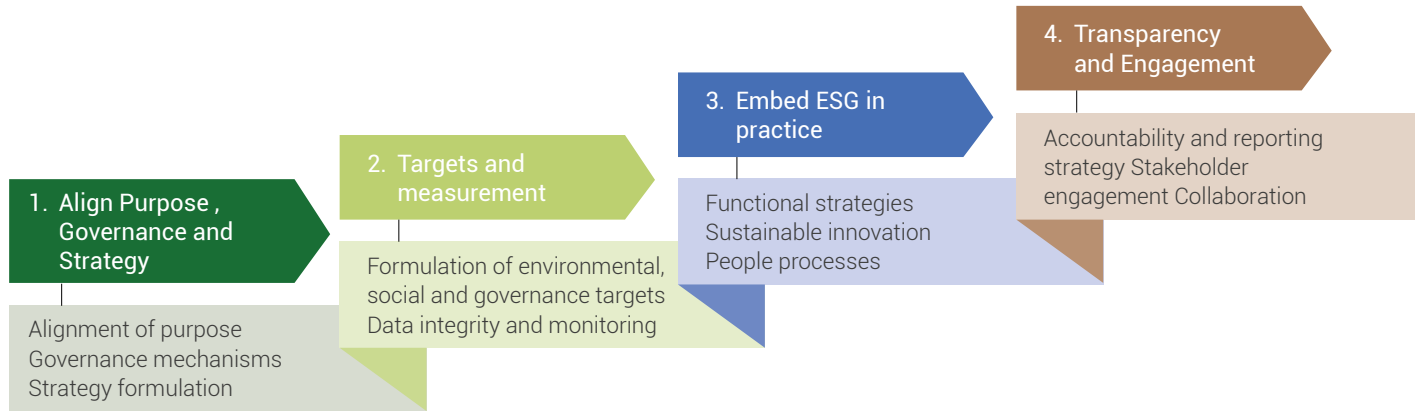
Our Approach to ESG Integration

The Group's approach to ESG integration is graphically illustrated below and centres on aligning governance mechanisms, setting targets and embedding sustainability-consciousness through functional

strategies. Given the different levels of ESG maturity across the Group, business sectors are currently at varying levels of ESG integration. Key Sectors within the Group which have the most significant ESG

impacts have formulated ESG roadmaps aligned to that of the Hayleys Lifecode, with all sectors expected to reach this level of maturity over the next 2 years.

ESG Approach



Align purpose, governance and strategy

Corporate Purpose: The Corporate Purpose of 'Inspiring an Inclusive World and a Thriving Planet' embodies the Group's aspirations to be a force for good in the broader economic, social and environmental context, thereby aligning directly with the Group's ESG agenda.

ESG Governance: The Board is the highest decision-making authority in the Group and has overall responsibility for formulating the Group's sustainability-related policies and goals and implementing the Group's ESG Framework. ESG Steering Committees have been established at Board and Sector-level, facilitating deeper analysis of industry-specific ESG developments.

Strategy Formulation: Sector-level roadmaps have been implemented in line with the aspirations of the Lifecode, setting out sector-specific targets, actions and deliverables for environmental, social and governance aspects.

Targets and Measurements

Monitoring metrics: Performance against the Lifecode targets as well as other social and environmental metrics are tracked through the Hayleys CUBE- the Group's sustainability information portal. The web-based system enables numerous users across the Group's operating locations to submit relevant social and environmental information quarterly, which is aggregated and reported to the ESG Steering Committees at both Sector level and Group level.

Data integrity: In addition to controls built into the CUBE system, which includes multiple levels of approval and error flagging, the integrity of the non-financial information is ensured through third-party assurance.

ESG in practice

Key mechanisms of embedding ESG include the following:

- Quarterly monitoring of performance against ESG targets

- Consideration of ESG aspects in key investment decisions
- ESG risks are assessed quarterly and submitted to the Audit Committee
- Awareness and culture building through employee induction and ongoing programmes

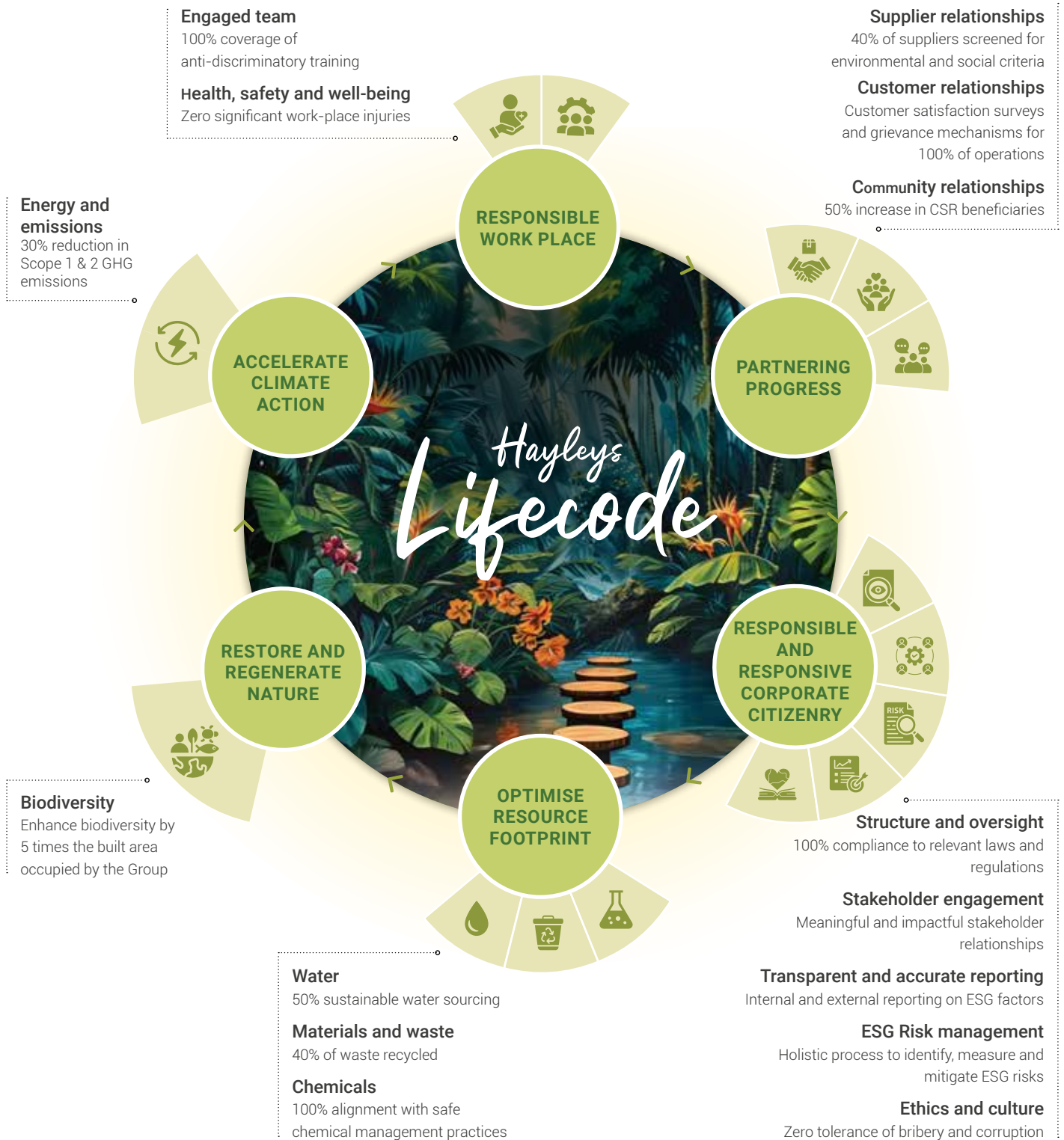
Transparency and Engagement

ESG Reporting: The Group's sustainability and ESG reporting complies with multiple international and local sustainability reporting frameworks. A combined assurance model is used to ensure the integrity of the quantitative and qualitative disclosures in the Report.

Collaboration and knowledge sharing: As industry pioneers in sustainability across several of our verticals, the Group plays an active role in collaborating with like-minded organisations and communities to advance sustainability efforts. These collaborations have facilitated the leveraging of diverse expertise, knowledge sharing and innovation and enabled the scaling of impact.

Focus Areas

In this 2nd edition, the Group has defined six long-term commitments which reflect key priority areas stemming from the Group's material risks and opportunities, evolving stakeholder requirements and the dynamic sustainability context in which the Group operates. Accordingly, the 16 priority areas (as defined in the 1st edition) have been classified into 6 principal areas of focus, thereby improving clarity and coherence of the Group's ESG targets.



ESG Approach

Responsible Investment

Hayleys Group seeks to proactively integrate ESG factors into its investment process when evaluating potential acquisitions, new businesses, and expansion of existing businesses. In addition to traditional financial metrics, investment appraisals should take into consideration the environmental and social footprint of the relevant investment. As a minimum standard, the Holding Company and Sectors should,

- Conduct a review of key positive and negative ESG impacts pertaining to the investment
- Give due consideration to ESG opportunities and risks that may arise in the future

- Target specific non-financial outcomes along with financial returns
- Other things being equal, preference for investments which have stronger ESG performance

ESG Due Diligence

ESG considerations are integrated into the Group's mergers and acquisitions process through a formal ESG Due Diligence Framework, which ensures alignment to the overall ESG strategy as well as identification and mitigation of ESG risks in potential acquisitions.

Exclusion Policies

Hayleys Group enforces group-wide exclusion policies on the following businesses and/or industry sectors:

- Production and trading of Tobacco products
- Production and trading of weapons and ammunition

Exclusions will be implemented and monitored by the Strategic Business Development Unit and Group ESG. The list is regularly reviewed and updated, and Sector Heads are informed about such changes as and when they occur.

Value Creation through ESG

Hayleys Group seeks to embed ESG considerations into its business strategy, recognising avenues for long-term value creation. Sectors are encouraged to pursue

such opportunities and leverage customers' and suppliers' increasing prevalence towards environmental and social consciousness. Business opportunities

could include (but are not limited) are not limited to the following:

STRATEGIC PRIORITY	ESG OPPORTUNITY
<i>Portfolio optimisation</i>	<ul style="list-style-type: none"> • Access to new markets through sustainable business practices • Opportunities in driving the low-carbon transition • Enhance return on investments through improved capital allocation
<i>Customer centricity</i>	<ul style="list-style-type: none"> • Reduction in the use of natural resources including water and land • Reductions in energy consumption • Identify and accommodate constraints on natural resources through new products and processes • Product innovation through sustainable practices
<i>Nurturing inspired teams</i>	<ul style="list-style-type: none"> • Increase employee satisfaction, morale and retention • Strengthen employer brand
<i>Inclusive business models</i>	<ul style="list-style-type: none"> • Improve stakeholder relationships • Drive the creation of shared value across supply chains



A Conscientious Lifecycle

At Hayleys, we have woven robust structures, transparent reporting mechanisms, and comprehensive risk management processes into the very fabric of our operations, ensuring that ESG principles are not just upheld but deeply embedded in every decision we make

Lifecycle Stewardship

Lifecode Stewardship

This section sets out the Lifecode stewardship structure and roles and responsibilities within the Hayleys Group for managing ESG risks and reporting.

Roles and Responsibilities

Board of Directors

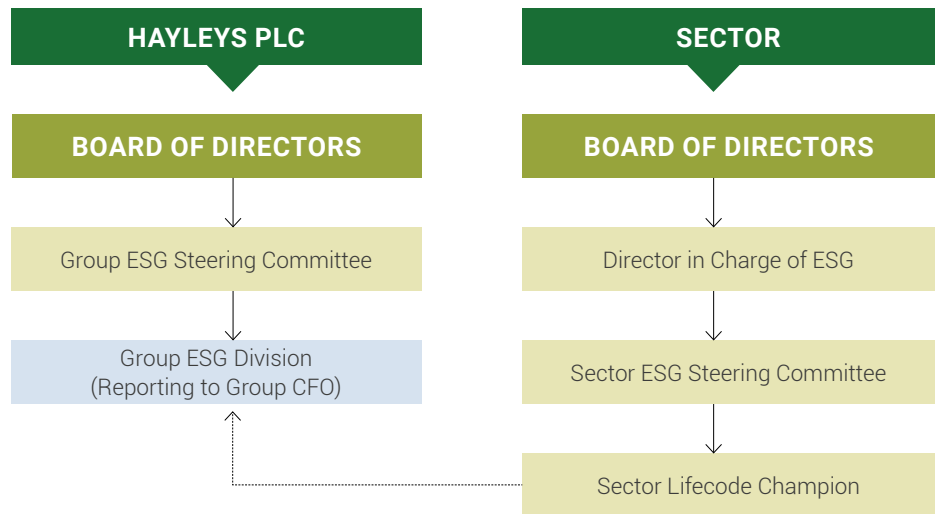
Hayleys PLC is a strategic investment and holding company which is the parent company of over 180 companies organised in to 14 sectors. Hayleys PLC has 12 subsidiaries which are publicly listed companies with different shareholders and our structures facilitate accountability to them as well. All companies have a Board of Directors and is assigned to a sector. Each sector is headed by a Group Management Committee member who is responsible for delivering agreed strategic goals for the sector.

The Board of Hayleys PLC, appointed by the shareholders, is the highest decision-making authority in the Group and has overall responsibility for determining the strategic direction of the Group, adopting a sound governance framework and setting in place robust risk management and internal control systems, including the ESG Framework of the Group. Directors are encouraged to enhance their understanding of ESG-related developments through engaging in suitable training and capacity building programmes.

Figure 1 below sets out the Lifecode governance structure of the Group. Hayleys PLC and each Sector has its own ESG Committee, which facilitates a sector-specific approach to managing ESG issues. The ESG Steering Committees convene quarterly.

Each publicly listed company and holding company of the business sector also has its own Audit Committee. These Board and Audit Committees meet at least once a quarter to review performance and more frequently if deemed necessary.

Figure 1: Lifecode Stewardship Structure



Group ESG Steering Committee

The Group ESG Steering Committee is represented by three Executive Directors and three GMC Members including the Group CFO and Head of Group HR and Legal. The Committee is tasked with the responsibility of providing oversight on the implementation of the Hayleys Lifecode in addition to policies, risks and opportunities, initiatives and external commitments. The Committee's mandate includes the following:

- Provide oversight and monitor the execution of the Group's ESG Framework-Hayleys Lifecode including progress against environmental, social and governance targets in the short, medium and long-term.
- Identify ESG related risks, opportunities and impacts and recommend the implementation of appropriate measures to effectively address these dynamics.

- Review and provide guidance on ESG related policies and programmes required to drive the Group's ESG Framework and strategy.
- Review and approve the Group's stakeholder engagement strategy which allows management to identify, understand and respond to stakeholders' legitimate concerns.
- Receive updates at least quarterly or as and when required, on ESG matters including progress against targets, key KPIs and strategy implementation.
- Review, approve and make recommendations in respect of sustainability and ESG factors in the Company's corporate reporting and external communications.
- Review emerging trends and issues in the ESG areas and assess potential impact on the Group.
- Ensure synchronization of all ESG aspirations and initiatives to the Hayleys PLC Corporate Purpose.

Audit Committees

Mandates of the Hayleys PLC Audit Committee and Audit Committees of subsidiaries are expanded to include oversight of ESG risks as they also assist the Board in managing risks. See Audit Committee Charter set out in Annexure 5. ESG reporting and risks form part of their quarterly agenda.

Group Management Committee

The Group Management Committee (GMC) is the highest Executive decision-making body and comprises all sector heads who serve as Chief Executive Officers of the respective subsidiaries. The Group Management Committee is responsible for implementing the ESG Framework and facilitating development of sound ESG reporting and risk management within their areas of review. They will be supported in their decision making by relevant regular ESG information, supporting integrated thinking, improved resource allocation and risk management.

Group ESG Division

The Group ESG Division drives the ESG agenda for the Group and has the following specific responsibilities:

- a. Support ESG policy formulation in consultation with the Board, ESG Steering Committee and GMC
- b. Providing qualitative and quantitative ESG information to support integration of ESG factors in decision making
- c. Ensuring ESG metrics are comprehensive, material, reliable and comparable, supporting decision making

- d. Monitoring stakeholder engagement processes, results and identifying potential risks arising from their concerns
- e. Facilitating the identification of material topics for the Group including business and ESG topics and addressing information requirements with regards to the same, clearly distinguishing between internal and external disclosures
- f. Providing feedback to sectors on ESG performance, areas for potential improvement and escalation of immediate concerns to GMC
- g. Determining targets for ESG performance and obtaining consensus with GMC and Board
- h. Coordinating ESG performance and reporting with all sectors of the Group through sustainability representatives (Lifecode Champions) appointed by each sector including setting up platforms to facilitate knowledge sharing and quarterly meetings
- i. Providing any reports and other information or taking any further action deemed necessary to advance the Group ESG agenda by GMC, ESG Steering Committee Audit Committee or Board

ESG Functions in Sectors & Lifecode Champions

Each sector has appointed a Lifecode Champion who is sufficiently knowledgeable in the relevant area. It is necessary that the Lifecode Champion must be sufficiently empowered or has the ability to gain the support of multiple officials within the Group whose cooperation is necessary for the effective implementation of the ESG Framework.

The Lifecode Champion will report directly to the Sector Head/CEO/Finance Director on ESG matters and will be accountable for escalating any concerns to him/her. It is desirable that a weightage of at least 30% of performance objectives is given to ESG matters if the role is combined with any other duties within the sector. Sectors that have significant scale and complexity may consider appointment of a separate person for the role where adherence to ESG factors is a key criteria for access to markets or by key customers. A sufficiently diverse group of Lifecode Champions will facilitate knowledge sharing and replication of successes within the Group.

Sector Lifecode Champions will coordinate activities and reporting with Group ESG Division to support achievement of relevant targets. Quarterly or more frequent meetings between Sector Lifecode Champions and Group ESG are necessary for steering the Group towards a coordinated effort in this regard. This could also be supported by electronic platforms.

Lifecode Champions are encouraged to upgrade their skills and knowledge on relevant ESG matters which are likely to impact their sectors.

Management Audit and Systems Review Division (MA&SRD)

The scope of MA&SRD at Group and subsidiary levels includes providing assurance on ESG factors to the respective audit committees, particularly on those matters which are considered material and disclosed publicly available annual reports, directly or indirectly.

Lifecode Stewardship

Policy Architecture

The policy architecture of the ESG Framework is as follows:

ENVIRONMENT	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"> • Material and waste management policy • Energy and emission management policy • Water management policy • Biodiversity conservation policy • Chemical management policy 	Human Capital	<ul style="list-style-type: none"> • Policy on Matters related to the Board of Directors • Policy on Board Committees • Corporate Governance Policy • Rewards and Remuneration Policy • Board Committee Charters • Policy on Risk Management and Internal Controls • Information Disclosure Policies • IT Policy • Intellectual Capital Policy • Information Security Policy • Business Data Back-up Policy • Policy on Whistleblowing • Bribery and Anti-Corruption Policy • Investor and Shareholder Communication Policy • Corporate Disclosure Policy
	Social & Relationship Capital	<ul style="list-style-type: none"> • Customer Management Policy • Procurement Policy • Community Relations Policy

The above policies represent the current position and subsequent additions/revisions to policies will be listed on the Group's website.

ESG Materiality and Scoring

Hayleys Group conducts an annual, Group-wide materiality assessment which enables it to identify dynamic ESG issues which are then incorporated into the processes of strategy formulation, risk management, performance management and corporate reporting. Sector Heads have oversight responsibility for ensuring that the materiality assessment is carried out in accordance with the guidelines set out by the Group Materiality Assessment Guidelines, while Sector Lifecode Champions are responsible for the implementation of the same. Sector-level materiality assessments are aggregated by the Group ESG Division, which in turn allows it to determine material topics at a Consolidated level.

Scope and Boundary

The materiality assessment covers the Hayleys Group's 14 business sectors and includes both Sri Lankan and

overseas operations. The boundary extends beyond the Group's internal operations to include its' value chain, risks and opportunities, industry dynamics, direct

and indirect impacts, and other relevant stakeholder impacts.

Scoring Methodology



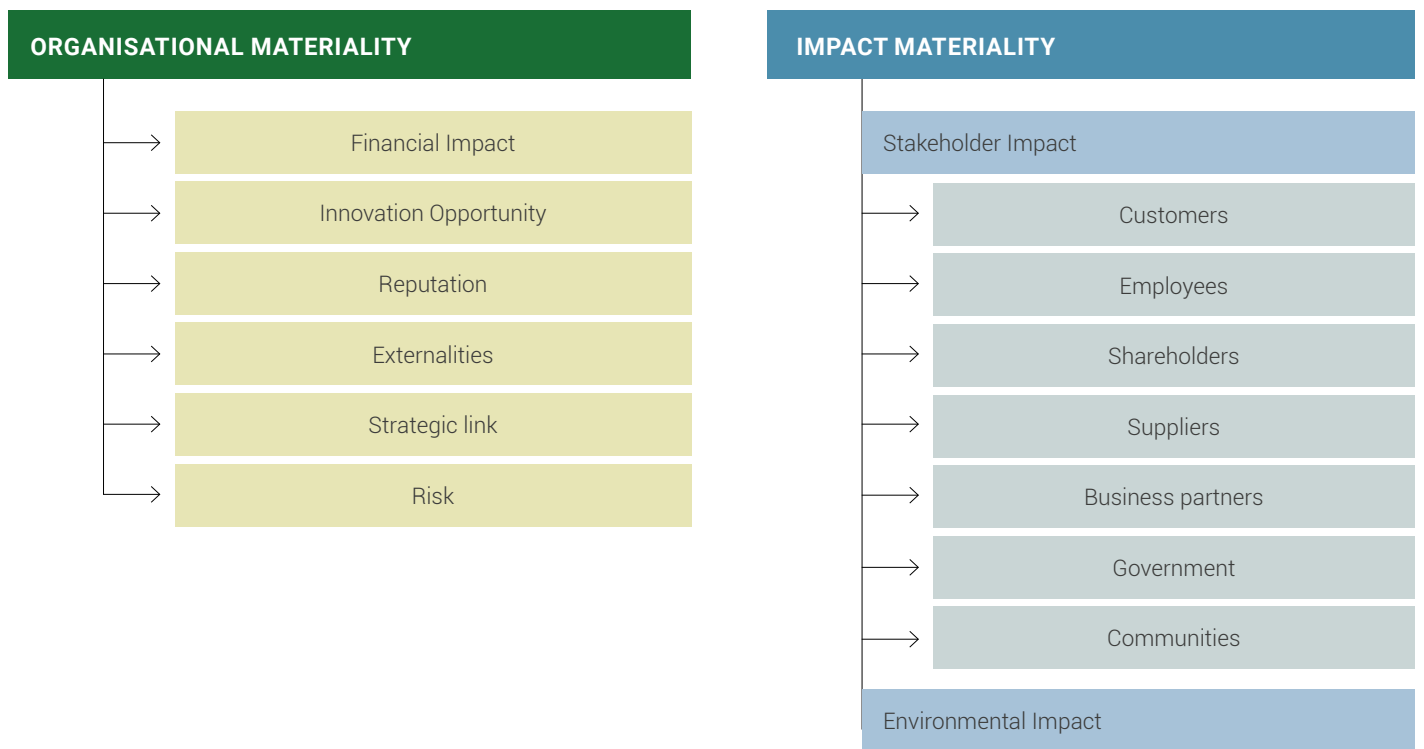
Process parameters

Group ESG sets out a list of material topics which are a reference point in conducting the material assessment. These topics are determined following assessment of emerging risks and opportunities in the internal and external landscape, developments in the corporate reporting landscape and other relevant factors. The Group takes into consideration the guidelines recommended by local and international corporate reporting frameworks including the IFRS S1 and S2 standards, IR Framework, SASB Standards and GRI Standards. Sectors may add new topics which are relevant to their industries and could pose material risks in the future.

Lifecycle Stewardship

Filtering and Scoring

The identified long list of material topics is filtered using the following tests which are used to assess organisational impact and influence on stakeholder decisions. The Group adopts a double materiality lens in determining material topics considering the impact on the organisation as well as on economic, social and environmental impacts. Identification of material topics primarily follows qualitative assessment of factors; Sectors will assess the impact of the material topics by scoring each factor from 1 (low impact) to 3 (high impact). In relation to sustainability-related financial disclosures (in line with the SLFRS Sustainability Disclosure Standards), the Group will define a suitable financial materiality threshold.



Aggregation at Hayleys PLC

The individual sector materiality matrices are used to determine the Hayleys PLC Group's consolidated material topics. In doing so, each material topic is weighted using a suitable metric based on the

importance of the Sector to the Group. The following metrics are used in attaching weights to sector level material topics.

- **Economic factors:** Sector revenue contribution to Group
- **Social factors:** Headcount of the Sector relative to the Group
- **Environmental factors:** Weighted based on relative impact to the Group's carbon footprint, water consumption and land usage



An Impactful Lifecode

We strive to accelerate our positive impacts on both people and the planet by investing in and advocating for a future where business serves as a force for good

ESG Commitments



Environment



This section demonstrates our commitment and aspirations towards sustaining and conserving our planet through renewed, efficient, and sustainable efforts to combat environmental challenges.

Refer to Environmental Policy booklet enclosed in the back cover



Social



This section illustrates our commitment towards uplifting the livelihoods of our supply chain partners, smallholders and communities while creating a dynamic and conducive work environment for our employees.

Refer to Social Policy booklet enclosed in the back cover



Governance



This section demonstrates our commitment to ensuring integrity and transparency across the organisation, driving accountability and setting the right tone at the top.

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Environmental Lifecode

An integral pillar of the Lifecode we live by, is our Environment. As our planet nourishes and sustains our lives, we believe in being mindful about our impact, actively contributing to preserve our planet every passing second. Here at the Hayleys Group, our goal is to minimise our footprint while seizing opportunities to shape a greener future.

Whether it's biodiversity conservation or ensuring the responsible consumption of natural resources, our Lifecode details the Group's Environmental strategies, targets and plans towards a better tomorrow.



Environment

Environment

Our businesses range across a number of sectors that present opportunities to have a positive environmental impact or to minimise our environmental footprint through innovation and allocation of necessary resources. This section sets out the Group Environmental strategies, targets and plans for achieving the same.



MINIMISE OUR FOOTPRINT WHILE SEIZING OPPORTUNITIES TO SHAPE A GREENER FUTURE

Optimise Resource Footprint



Water

50% sustainable water sourcing

- Application of sustainable water sources
- Reduction of water intensity through efficiency improvements



Materials & Waste management

40% of waste recycled

- Value addition on all waste generation
- Ensure the responsible consumption of natural resources and sustainable production



Chemical management

100% alignment with safe chemical management practices

- Ensure best chemical management practices across the supply chain intensity through efficiency improvements

Accelerate Climate Action



Energy and emissions



30% reduction in Scope 1 & 2 GHG emissions

- Reliance on sustainable and renewable energy sources
- Reduction in energy intensity through improving operational efficiencies
- Improving emission reporting



Restore and Regenerate Nature



Biodiversity

Enhance biodiversity in 5 times the built area occupied by the Group


- Biodiversity conservation and preservation relating to our business operations

Environmental Strategies, Targets and KPIs

Accelerate Climate Action

Energy and Emissions

Table 1: Energy & Emission Management Strategies, Targets and KPIs

POLICY	ESG STRATEGY	2030 TARGET	BASELINE PERFORMANCE	ANNUAL KPIS AND ACTION PLAN	REVISION TO ORIGINAL TARGET
 <p>Energy and Emission Management Policy</p> <p>Refer the Energy and Emission Management Policy in the Environmental Policies booklet</p>	Reliance on sustainable and renewable energy sources	90% sustainable and renewable energy applications	64% of renewable energy (total renewable energy consumption and generation over the total energy consumption and generation) Based on 2018/19 performance	<ul style="list-style-type: none"> 3% Increase in renewable and sustainable energy applications 	<ul style="list-style-type: none"> Definition of sustainable and renewable energy to include energy generated and supplied to the national grid through solar, mini-hydro, wind and other renewable sources which can be used to offset fossil-fuel based energy consumption.
		100% sustainable biomass sourcing for entire group	25% of sustainable biomass (rubber wood, saw dust, briquettes are considered as sustainable biomass sources) Based on 2018/19 performance	<ul style="list-style-type: none"> Map existing biomass sourcing within Group and implement holistic biomass sourcing programme Implement mechanisms for Sectors to source sustainable biomass from the Group's regional plantation companies and agriculture Sector out-growers 	<ul style="list-style-type: none"> None
	Reduction in energy intensity through improving operational efficiencies	30% energy intensity reductions	Group energy intensity for 2018/19: 2,934 GJ per USD Mn	<ul style="list-style-type: none"> 3% annual decrease in total energy intensity of the group 	<ul style="list-style-type: none"> Intensity computation to be based on USD Revenue to minimise impact of exchange rate fluctuation on computation


Environment

POLICY	ESG STRATEGY	2030 TARGET	BASELINE PERFORMANCE	ANNUAL KPIS AND ACTION PLAN	REVISION TO ORIGINAL TARGET
	Reduction in absolute carbon footprint (aligning with net-zero by 2050 journey)	30% reduction in absolute GHG emissions of scope 1 & 2 by 2030	Scope 1: 46,472 tCO ₂ e Scope 2: 55,647 tCO ₂ e	<ul style="list-style-type: none"> Obtain annual third party verification of the Group's direct and indirect GHG emissions Reduce dependence on fossil-fuel based energy sources Increase investments in renewable energy 	<ul style="list-style-type: none"> Baseline year has been recalculated to reflect improvements in computation methodology, and emission factors. Targets relate to the entities within the Group's financial and operating boundary in the baseline year of 2018/19.
		10% reduction in absolute carbon emissions of scope 3	Scope 3 emissions: 5548 tCO ₂ e	<ul style="list-style-type: none"> Widen Scope 3 reporting to include all material emission categories 	
		4% y-o-y reduction in annual Scope 1 and 2 emissions of all new acquisitions	Acquisitions since 2018/19 Horana Plantations: 5,089 tCO ₂ e (2023/24) South Asia Textiles: 11,838 tCO ₂ e (2023/24)	<ul style="list-style-type: none"> Both new entities have committed to the Science-based-targets-initiative with South Asia Textiles obtaining verification of its targets 	<ul style="list-style-type: none"> New target

Optimise Resource Footprint

Water


Table 2: Water Management Strategies, Targets & KPIs

POLICY	ESG STRATEGY	2030 TARGET	BASELINE PERFORMANCE	ANNUAL KPI	REVISION TO ORIGINAL TARGET
 <p>Water Management Policy</p> <p><i>Refer the Water Management Policy in the Environmental Policies booklet</i></p>	Application of sustainable water sources	50% sustainable water sourcing across the group (rainwater / water recoveries / recycled water use)	10% of sustainable sourcing of water (process and non-process related, includes rain water / recycled water / waste water reuses) Based on 2018/19 performance	<ul style="list-style-type: none"> 6% increase in sustainable water sourcing annually till 2029/30 	<ul style="list-style-type: none"> Annual KPI revised with an increase in the incremental requirement
		75% of total wastewater recycled and reclaimed	11% of waste water recycled / reclaimed (considering only the internally recycled or reclaimed waste water quantities)	<ul style="list-style-type: none"> 10% increase in waste water recycling of the group annually 	<ul style="list-style-type: none"> Annual KPI revised with an increase in the incremental requirement
	Reduction in water intensity through efficiency improvements	30% reduction in water intensity	3,620 m ³ per USD Mn for 2018/19	<ul style="list-style-type: none"> 3% reduction in total water intensity of the group annually 	<ul style="list-style-type: none"> Intensity computation to be based on USD Revenue to minimise impact of exchange rate fluctuation on computation

Environment


Material and Waste Management

Table 3: Materials & Waste Management Strategies, Targets & KPIs

POLICY	ESG STRATEGY	2030 TARGET	BASELINE PERFORMANCE	ANNUAL KPI	REVISION TO ORIGINAL TARGET
 <p>Material and Waste Management Policy</p> <p><i>Refer the Material and Waste Management Policy in the Environmental Policies booklet</i></p>	Value additions on all waste generation	Achieve traceability of all waste categories	Baseline to be established based on 2024/25 performance	<ul style="list-style-type: none"> Complete 100% tracking and reporting of waste generation across the Group Launch of Group - level sustainable waste management road map by 2025/26 	<ul style="list-style-type: none"> Target revised to drive improvements in waste mapping and reporting
		25% reduction of waste intensity	60.30 MT/USD Mn	<ul style="list-style-type: none"> 4% reduction in total waste intensity of the group 	<ul style="list-style-type: none"> Intensity computation to consider USD Revenue to minimise impact of exchange rate fluctuation on computation
		40% of solid waste recycled	17% in 2023/24	<ul style="list-style-type: none"> 5% annual increase in waste recycled 	<ul style="list-style-type: none"> New target
	Ensure the responsible consumption of natural resources and sustainable productions across the group	20% Recyclable, Reusable, or Compostable Packaging	Baseline to be established based on 2024/25 performance	<ul style="list-style-type: none"> 4% annual reduction in single-use plastics through using alternative sustainable packaging material 	<ul style="list-style-type: none"> Target refined to focus on packaging material
	Application of green production initiatives across 30% of products / services volumes by 2030 (LCA / recyclable products / green ratings, eco labelling etc.)	Baseline to be established based on 2024/25 performance	<ul style="list-style-type: none"> Map all possible green initiatives based on sector-level business operations Develop roadmap for implementing sustainable manufacturing & service practices across 	<ul style="list-style-type: none"> Green production initiatives to include designing for recyclability, reusability or biodegradability, use of renewable input materials and/or carbon reduction across the lifecycle among others. 	

Chemical Management


Table 4: Chemical Management Strategies, Targets & KPIs

POLICY	ESG STRATEGY	2030 TARGET	BASELINE PERFORMANCE	ACTION PLAN	REVISION TO ORIGINAL TARGET
 <p>Chemical Management Policy</p> <p>Refer the Chemical Management Policy in the Environmental Policies booklet</p>	Ensure best chemical management practices across the supply chain	100% Alignment with safe chemical management practices across the group operations	Chemical-intensive manufacturing sectors have implemented stringent chemical management guidelines	<ul style="list-style-type: none"> Improve and standardise chemical storage, transportation consumption and disposal related practices focusing on environmental and safety aspects in 2025/26 Sectors which are significant users of chemicals to obtain third party certification on best chemical management practices Propagation of best chemical management practices across supply chain 	<ul style="list-style-type: none"> None Action plans and annual KPIs refined
		20% reduction in chemical inputs per unit of production	Chemical intensities computed at Sector-level due to diversity in product range.	<ul style="list-style-type: none"> Reduce reliance on water-intensive chemicals usage Substitution of high-impact and hazardous chemicals with safer alternatives Improving process yields to reduce excess chemical consumption Engage in chemical leasing operations 	<ul style="list-style-type: none"> Target changed to drive reduction of chemical consumption
		Zero chemical related safety incidents	Baseline to be established in 2024/25	<ul style="list-style-type: none"> Integration of chemical safety into the overall safety guidelines Establish mechanisms for spill and waste management Comprehensive training on handling, storage and disposal of chemicals Conduct regular risk assessments 	<ul style="list-style-type: none"> New target

Environment

Biodiversity

Table 5: Biodiversity Conservation Strategies, Targets & KPIs

POLICY	ESG STRATEGY	2030 TARGET	BASELINE PERFORMANCE	ANNUAL KPI	ANNUAL KPI
 <p>Biodiversity Conservation Policy</p> <p>Refer the Biodiversity Conservation Policy in the Environmental Policies booklet</p>	Biodiversity conservation and preservation relating to our business operations	Increase the biodiversity enhancing programme to cover 5 times the built area occupied by company	Group-wide built environment	<ul style="list-style-type: none"> Annual increment of 50% of baseline operational area 	<ul style="list-style-type: none"> Refined the target in relation to the built environment of the Group

Refer to Annexure 2: Details of KPIs related to the implementation of environmental strategies



Social Lifecycle

Every life we touch leaves a lasting impact on the legacy we are building. At the Hayleys Group, we are connected by one heartbeat and our social fabric is interwoven with different communities, spanning the length and breadth of this nation. As a Group which engages with over 37,000 employees, we believe in striving and thriving together for a better tomorrow.

The Social pillar of the Lifecycle we live by, details the Group's Social strategies, targets and plans set to foster community relationships, while we act to develop a diverse, inclusive, socially and environmentally conscious workforce.



Social

Social

As a Group which engages with over 37,000 employees and an extensive network of business partners including customers, suppliers, and principals, the Groups is aptly positioned to drive positive impacts through propagating its social sustainability agenda. This section sets out the Group Social strategies, targets and plans for achieving the same.



STRIVING AND THRIVING TOGETHER FOR A BETTER TOMORROW

Responsible Work Place



Engaged team



100% coverage of anti-discriminatory training

- Developing a diverse, inclusive and socially and environmentally friendly workforce



Health, safety and well-being

Zero significant work-place injuries

- Ensure a safe workplace for all employees and a healthy workforcen



Partner progress



Supplier relationships

40% of suppliers to be screened on environmental and social criteria

- Standardise sustainability compliance across the value chain

Customer relationships

Customer satisfaction surveys and grievance mechanisms covering 100% of operations

- Enhance the experience of every customer



Community relationships

50% increase in CSR beneficiaries



- Double the impact of community engagement initiatives




Social Strategies, Targets and KPIs

Responsible work place

Engaged Team


Table 1: People Management Strategies, Targets and KPIs

POLICY	ESG STRATEGY	2030 TARGET	BASELINE PERFORMANCE	ACTION PLAN	REVISION TO ORIGINAL TARGET
 <p>Employment policies</p> <p>Refer the Employment Policies/Group HR Policy Manual in the Social Policies booklet</p>	Developing a diverse, engaged team	Attrition rates Managerial: 12% Executive: 19% Non-Executive: 22%	Attrition rates Managerial: 16% Executive: 22% Non-Executive: 28% Baseline year 2023/24	<ul style="list-style-type: none"> 0.5% reduction in employee attrition rate 	<ul style="list-style-type: none"> Definition of category-specific attrition targets Baseline changed to 2023/24 reflecting country-wide changes in employee retention levels due to exodus of talent
	Provide opportunities for continuous learning	Each employee to receive an average of 40 training hours per annum	5.31 hours of average training per employee	<ul style="list-style-type: none"> Sector-specific annual KPIs 	<ul style="list-style-type: none"> None
	Create a performance-driven, conducive work culture	100% of selected employee categories to receive performance appraisals	98% of employees receive performance appraisals	<ul style="list-style-type: none"> Achieve 100% by 2025/26 and maintain thereafter 	<ul style="list-style-type: none"> Definition refined to exclude employees covered by collective agreements
	Build talent pipelines and succession plans	Formulate clear succession plan for all GMC members immediate subordinate for all the business sectors	2 Sectors	<ul style="list-style-type: none"> Implement succession plans for immediate subordinate to MD for all sectors based on the Group's succession planning methodology 	<ul style="list-style-type: none"> None
	Leadership and supervisory development plans	10,000-man hours of leadership and supervisory development programmes covering all sectors by 2030	Target already achieved	<ul style="list-style-type: none"> Initiate leadership and supervisory development programs in all sectors 	<ul style="list-style-type: none"> None
	Building an inclusive and equitable organisational culture	All employees to undergo training and awareness on anti discrimination	Programme rolled out in 2023/24	<ul style="list-style-type: none"> Training and awareness on anti-discrimination for all employees 	<ul style="list-style-type: none"> None

Social


Health, safety, and well-being

Table 2: Health and Safety Strategies, Targets & KPIs

POLICY	ESG STRATEGY	2030 TARGET	BASELINE PERFORMANCE	ACTION PLAN	REVISION TO ORIGINAL TARGET
 <p>Health and Safety Policy</p> <p>Refer the Health and Safety Policy in the Social Policies booklet</p>	Ensure the health, safety, and well-being of all employees	Safest workplace with zero significant workplace injuries/ occupational diseases	1,603 work related injuries resulting in 14,432 lost working man days No fatalities	<ul style="list-style-type: none"> Standardise and ensure complete reporting of accident-related data covering 100% of operations Annual increase of 10% in the coverage of sectors complying with ISO 45001: 2018 Occupational Safety & Health Management System to achieve 100% implementation of Health & Safety Management system across entire group. 	<ul style="list-style-type: none"> None


Procurement

Table 3: Procurement Strategies, Targets & KPIs

POLICY	ESG STRATEGY	2030 TARGET	BASELINE PERFORMANCE	ACTION PLAN	REVISION TO ORIGINAL TARGET
 <p>Procurement Policy</p> <p>Refer the Procurement Policy in the Social Policies booklet</p>	Propagate good social and environmental practices across our supply chain	Achieve 40% screening of total supplier profile	Baseline to be established following roll out of Responsible Procurement Strategy in 2025/26	<ul style="list-style-type: none"> Complete evaluation of large-scale suppliers in 2025/25 Supplier base screened to be increased by 8% annually to achieve a target of 40% by 2030. 	<ul style="list-style-type: none"> Target maintained, revisions to annual KPI and action plan
	Implementation of strategic supplier development programmes across key supply chains	All Sectors to establish at least one long term supplier development programme	3 sectors operate supplier development programmes (First Light / Haritha Angaara / Jeewadhara)	<ul style="list-style-type: none"> 12 different strategic supplier development programmes by Hayleys group by 2030 (At least 01 long term programme by each business sector) 	<ul style="list-style-type: none"> None


Customer Management Policy

Table 4: Customer Management Strategies, Targets & KPIs

POLICY	ESG STRATEGY	2030 TARGET	BASE LINE PERFORMANCE	ANNUAL KPI
 <p>Customer Management Policy</p> <p>Refer Customer Management Policy in the Social Policies booklet</p>	Exceed customer expectations through identifying and responding to customer needs	Customer satisfaction surveys covering 100% of operations	Currently 10 sectors conduct systematic satisfaction surveys	<ul style="list-style-type: none"> Formalised satisfaction survey processes will be established by all the business and gradually increased customer coverage
		Customer grievance handling processes covering 100% of operations	Currently 12 sectors have established grievance handling procedures for customers	<ul style="list-style-type: none"> Implement clearly defined customer grievance procedure covering 100% of operations. All customer grievances/ complaints to be acknowledged, responded to and resolved within 1 month of being presented.
	Adopt responsible marketing practices	40% of all products and services to include relevant product information, which enables customers to make informed purchasing decisions.	Baseline to be established in 2025/26	<ul style="list-style-type: none"> Identify possible products and services that require product information to meet compliance requirements, and annually increase products showcasing such requirements by 5% each year.

Community Relationships

Table 5: Community Partnerships Strategies, Targets & KPIs

POLICY	ESG STRATEGY	2030 TARGET	BASE LINE PERFORMANCE	ANNUAL KPI
 <p>Community Relationships</p> <p>Refer Community Relationships Policy in the Social Policies booklet</p>	Uplifting livelihoods and empowering communities	Increase CSR beneficiaries by 50% by 2030	400,000 beneficiaries	<ul style="list-style-type: none"> Annual increase of 5% (of baseline performance) of Group-wide beneficiaries of CSR initiatives

Refer Annexure 4 Details relating to social sustainability KPI implementation



Lifecode for Governance

The Lifecode we live by calls for responsible and responsive corporate citizenry, because we believe that integrity is the cornerstone of progress. As we manage a diverse business portfolio, we believe in adapting a sound corporate governance framework that facilitates effective entrepreneurial leadership and prudent management to deliver long term value to our shareholders.

Our Group's governance structures have evolved over time, keeping pace with legal and regulatory requirements and voluntary codes. This pillar is our action print for building sustainable progress, aligned with our values and principles.



Governance

Governance

Managing a diverse business portfolio requires a sound corporate governance framework that facilitates effective entrepreneurial leadership and prudent management to deliver long term value to shareholders. Balancing stakeholder interests, accountability, transparency and regulatory compliance underpin corporate governance, facilitating effective discharge of the Board's responsibilities to shareholders.



Hayleys' governance structures have evolved over time, keeping pace with legal and regulatory requirements and voluntary codes that reflect current international best practices.

Key Regulatory Requirements

- Companies Act No.7 of 2007
- Continued Listing Rules of the Colombo Stock Exchange (CSE)
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)
- Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended)
- Sri Lanka Accounting and Auditing Standards Act No.15 of 1995
- Shop and Office Employee Act No. 15 of 1954
- Industrial Disputes Act No. 43 of 1980
- Employees' Provident Fund Act No. 15 of 1958
- Employees' Trust Fund Act No. 46 of 1980
- Payment of Gratuity Act No. 12 of 1983
- Maternity Benefits Ordinance No. 32 of 1939
- Inland Revenue Act No.24 of 2017
- Anti-Corruption Act No. 9 of 2023
- Environmental Protection License and other related environmental regulations

Entities within the Group will have additional legal enactments that apply to specific industries and all entities are expected to ensure they understand the legal framework within which they operate and comply with the same.

As stated above, Hayleys Group seeks to go beyond legal compliance to high standards of corporate citizenship, safeguarding its reputation as one of the oldest and respected conglomerates in Sri Lanka. Our reputation has been built on a combination of entrepreneurship and sound corporate



Structure and Oversight

100% compliance to relevant laws and regulations

- Implementation and maintenance of Group-wide Compliance Register

Stakeholder Engagement

Meaningful and impactful stakeholder relationships

- Implementing closed-loop feedback mechanisms for all stakeholder groups

Transparency and Accurate Reporting

Internal and external reporting on ESG factors

- Driving accountability through accurate, comprehensive ESG reporting and external validation

ESG Risk Management

Holistic process to identify, measure and mitigate ESG risks

- Implementing global ERM best practices and nurturing a culture of risk-conscious decision making

Ethics and Culture

Full compliance to the Hayleys Way Zero-tolerance of Bribery and Corruption

- Cultivating an organisational culture built on ethical, sustainable business practices

Governance

governance and we are the beneficiaries of this legacy with a solemn duty to nurture it for the future as well. Accordingly, we have adopted the Code of Best Practice on Corporate Governance issued by the

Institute of Chartered Accountants of Sri Lanka to support continuous evolution of best practice in this regard. All public listed entities and sector holding companies are expected to comply with the requirements

of this Code as well while other entities are expected to comply with the provisions relevant to their operations which should be determined by the relevant sector Board in consultation with the Sector Head.

Ethics and Culture

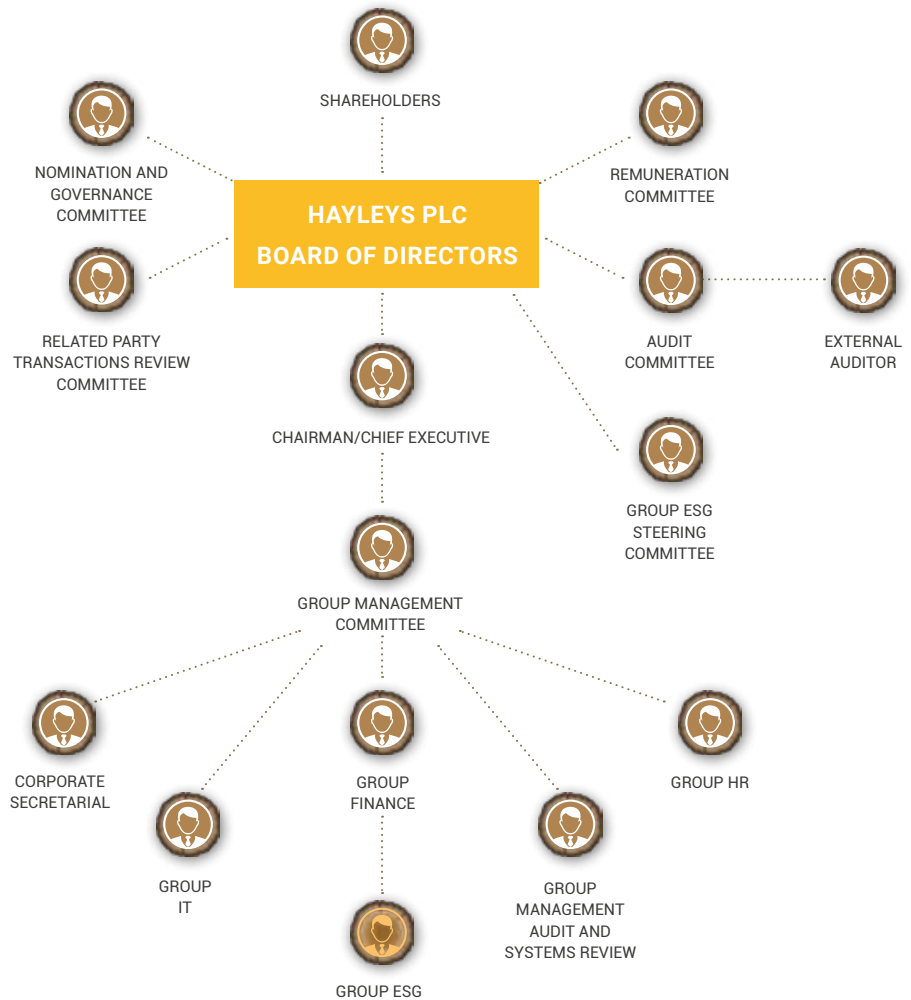
The Group Code of Conduct titled The Hayleys Way binds all employees and Directors to high standards of conduct. (Refer to Annexure 4: The Hayleys Way)

Bribery and Anti-Corruption

As set out in the Group's Bribery and Anti-Corruption policy, Hayleys has a zero tolerance to bribery and corruption. All companies within the Group and employees acting on behalf of the companies are explicitly prohibited from offering political contributions, donations to political parties and election candidates while facilitation payments to government officials or other persons to expedite an action process is also strictly prohibited. The Group's bribery and anti-corruption programme consists of a policy framework, compliance and governance structure, corruption risk assessment mechanisms, guidelines on training and awareness, third-party due diligence and whistle-blowing mechanisms (Refer to Annexure 11: Group Bribery and Anti-Corruption Policy)

Structure and Oversight

The Group Governance structure is set out alongside. This section outlines the roles of the Boards, Committees and Departments in facilitating sound corporate governance within the Hayleys Group.



Shareholders

Shareholders appoint the Directors at the Annual General Meeting and receive quarterly financial statements and an Annual Report to provide an account of how the respective public listed company has performed.

In private companies where we have Joint Venture Partners, Directors are appointed and information is provided in line with the terms of the relevant joint venture agreement.

Board of Directors

The Board of Directors (BOD) is the highest decision making authority of the Group/Company and is responsible for setting the tone at the top. Their roles and responsibilities are clearly set out in the Board Charter given in Annexure 6.

Committees of the Board

The Board has appointed 05 board committees to assist in the discharge of its duties as summarised below.

BOARD COMMITTEE	AREAS OF OVERSIGHT	COMPOSITION	ROLE & RESPONSIBILITY
Audit Committee	<ul style="list-style-type: none"> Financial Reporting Internal Controls Internal Audit External Audit 	<ul style="list-style-type: none"> Independent Directors: 4 Non-Executive Directors: 2 	<i>Audit Committee Charter Refer to Annexure 5</i>
Nominations & Governance Committee	<ul style="list-style-type: none"> Appointment of Key Management Personnel Succession Planning Effectiveness of the Board and its Committees Code of Ethics 	<ul style="list-style-type: none"> Independent Directors:3 Non-Executive Directors: 2 	<i>Nominations Committee Charter</i>
Remuneration Committee	<ul style="list-style-type: none"> Remuneration policy for Group with particular reference to Key Management Personnel Goals and targets for Key Management Personnel Performance evaluation HR Policy Organisation structure 	<ul style="list-style-type: none"> Independent Directors: 3 Non-Executive Directors: 2 	<i>Remuneration Committee Charter</i>
Related Party Transaction Review Committee	<ul style="list-style-type: none"> Related party transaction policy Disclosure of related party transactions 	<ul style="list-style-type: none"> Independent Directors: 3 Non-Executive Directors: 2 	<i>Related Party Transactions Review Committee Charter</i>
ESG Steering Committee	<ul style="list-style-type: none"> Oversight on the implementation of the Group's ESG strategy Monitor progress against targets and strategy 	<ul style="list-style-type: none"> Executive Directors: 3 GMC Members: 3 	<i>Terms of Reference</i>

Governance

Transparency and Accurate Reporting

The Board of Hayleys PLC is committed to facilitating transparency and accurate reporting to its investors and other market participants.

“THE CORPORATE GOVERNANCE FRAMEWORK SHOULD ENSURE THAT TIMELY AND ACCURATE DISCLOSURE IS MADE ON ALL MATERIAL MATTERS REGARDING THE CORPORATION, INCLUDING THE FINANCIAL SITUATION, PERFORMANCE, OWNERSHIP, AND GOVERNANCE OF THE COMPANY.”

OECD Guidelines 2015

Financial and operating results

Quarterly financial statements and the Annual Report serve as regular communication of our financial performance which is disseminated through the Colombo

Stock Exchange. Material developments that arise between these reporting dates are announced through the Colombo Stock Exchange to facilitate equal access to information by investors and market participants. Additionally, we also issue press releases on our quarterly financial performance and material developments that arise in the interim period to facilitate timely dissemination of information.

Related-party transactions

Related party transactions are reported in line with the requirements of the CSE Listing Rules. Each Group company is expected to ensure that effective processes are in place to comply with the requirements of the same and that all Board members and key management personnel of the company are aware of their roles, responsibilities, obligations and duties in this regard.

Other Information

The Annual Reports of the Group and listed companies of the Group should provide information on the following:

- Company objectives
- Value created for stakeholders
- Environmental, Social and Governance information
- Issues regarding employees and other stakeholders
- Foreseeable risk factors

Information provided in the Annual Reports must be accurate, reliable, comparable and consistent. The Annual Reports must also provide a balanced view of the performance and standing of the company, explaining both positive and negative aspects in a responsible manner. We encourage public listed companies within the Group to prepare Annual Reports adopting international best practice using reputed standards, codes and frameworks.

Stakeholder Engagement

Hayleys Group's stakeholder universe is diverse and widespread reflecting the depth and breadth of the Group's operations. These stakeholders can play a vital role

in enabling the Group to identify, mitigate and manage ESG opportunities and risks before a problem arises. Feedback received also informs the Group's materiality

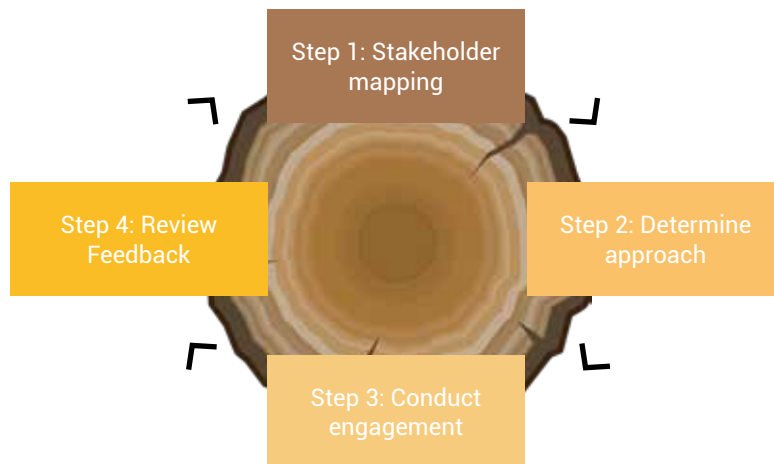
assessment, ESG strategy and reporting. This section sets out the Group's approach to stakeholder engagement.

Stakeholder Value

The value propositions for the Group's key stakeholders are set out below;

STAKEHOLDER	VALUE PROPOSITIONS
Shareholders	Deliver sustainable returns commensurate with the risk undertaken and long-term growth
Employees	Create an inclusive and dynamic work environment which values employee well-being and satisfaction
Customers	Consistently deliver high-quality, innovative solutions with excellent customer service
Business Partners	Create opportunities for long-term business growth and sustainable value creation
Community	Address the social and environmental impacts of our operations through responsible business practices and drive meaningful change in communities

Approach to Stakeholder Engagement



Step 1: Stakeholder mapping

Criteria for identifying and prioritising stakeholders

Step 2: Determine engagement approach and mechanisms

Determine the intensity, frequency, and logistics

Step 3: Conduct engagement

Step 4: Review feedback

Identify risks/opportunities from feedback and determine actions

Stakeholder Mapping

In the identification stage, all parties who currently have an interest in the Group's business or are likely to have an interest in the future should be considered (list set out alongside). Prioritise and select stakeholders to engage with based on the criteria set out below. The selected stakeholders do not remain static over time but evolve with changes in the internal and external operating environments.

- **Influence:** The level of influence the stakeholder has over the organisation directly or through other stakeholders
- **Vulnerability:** The degree to which the stakeholder will be impacted by the Group's activities
- **Expertise:** The expertise, level of information and guidance that can be given by the stakeholder
- **Orientation:** The nature of the relationship (i.e collaborative or combative)

Determine Engagement Approach and Mechanisms

The engagement approach is set based on the relative importance of the stakeholder (as prioritised above), expectations and nature of relationship. The approach can range from collaborative dialogue to monitoring stakeholders' positions through research. Engagement mechanisms should be determined based on the approach (as set out below) and should consider factors such as time, financial and human resource requirements.

Stakeholder Groups

- **Capital/debt providers**
(Shareholders, investors, banks, funding agencies analysts, rating agencies)
- **Employees**
(Current and future employees)
- **Customers**
(Direct and indirect customers)
- **Suppliers**
(Direct suppliers, out-growers)
- **Business partners**
(Principals, distributors, retailers)
- **Government**
(Public authorities, regulators)
- **Civil society organisations**
(NGOs, opinion leaders, activists)
- **Industry counterparts**
(Competitors, industry associations)
- **Community**
(Residents in operating areas, community organisations, resident associations, public)

Governance

APPROACH

Consult/
Collaborate

Message

Monitor

MECHANISMS

Satisfaction surveys
Meetings/workshops
Stakeholder forums
Projects/ development programs

Corporate reporting
Press releases Corporate website/social media platforms
Marketing campaigns
Newsletter/mass e-mail

Online/social media monitoring
Tracking relevant research/news reports

As a minimum requirement, all Sectors should conduct satisfaction surveys with employees and customers at least annually. Sectors which are reliant on critical supply chains should also conduct supplier surveys at least annually (refer to the Procurement policy in the Social Policy booklet).

Action plan and review

Feedback and insights obtained from stakeholders should be documented, analysed and reviewed. This feedback will be a key input when conducting sector-level materiality assessments and setting strategy. Sectors should also develop action plans where necessary, to address specific concerns/grievances of stakeholders, which could give rise to material problems and/or opportunities in the future.

Conducting Engagement

The facilitator should consider factors such as channel (i.e face to face/ online), formality, expected level of participation and atmosphere when planning and conducting the engagement. To ensure effective engagement, the relevant facilitator will define roles and responsibilities, provide adequate time for participants to prepare, develop agenda and set rules of engagement.

ESG Risk Management

The Group adopts a top-down approach in its ESG risk management which enables effective aggregation at Group-level while facilitating a holistic and high-level overview of the Group's ESG risk exposures. Risk identification and management applies to all sectors, geographies and operating locations across the Group as well as the Group's supply chains and customers. ESG risk assessment has been integrated into the overall enterprise risk management framework, enabling the integration of sustainability considerations into strategic-decision making.

1ST LINE OF DEFENSE:
SECTORS RISK OWNERS
AND MANAGERS

- Identification, assessment and prioritisation of ESG risks through a standard risk assessment template
- Implementing responses through defined policies, procedures and integration to strategy

2ND LINE OF DEFENSE:
GROUP ESG STEERING COMMITTEE
MANAGEMENT AUDIT AND
SYSTEMS REVIEW DEPARTMENT

- Monitors risk exposures and compliance levels to ensure that Group-wide policies and procedures are applied consistently

3RD LINE OF DEFENSE:
INDEPENDENT ASSURANCE
(AUDIT COMMITTEE)

- Sector and Group-level Audit Committees have oversight on effective climate-risk management across the Group

The Group's ESG Risk Management comprises the following elements:

- Risk identification and prioritisation: ESG risks are identified on an ongoing basis through assessment of internal and external environments and emerging stakeholder requirements and strategic direction
- Data collection: Relevant quantitative metrics are collected and reported through the Group's Sustainability Information System on a quarterly basis
- Integration into decision-making: Quarterly reporting to Sector and Group ESG Committees, Audit Committees and Boards of Directors
- Monitoring and reporting

Managing Our Intellectual Capital

The Group's Intellectual Capital comprises organisational, knowledge-based intangibles, including:

- intellectual property, such as patents, copyrights, software, rights and licences
- "organisational capital" such as tacit knowledge, systems, procedures and protocols

As we grow, our intellectual capital provides an important source of differentiation in markets or pave the way for entry into new markets such as certifications of certain aspects of our systems such as green and quality certifications. In the case of operating licenses, these are necessary for our continued operations. Consequently, management of these key intellectual capital

needs systematic management to minimise risks to our operations and support our growth aspirations.

Although not monetised, they form an integral part of the assets of the Hayleys Group and safeguarding these assets are key functions of each business entity.

Governance

Our Commitment

The Hayleys Group seeks to compile a comprehensive register of all its Intellectual Capital to facilitate periodical assessment, investment, divestment and other actions necessary to strategically manage this vital aspect of our operations.

<ul style="list-style-type: none"> Each entity is required to prepare a register in electronic format as specified by Group Finance Department 	<p><i>Compliance</i></p>	<ul style="list-style-type: none"> The following information relating to these Intellectual Capitals will be recorded alongside to enable management of the same. <ul style="list-style-type: none"> Unique Identification No. License/Certification/Trademark/ Patent Description Awarding Institution Date awarded Date of Expiry Value at Risk Associated costs Estimated time for renewal process by awarding institution Estimated time for preparation of renewal documents by us Person responsible for renewal 	<p><i>Information to be recorded</i></p>
<ul style="list-style-type: none"> The register will be categorised as follows: <ul style="list-style-type: none"> Operating licenses Product registrations Software licenses <ul style="list-style-type: none"> Classified as Intangible Assets Classified as Operational Expenses Certifications <ul style="list-style-type: none"> Entity certifications Product certifications Trademarks & Patents <ul style="list-style-type: none"> Registered trademarks Registered patents 	<p><i>Categories of Intellectual Capital</i></p>		
<ul style="list-style-type: none"> It is proposed that a pipeline of intellectual capital that is in development stages is also captured in a similar manner, mirroring the information required for the register. The pipeline should be segregated into Renewals and New Developments to facilitate monitoring of investments and safeguarding of existing assets. 	<p><i>Pipeline information</i></p>	<ul style="list-style-type: none"> Periodic cost benefit assessments should be made of this portfolio of assets to ensure that it continues to support the value creation processes of the Group, to identify assets for strategic divestment or discontinuing investments related to the asset. 	<p><i>Periodic assessment of assets</i></p>

Responsibility

The heads of each business sectors, along with the heads of each business units will be responsible to ensure this policy is valued and adhered to.

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Annexure 1: Abbreviations

BAC	Board Audit Committee
GMC	Group Management Committee
ESG	Environment, Social and Governance
GRI	Global Reporting Initiative
MA&SRD	Group Management Audit & System Review Department
SBDU	Strategic Business Development Unit
CFO	Chief Financial Officer

Annexure 2: Details of KPIs related to the implementation of environmental strategies

ESG STRATEGY	TARGET	SCOPE DETAILS	RELEVANT SECTORS / COMPANIES
RELIANCE ON SUSTAINABLE AND RENEWABLE ENERGY SOURCES	90% sustainable and renewable energy applications by 2030	<p>Direct energy applications for business operations / owned vehicle fuel / building energy consumptions.</p> <p>Non-renewable energy - Electricity / fossil fuel consumptions</p> <p>Renewable energy - Solar power / biogas / wind / hydro / biomass</p> <p>Companies can consume sustainable and renewable energy for their actual operations or they can separately generate sustainable and renewable energy for offsetting their existing non-renewable energy consumptions</p>	<ul style="list-style-type: none"> All business sectors
	100% Sustainable biomass / biomass residues for entire group	<p>Biomass consumption as a fuel source for business operations / building energy.</p> <p>Each biomass source should be traceable / records should be available to prove the sustainability sourcing of biomass</p> <p>Waste material from another industry can be considered as sustainable biomass source</p>	<ul style="list-style-type: none"> Textile / Hand Protection / Plantations / Eco Solutions

ESG STRATEGY	TARGET	SCOPE DETAILS	RELEVANT SECTORS / COMPANIES
REDUCTION IN ENERGY INTENSITY THROUGH IMPROVING OPERATIONAL EFFICIENCIES	30% energy intensity reductions by 2030	<p>Total renewable (Solar power / biogas / wind / hydro / biomass) and non-renewable (Electricity / fossil fuel consumptions) energy consumptions</p> <p>Intensity calculation should be done based on the total Energy [MJ] per revenue generated [LKR million] for the group level requirements (compulsory)</p> <p>Additionally, individual sectors should their energy intensities against their actual business outputs (e.g. Energy per glove pair / energy per tea Kg etc.).</p> <p>Individual sectors can use those sector specific intensities for their strategic target defining</p>	<ul style="list-style-type: none"> All business sectors. Hayleys HO related energy consumptions will be considered under Hayleys PLC (though it includes all the sector's office operations). We can consider its impact to each business sector as insignificant All the business sectors should consider their entire business operations (excluding offices at Hayleys HO)
REDUCE OUR ABSOLUTE CARBON FOOTPRINT (ALIGNING WITH 'NET ZERO BY 2050' JOURNEY)	30% reduction in absolute GHG emissions of scope 1 & 2 by 2030	<p>Emissions relating to fossil fuel consumptions (including ships' fuel consumptions), electricity consumptions, any purchased energy consumptions (purchased steam), owned vehicle fuel consumption related emissions, direct fertilizer applications related emissions included</p> <p>Fugitive emissions from refrigeration and air conditioning systems, fire suppression systems, and other direct process emissions are also considered</p>	<ul style="list-style-type: none"> All business sectors Hayleys HO related emissions will be considered under Hayleys PLC (though it generates due to the sector's office operations). We can consider its impact to each business sector as insignificant All the business sectors should consider their entire business operations (excluding offices at Hayleys HO)
	10% reduction in Scope 3 GHG emissions by 2030	<p>Air travels, third party local transport, land filled or open dumped waste, related emissions include under scope 3</p> <p>New categories added to the Scope 3 GHG emission computation will be considered as and when the reporting scope is improved</p>	<ul style="list-style-type: none"> All business sectors Hayleys HO waste generation related emissions will be considered under Hayleys PLC (though it generates due to the sector's office operations). We can consider its impact to each business sector as insignificant

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ESG STRATEGY	TARGET	SCOPE DETAILS	RELEVANT SECTORS / COMPANIES
APPLICATION OF SUSTAINABLE WATER SOURCES	50% sustainable water sourcing (rain water / water recoveries / recycled water usage) across the group by 2030	<p>Water consumptions for business processes and non-business processes should be calculated</p> <p>Key purpose is reducing ground water consumptions</p> <p>Sustainable sources are harvested rain water, re-using of recycled waste water, water recoveries through systems (AC condensate water), direct water reusing applications etc.</p>	<ul style="list-style-type: none"> All business sectors Hayleys HO related water consumptions will be considered under Hayleys PLC. Though it includes all the sector's office operations, We can consider its impact to each business sector as insignificant. All the business sectors should consider their entire business operations (excluding offices at Hayleys HO)
	75% total waste water recycled and reclaimed	<p>Total waste water generations through process related and non-process related water consumptions of the organisation are included</p> <p>Treated waste water should comply with CEA set standard limits</p> <p>Waste water treatment can be done internally or through external service provider.</p>	<ul style="list-style-type: none"> All business sectors Hayleys HO related waste water generations should be considered under Hayleys PLC. Though it includes all the sector's office operations, We can consider its impact to each business sector as insignificant. All the business sectors should consider their entire business operations (excluding offices at Hayleys HO)
REDUCTION IN WATER INTENSITY THROUGH EFFICIENCY IMPROVEMENTS	30% water intensity reductions by 2030	<p>Total water consumptions considered for intensity calculations.</p> <p>Intensity calculation should be done based on the total revenue generated (Water [m3] per revenue generated [USD million]) for the group level requirements (compulsory)</p> <p>Additionally, individual sectors can define their water intensities against their actual business outputs (e.g. water per glove pair / water per tea Kg etc.)</p> <p>Individual sectors can use those sector specific intensities for strategic target defining</p>	<ul style="list-style-type: none"> All business sectors Hayleys HO related water consumptions will be considered under Hayleys PLC. Though it includes all the sector's office operations, We can consider its impact to each business sector as insignificant. All the business sectors should consider their entire business operations (excluding offices at Hayleys HO)

ESG STRATEGY	TARGET	SCOPE DETAILS	RELEVANT SECTORS / COMPANIES
VALUE ADDITIONS ON ALL WASTE GENERATION	Achieve traceability of all waste categories	Total waste including hazardous and non-hazardous waste should be considered Ensuring traceability of responsible disposal mechanisms for all waste types Maintain supporting documentation including end-disposal evaluations, waste collection and transfer records, etc. for all types of waste generated	<ul style="list-style-type: none"> All business sectors Hayleys HO related waste generations will be considered under Hayleys PLC. Though it includes all the sector's office operations, the impact to each sector can be considered insignificant. All the business sectors should consider their entire business operations (excluding offices at Hayleys HO)
	25% reduction of waste intensity	N/A	
ENSURE THE RESPONSIBLE CONSUMPTION OF NATURAL RESOURCES AND SUSTAINABLE PRODUCTIONS ACROSS THE GROUP	20% recyclable, reusable or compostable packaging	This should cover the packaging materials that can be replaced with recycled reusable or compostable packaging	All the sectors
	Application of green production initiatives across products / services by 2030 (LCA / recyclable products / green ratings etc.)	Product certifications / process certifications / Project implementations based on the environmental sustainability aspects of the organisations	Hand Protection / Construction Materials / Plantations / Agriculture / Purifications / Textiles / Fentons (Facilities Management/ Projects) / Industry Inputs, Power & Energy (Haycolour) / Leisure / Transportations (Unisyst) / Eco Solutions
ENSURE BEST CHEMICAL MANAGEMENT PRACTICES ACROSS THE SUPPLY CHAIN	100% alignment with safe chemical management practices	All the manufacturing operations and chemical intensive service providing operations All the legal requirements and sustainability aspects of chemical purchasing, storing, applications and disposals to be covered Chemical safety and environmental sustainability aspects of above stages to be monitored	Hand Protection / Construction Materials / Plantations / Agriculture / Purifications / Textiles / Fentons (Facilities Management) / Industry Inputs, Power & Energy (Haycolour) / Leisure (Housekeeping Operations) / Transportations (Warehousing Operations) / Eco Solutions
	20% reduction in chemical inputs per unit of production	All the manufacturing operation and chemical intensive service providing operations Substitution of high-impact and hazardous chemicals with safer alternatives and reducing reliance on water-intensive chemical usage	

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ESG STRATEGY	TARGET	SCOPE DETAILS	RELEVANT SECTORS / COMPANIES
	Zero-chemical related safety incidents	All the manufacturing operation and chemical intensive service providing operations Chemical-related safety incidents to be monitored separately by all relevant sectors	Hand Protection / Construction Materials / Plantations / Agriculture / Purifications / Textiles / Fentons (Facilities Management) / Industry Inputs, Power & Energy (Haycolour) / Leisure (Housekeeping Operations) / Transportations (Warehousing Operations) / Eco Solutions
BIODIVERSITY CONSERVATION AND PRESERVATION RELATING TO OUR BUSINESS OPERATIONS	Increase the biodiversity enhancing program to cover 5 times the area occupied by company	This should consider the extent of the built environment occupied by the Group	All the sectors

Annexure 3 : Details relating to Social Sustainability KPI implementation

SOCIAL PILLARS	ESG STRATEGY	TARGET	SCOPE DETAILS	RELEVANT SECTORS / COMPANIES
<i>Human Resources</i>	DEVELOPING A DIVERSE, INCLUSIVE AND SOCIALLY AND ENVIRONMENTALLY CONSCIOUS WORKFORCE	Attrition rates Managerial: 12% Executive: 19% Non-Executive: 22%	Considers all the EPF/ETF paid employees of the Hayleys group.	All sectors
		100% coverage of anti-discriminatory training by 2030 to build an inclusive workforce	Considers all the EPF/ETF paid employees of the Hayleys group.	All sectors
		Each employee to receive an average of 40 training hours per annum	Considers all the EPF/ETF paid employees of the Hayleys group. All internal and external training programs including digital training should be considered under this KPI. Records should be available for all the training programs.	All sectors

SOCIAL PILLARS	ESG STRATEGY	TARGET	SCOPE DETAILS	RELEVANT SECTORS / COMPANIES
Human Resources		100% performance evaluation process across the group	Considers all the EPF/ETF paid employees of the Hayleys group who are not covered by collective agreements. Both manual and system based performance evaluations are acceptable. Proof records should be available.	All sectors
	ENSURE THE HEALTHY & SAFEST WORK PLACE FOR ALL EMPLOYEES	100% implementation of Health & Safety Management system across entire group.	All business operations of the Hayleys Group should obtained ISO 45001:2018 <ul style="list-style-type: none"> Occupational Health and Safety Management standard or equivalent management program to ensure the minimum requirements of OSH 	All sectors
		Zero significant injuries	Continually maintaining zero significant injuries while maintaining proper health and safety reporting system across all the business sectors. All business sectors should have proper reporting mechanism which will cover all the reporting aspects as per the Hayleys cube reporting portal and GRI requirements (e.g. accidents / incidents / near misses / lost days etc)	All sectors
Suppliers and customers	STANDARDISE SUSTAINABILITY COMPLIANCES ACROSS THE VALUE STREAM (UPSTREAM)	At least one long term supplier development programs by each business sectors of the group	Sectors can identify the most suited suppliers (based on business priorities and other requirements of each sector) to be developed.	All sectors
		Establishing system to ensure the environmental and social compliance of our supply chain partners	Update the existing supplier evaluation programs to ensure the sustainable operations of our supply chain partners. Proof records should be available	All sectors

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SOCIAL PILLARS	ESG STRATEGY	TARGET	SCOPE DETAILS	RELEVANT SECTORS / COMPANIES
Suppliers and customers	STANDARDISE SUSTAINABILITY COMPLIANCES ACROSS THE VALUE STREAM (DOWNSTREAM)	100% implementation of customer satisfaction survey mechanisms covering all operations	Customer satisfaction surveys can be conducted manually or online basis. Sectors should get customised their surveys. Customer survey results, post evaluations and corrective actions should be available	All sectors
		Customer awareness program focusing on product/service environment and social impacts by all the business sectors	ESG related aspects (health and safety aspects / environmental aspects / waste management aspects) of products and services should be properly communicated to customers	All sectors
	UPLIFTING THE LIVELIHOOD AND EMPOWERING THE COMMUNITIES	Drive impactful community engagement initiatives supporting an additional 50% of beneficiaries from the existing base	Community engagement activities should be long term (more than one year) and impactful. Pre evaluations and post evaluations should be available for ensuring the positive social impacts through our programs. Outcomes should be monitored regularly. Proof records should be maintained for each programs	All sectors

Annexure 4: The Hayleys Way



HAYLEYS GROUP

THE HAYLEYS WAY – CODE OF BUSINESS PRINCIPLES

1. Purpose

The Hayleys Way is an ethical road map for all Hayleys employees and companies, and provides the guidelines by which the Hayleys Group conducts its businesses and operations in all the countries we operate in.

2. Scope

The Hayleys group is committed to conducting its business operations with honesty, integrity and with respect to the human rights and interests of all stakeholders.

All Hayleys companies and employees are required to comply with the laws and regulations of the countries in which it operates.

Every employee shall be responsible for the implementation of and compliance with the Code in his / her environment. Failure to adhere to the Code could attract severe consequences, including termination of employment.

3. Policy Statement

Competition

Hayleys believes in and supports the development of appropriate competition laws and will market the company's products and services in accordance with the principles of fair competition and all applicable regulations and laws and will not make any unfair and/ or misleading statements about competitors' products and services.

Employees

The Hayleys Group is committed to providing equal opportunities to all its employees without regard to their race, caste, religion, marital status, gender, sexual orientation, age, nationality, ethnic origin or disability. We will comply with all local labour laws, while encouraging the adopting of international practices.

All employees will be treated with respect and dignity and the right to freedom of association. We will strive to provide all employees with a safe and healthy work environment and we will not use any form of child labour or forced or compulsory labour.

Business Integrity

The Hayleys Group and its employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits that are intended, or perceived, to obtain uncompetitive favours for the conduct of its business. The company shall cooperate with governmental authorities in efforts to eliminate all forms of bribery, fraud and corruption.

However, a Hayleys company and its employees may, with full disclosure, accept and offer nominal gifts, provided such gifts are customarily given and / or are of a commemorative nature. Each company shall have a policy to clarify its rules and regulations on gifts and entertainment, to be used for the guidance of its employees.

Environment

The Hayleys Group shall strive to make continuous improvements in the management of environmental impacts and prevent the wasteful use of natural resources and be committed to improving the environment, particularly with regard to the emission of greenhouse gases, and shall endeavour to offset the effect of climate change in all spheres of its activities

Consumers

Hayleys is committed to providing world class quality products and services which consistently offer value in terms of price and quality and which are safe for their intended use. The quality standards of the company's goods and services shall meet applicable national and international standards. All products and services will be properly labelled and advertised and communicated.

Corporate Responsibility

The Hayleys Group is committed to good corporate citizenship, not only in the compliance of all relevant laws and regulations but also by fulfilling our responsibility to improve the quality of life of the people in the communities in which we operate with no harm to human rights and act in the best interest of all stakeholders.

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Public Activities

Hayleys will co-operate with governments and other organisations, both directly and through bodies such as trade associations in the development of proposed legislation and other regulations which may affect legitimate business interests.

Hayleys does not support or favour any political party nor contribute to the funds to any party to promote party interests.

Shareholders

The Hayleys Group shall be committed to enhancing shareholder value and complying with all regulations and laws that govern shareholder rights.

The Board of Directors will provide timely, regular and reliable information on our activities, structure, financial situation and performance to shareholders in accordance with relevant regulations and agreements.

Conflict of interest

All Hayleys employees shall always act in the interest of the company, and ensure that any business or personal association which he / she may have does not involve a conflict of interest with the operations of the company and his / her role therein.

Hayleys employees must not seek gain for themselves or others through misuse or their positions.

Regulatory compliance

Employees of a Hayleys company, in their business conduct, shall comply with all applicable laws and regulations in all the territories in which they operate. If the ethical and professional standards of applicable laws and regulations are below that of the Code, then the standards of the Code shall prevail.

Directors of a Hayleys company shall comply with applicable laws and regulations of all the relevant regulatory and other authorities. As good governance practice they shall safeguard the confidentiality of all information received by them by virtue of their position.

4. Policy Administration Procedure

Any breaches to the Code must be reported in accordance with the procedures specified by the Head of Legal. The Board of Hayleys expects Hayleys employees to bring to their attention or to that of Senior Management, any breach of suspected breach of these principles. Provision has been made for employees to be able to report in the strictest of confidence and no employee will suffer as a consequence of doing so.

5. Effective Date for implementation

This policy shall be effective and operative from Jan 1st, 2014.

Annexure 5: Charter of the Audit Committee



HAYLEYS PLC

AUDIT COMMITTEE – TERMS OF REFERENCE

Purpose

The Audit Committee of Hayleys PLC will assist the Board of Directors in fulfilling its oversight responsibilities. It will review the financial reporting process, the integrity of financial statements, the systems of internal control, the audit process and the company's process for monitoring compliance with laws and regulations, with the code of conduct that may be in force.

The committee will also review the checks and controls that are in place to ensure the assets of the company are adequately safeguarded and the values of such assets as reflected in the Balance sheet are in conformity with the accepted accounting principles and standards. The definition of assets among other things will include fixed assets, inventories, receivables, and intangible assets.

Composition

The Audit Committee will consist of a minimum of 3 members of the Board of Directors out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. All members of the committee shall be non executive directors. The chairman of the committee shall preferably be an independent non-executive director. The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body. The Board will appoint committee members and committee chairman.

Authority

- a. Recommend appointment, dismissal, service period and audit fee of the external auditors.
- b. The audit committee shall establish and maintain a direct communication channel with the external auditors.
- c. Resolve any issues regarding financial reporting between the management and the external auditor.
- d. Pre-approve all auditing and non audit services performed by the external audit firm and internal audit service providers.
- e. Seek any information it requires from employees or external parties relating to investigations.
- f. Meet with the management, external auditors as necessary to carry out the assigned duties.

Meetings

The audit committee shall meet at least every quarter, with authority to convene additional meetings where necessary. Group Secretarial division will function as Secretary to the Audit Committee and shall record and keep detailed minutes of the committee meetings.

The Group Finance Director, Head of Internal Audit and Chairman/ Managing Director will attend the meetings by invitation. Audit committee shall meet with external auditors before commencement of the Audit and after the conclusion of the Audit without the presence of the Management.

Quorum

The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.

Responsibilities

The committee will carry out the following responsibilities.

Financial Statements

Review the financial reporting process of Hayleys PLC, in order to monitor the integrity of the financial statements of the company, its annual report, accounts, and quarterly reports prepared for disclosure and the significant financial reporting judgments contained therein.

The committee shall focus particularly on;

- a. Major judgmental areas
- b. Any changes in the accounting policies and practices
- c. Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
- a. Any related party transaction and conflict of interest situation that may arise within the Listed Entity or group including any transaction, procedure or course of conduct that raises questions of management integrity;

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- b. The going concern assumption
- c. The compliance with relevant accounting standards and other legal requirements
- d. Contingent liabilities
- e. Disclosures.

Internal Control

- a. Review the effectiveness of the company's internal control system, including information technology security and control.
- b. Discuss the scope of internal and external auditor's review of internal control systems.
- c. Review the significant findings and recommendations of external/internal auditors, together with the management responses.
- d. Review the internal controls in place to prevent the leakage of material information to unauthorized persons.
- d. Review systems and controls and service level agreements of Hayleys Business Solutions International (Pvt) Ltd, which offers shared services to the group companies.

Internal Audit

- a. Review the adequacy of the scope, functions and resources of the internal audit department in relation to the functions to be performed.
- b. Review the internal audit programs proposed for the ensuing year, together with any intermediate or long-term audit plans.
- c. Recommend appointment or termination of Head of Internal Audit and out-sourced service providers to the internal audit functions.
- d. Review the conflict-of-interest program.

- e. Ensure that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and with due professional care.
- f. The committee shall consider the major findings of internal investigations and management's response thereto.

External Audit

- a. Recommend to the Board the appointment or continuing engagement of the external auditors.
- b. Approve the terms of engagement of the external auditors, and review the scope and procedures to be used in their audit.
- c. Review the independence of the external auditors.
- d. Review their report of the company's financial position, and their management letter.
- e. Review and discuss for possible corrective action any discrepancies or recommendations noted in their report, and management's response to them.
- f. Develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken.
- a. Inquire as to the Company environment (cooperation, limitations, restrictions etc) within which their audit was conducted.
- b. Consider the views of the external auditor concerning the adequacy of the company's internal controls and internal audit function and discuss the scope of, and plans for, future internal audits.

- c. Review the fees paid to the external auditors.
- d. Meet privately with the external auditors at least annually.

Risk Management

- a. Review and assess the company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks.
- b. Review and assess the company's system of internal controls for detecting accounting and financial reporting errors and misappropriation of assets, legal violations, and non-compliance with the corporate code of conduct. In this regard, review the related findings and recommendations of the external and internal auditors, together with management responses.
- c. Review with legal counsel and regulatory matters that may have a material impact on the financial statements ensuring that at least once in every three years a review of the board's risk management, internal controls, business continuity planning and information security systems are carried out and appropriate remedial actions recommended to the board.
- d. Review the risk policies adopted by the Entity on an annual basis.
- e. Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.

Compliance

- a. Review the effectiveness of the system for monitoring compliance with laws and regulations and results of management's investigation and follow-up of any instances of non-compliance.

b. Review arrangements by which employees of the Hayleys Group may, in confidence, raise concerns about possible irregularities in financial reporting, internal control weaknesses, misappropriations or any other matters.

c. Obtain and review assurance received from:

(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Entity's operations and finances; and

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Entity's risk management and internal control systems.

Reporting Responsibilities

- a. Report to the Board its findings based on the reports of the external auditor, the internal auditor, and members of management, together with any recommendations for action, which it may consider appropriate.
- b. Provide a communication link between internal audit, external auditors, and the Board of Directors.
- c. Report annually to shareholders, as to how the responsibilities of the audit committee were discharged.
- d. Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of a Listed Entity has not

been satisfactorily resolved resulting in a breach of these Requirements, the Audit Committee shall promptly report such matter to the Exchange.

Other Responsibilities

- a. Discuss with the management the major policies in place with respect to risk assessment and risk management.
- b. Discuss with the management and assign task masters who can be held responsible for different aspects.
- c. Review as appropriate with the external auditor, the internal auditor and the Managing Director or his delegates, the overall adequacy of the company's programs, systems and procedures for compliance with legal and regulatory requirements and for assurance that the management and affairs of the company are conducted with all due regard for ethical and legal norms and standards.
- d. Review summaries of executive expense reports, review closed and pending litigation, and review retirement benefit funding.
- e. Perform other activities as directed by the Board of Directors.
- f. Review the adequacy of the committee charter periodically, requesting Board approval for proposed changes.

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Annexure 6: Policy on Matters relating to the Board



HAYLEYS PLC

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

A. PURPOSE

The Purpose of the policy on matters relating to the Board of Directors ('this Policy') is to establish a comprehensive internal governance structure within which the Board of Directors of the Company is expected to carry out their duties in compliance with the provisions of the Companies Act No of 2007, the Listing Rules of the Colombo Stock Exchange and the Articles of Association of the Company.

This Policy is adopted to ensure effective execution of the Directors' responsibilities and will be reviewed by the Nominations and Governance Committee of the Board as appropriate.

B. SCOPE

This Policy is applicable to Hayleys PLC.

C. DEFINITIONS

The Company – refers to Hayleys PLC

The Listing Rules – refers to the Listing Rules of the Colombo Stock Exchange
The Board – refers to the Board of Directors of Hayleys PLC

The Companies Act – refers to the Companies Act No 7 of 2007

D. RESPONSIBILITY OF THE BOARD

The Board of Directors ('the Board') in performing their duties shall act in good faith and in the best interest of the Company. The Directors in overseeing the management of the Company's business and affairs must consider the interests of the shareholders of the Company.

Overall Responsibilities

- Ensure formulation and implementation of business strategy
- Appointment of Chairman, Co-Chairman and Senior Independent Director
- Ensuring that Key Management Personnel have the required skills, experience and knowledge to implement strategy
- Succession planning
- Approval of budgets and major capital expenditure
- Ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management
- Ensuring compliance with all laws, regulations and ethical requirements
- Ensuring that key stakeholder interests are considered in corporate decisions

- Ensuring the development, approval and update of strategies, policies and targets related to sustainable development
- Ensuring adoption of appropriate accounting policies and fostering compliance with financial regulations
- Establishing a process for monitoring and evaluation of progress on implementation of strategy, budgets, plans and risks
- Overseeing the processes to identify and manage the organisation's impacts on the economy, environment and people

In discharging their obligations, directors are expected to rely on the honesty, integrity and expertise of the Company's senior executives and its outside advisors and auditors. Board members are expected to review meeting materials in advance, to attend and actively participate in all Board meetings and meetings of Board committees on which they serve, either physically or via audio visual communication. Directors who join via audio visual communication shall be counted for the quorum.

Directors are expected to devote adequate time to discharge their responsibilities appropriately. Directors are required to abide by the internal Code of Business Conduct and Ethics for all Directors and employees including policies on trading in the entity's listed securities.

The Nominations and Governance Committee will oversee an annual self-evaluation of the Board to determine whether the Board and its committees are functioning effectively.

E. BOARD COMPOSITION

Size of the Board

The Board shall have a minimum of Nine (09) and maximum of Fourteen (14) Directors. The number of Directors can only be changed by a special resolution of the shareholders.

Positions of Chairman and Chief Executive

The function of Chairman and Chief Executive of Hayleys PLC are vested in one person due to the diversity and scale of operation of the Group and it is the most appropriate arrangement for the Company.

The Chairman of the Board of Hayleys PLC shall be the Chairman of the subsidiary companies in the Group unless otherwise stated in the Articles of Association or Joint Venture Agreements.

Role of the Chairman

The Chairman's role is to preserve good corporate governance, and be responsible to preserve order and facilitate the effective discharge of Board functions.

Senior Independent Director

The Board shall appoint a Senior Independent Director since the role of the Chairman and Chief Executive are combined.

Duties of the Senior Independent Director include:

- 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
- Preside over the meetings of independent directors, without the presence of the executive directors, at least once a year or as often as deemed necessary to discuss matters relating to the Company and the operation of the Board.
- Preside at meetings of the Non Executive Directors without the presence of the executive directors at least once a year, to appraise the Chairman's performance and on such other occasions as are deemed appropriate.
- The SID shall have a casting vote at these meetings.
- Report the results of the meetings to the Chairman
- Provide feedback as required to the other directors on the issues discussed with the Chairman,
- Serve as a liaison with the Chairman and independent directors,
- Call for meetings of the non executive directors and independent directors as and when necessary,
- Ensure that he or she is available for consultation and direct communications with major shareholders as appropriate.
- 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

Non Executive Directors

Since the role of Chairman and the Chief Executive are vested in the same person, majority of the Directors shall be Non Executive Directors.

Independent Directors

One Third (1/3rd) of the total number of directors shall be Independent in terms of Rule 9.8.2 of the Listing Rules. The criteria for independence are set out in Rule 9.8.3 of the Listing Rules and in Appendix A.

F. DIRECTOR SELECTION

The Nominations and Governance Committee is responsible to recommend candidates for Board membership. General criteria for nomination of Director candidates include, but are not limited to the strategic demands of the Company, the highest standards of integrity and ethical behavior, the ability to provide wise and informed guidance to management, a willingness to pursue thoughtful, objective inquiry on important issues before the Company, and a range of experience and knowledge commensurate with the Company's needs as well as the expectations of investors and other relevant stakeholders. The Nominations and Governance Committee must also consider whether the candidate enhances the diversity of the Board. Such diversity includes professional backgrounds, competencies, skills, knowledge of specific industries and geographic experience, age and gender.

The Nominations and Governance Committee must consider the following criteria in relation to fitness and propriety when recommending candidates for Board membership;

- Honesty, integrity and reputation
- Competence and capability
- Financial soundness

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The Directors shall confirm on an annual basis that they have continuously satisfied the Fit and Proper Assessment Criteria as set out in Rule 9.7.3 of the Listing Rules during the financial year and at the date of such declaration.

The Nominations and Governance Committee must consider whether candidates recommended for Board membership are employed or on the boards of competing companies and determine whether or not such a candidate can be recommended.

Retirement and Re- Election of Directors

Any Director who is over seventy (70) years shall retire in terms of Section 210 of the Companies Act and subject to the recommendation of the Nominations and Governance Committee, stand to be re-appointed by an ordinary resolution of the shareholders in terms of Section 211 of the Companies Act.

In terms of the Articles of Association of the Company, at every Annual General Meeting one third (1/3rd) of the Directors, or if their number is not three (3) or a multiple of three (03), the number nearest to but not exceeding one third (1/3rd), shall retire from office, provided however that the Chief Executive or the Managing Director whilst holding that office shall not be subject to retirement by rotation or be taken into account in determining the retirement by rotation.

Director Orientation

The Company will conduct an orientation program for new Directors that includes presentations by senior management. Additionally, management will provide opportunities for all Directors to obtain an understanding of the Company's strategic plans, business and operations, significant

financial, accounting and risk management issues, material ESG matters and impacts and other matters of importance to the Company. This will include visits to the Company's significant facilities.

Continuing Education and Awareness

The Board shall be kept abreast of any new laws that impact boards, changes to Listing Rules, Policies of the Company and any legislation that is relevant for the Board to perform their duties diligently.

Where necessary the Company will send Directors to the Sri Lanka Institute of Directors, for training on corporate governance and other relevant matters.

G. CHANGES IN PROFESSIONAL RESPONSIBILITY.

Where there is a change in a Director's board position or business affiliation which may result in a conflict with the business of the Company, the Director shall promptly inform the Chairman.

Additional Board Service.

The Chairman of the Group shall serve as Chairman of all companies within the Group. He shall not serve on the Boards of more than Twenty Five (25) listed companies.

The maximum number of directorships in listed companies that may be held by a Director is

Twenty Five (25).

Each Director must annually declare to the Board all the directorships held by him/her in listed companies, unlisted public companies and private companies

H. DIRECTOR REMUNERATION

Non Executive Directors receive a fee for serving on the Board and serving on Sub Committees. Proposed changes shall be reviewed by the Remuneration Committee and any changes shall require the approval of the Board. The Remuneration Committee periodically shall review the status of directors' fees in relation to other comparable companies and other factors the Committee deems appropriate, and shall discuss the results of its review with the Board.

I. BOARD MEETINGS

Agendas

The Chairman will establish the schedule and agendas for meetings of the Board. Any suggestion by Directors may be taken into account. Board papers will be provided to the Directors at least 7 days before each meeting by the Company Secretaries.

Information

Directors may request for additional information at the meeting to make informed decisions.

Board decisions may be taken by way of written resolutions circulated to directors as provided in the Articles of Association.

Directors shall maintain strict confidentiality of Board discussions and all information received in their capacity as Directors and Committee members.

Meeting Schedule

By 31st December, the schedule of the meetings for the ensuing year will be distributed to the directors.

Number of Meetings

- The Company shall hold Board meetings on a monthly basis. A minimum number of Twelve (12) Board meetings per year must be held.
- The Company shall hold Audit Committee and Related Party Transactions Review Committee meetings on a quarterly basis.
- Remuneration Committee meetings shall be held at least once a year.
- Nominations and Governance Committee meetings shall be held twice a year or more frequently as and when the need arises.

Committee meetings may be held via audio visual communication.

Attendance at Meetings.

Any Director who is unable to attend the meetings physically may participate via audio visual communication and shall be marked as present and be counted for the quorum.

A Director is required to attend at least six (06) Board meetings (if twelve Board meetings are held) or 50% of the Board meetings held during the Financial Year.

A Director who is absent for more than fifty percent (50%) of the Board meetings during the year, shall be considered as having vacated the post and is required to forward a letter of resignation, conditional upon acceptance by the Board.

Presentations

Senior management, officers and other key associates maybe invited to Board meetings to provide additional insight into items being discussed, or whom senior management believe should be given exposure to the Board.

J. BOARD INTERACTION WITH INVESTORS, MEDIA AND OTHERS.

The Board believes that the Chairman and Chief Executive speaks for the Company. The Directors shall not discuss matters relating to the business of the Company without prior approval of the Chairman.

The Directors shall not disclose to any third party or the media any price sensitive or material information about the business, which has not been disclosed by the Company to the Colombo Stock Exchange.

K. TRADING IN SECURITIES OF THE COMPANY AND GROUP COMPANIES

The Directors shall adhere to Rule 8.6 of the Listing Rules of the CSE and Section 200 of the Companies Act.

Connected persons are prohibited from trading in securities on the basis of price sensitive or privileged information which has not been disclosed to the public. It is the policy of the Company that connected persons shall not trade up to three (03) market days after the information is released to the CSE, excluding the date on which the information was disclosed the CSE.

Connected persons include:

- Directors of the Company or Directors of a related company, or a spouse of a Director and children under 18 years,
- A person holding the position of an officer of the Company (other than a Director) or employees of the Company or a related company, or a position involving a professional business relationship which can reasonably be expected to give him access to unpublished price sensitive information.

Where a Director or a connected person or a company in which he is a Director (relevant interest) buys or sells securities of the Company in which he serves as a

Director, the Director has an obligation to inform the Board forthwith, through the Company Secretary, about the connected parties dealing in shares of the Company and this shall be disclosed to the CSE within 5 market days.

For the purpose of Section 200 of the Companies Act, a person has a relevant interest in shares if :

- he is the beneficial owner of the share,
- has the power to exercise any right to vote attached to the share,
- has the power to acquire or dispose the share,
- has power to control the acquisition or disposal of the share by another person OR
- under or by virtue of any trust or agreement, arrangement or understanding relating to the share, has the power to control the right to vote, buy or sell, or control the buying or selling by another person.

In addition to the above, Directors of the Company are required to refrain from dealing in the securities of the Company or group companies before the publication of price sensitive information.

L. BOARD COMMITTEES

The Company shall at all times have an Audit Committee, a Nominations and Governance Committee, a Related Party Transactions Review Committee and a Remuneration Committee. The Chairman of all the committees shall be an Independent Director. The Senior Independent Director shall be the Chairman of the Nominations and Governance Committee.

Majority of the members of these committees will be independent directors. The Committees shall not comprise any executive directors except the Related Party

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Transactions Review Committee. These Committees shall be governed by the Listing Rules.

Each of the committee shall have a Charter and the Nomination and Governance Committee will review the charters of the committees on an annual basis.

Appointment of Committee Members. The Nomination and Governance Committee will recommend to the Board for its approval Directors to serve as members and chairs of each committee.

Committee Meetings. Committee chairs, in consultation with other committee members and appropriate management personnel, will determine the frequency, length and agendas of meetings consistent with the Committee's charter, and will communicate agendas and meeting dates to the other members as far in advance of the meetings as practicable. The chair of each committee will report on committee matters to the full Board.

The Board may appoint and any other committee such as ESG Committee, Risk Committee etc. as deemed appropriate, which will have their own policies and procedures.

M. APPRAISAL OF BOARD PERFORMANCE AND APPRAISAL OF THE CHIEF EXECUTIVE

The Board and Committees shall appraise their own performance annually to ensure that board responsibilities are satisfactorily discharged.

An annual self evaluation shall be carried out by the members of the Board on the performance of the Board, its committees and the Chairman, non executive directors and executive directors.

The collective outcome shall be compiled and evaluated by the Nominations and Governance Committee which shall consider the results of the evaluation and make recommendations to the Board on initiatives, actions required to improve the balance of skills, experience, independence, industry knowledge and training and other relevant factors.

The performance of the Chief Executive shall be evaluated by the Board in line with the short, medium and long term objectives of the Company, financial and non financial targets that should be met by the Chief Executive during the year.

Succession Planning and Management Development.

There will be an annual report to the Board on succession planning and development of the Management of the Heads of Department and above, which will be reviewed and approved by the Board.

Publication

The Company's website will disclose the existence of the Policy on matters relating to the Board of Directors and a summary may be shared with the shareholders of the Company upon request made to the Company Secretary.

Review and Update

This policy shall be reviewed and updated at least once every two (2) years. The required updates and modifications shall be recommended to the Chairman & Chief Executive and to the Board for approval. All stakeholders shall be informed of any revisions made to this Policy. Hayleys PLC reserves the right to modify/amend the policy at any time.

Effective date of implementation

This policy shall be effective and operative from 1st of October 2024.

Annexure 7: Corporate Governance Policy



HAYLEYS PLC

CORPORATE GOVERNANCE POLICY

1. Purpose

The Purpose of this policy is to establish a comprehensive and structured framework which ensures that the organisation is governed with integrity and transparency while safeguarding the interest of all stakeholders. The provisions included in this policy are complementary to the requirements regarding the Board and Board members contained in the legislation, regulations, and the Articles of Association of the Company.

2. Scope

This policy is applicable to Hayleys PLC. and entities in the Group as relevant.

3. Board of Directors

3.1 Board Composition

- The Board, in consultation with the Group Nominations and Governance Committee, shall prepare a profile of its size and composition, considering the nature of the Company's business and its subsidiaries, and the desired expertise and experience of the Board members (the "Board Profile").
- The Board shall have a minimum of 9 and a maximum of 14 members.
- Non-Executive Directors should comprise the majority of the Board while no less than 1/3rd of the Directors shall be independent in accordance with the criteria set out in the Listing Rules of the Colombo Stock Exchange.

- At least one Board member shall be a member of a professional accounting body having expertise in financial administration and accounting.
- Board members will have sufficient expertise to perform his/her role within the determined profile
- Board shall be diverse in terms of skills, gender, age and experience encouraging diverse points of view
- All Directors shall at all times fulfill the Fit and Proper criteria set out in Section 9.7.3 of the Listing Rules
- The Chairman of Hayleys PLC will be the Chairman of all Group companies.

3.2 Appointment and Removal

Appointment of Directors will be carried out in accordance with Section 27 of the Articles in line with the formal procedure set out by the Company's Nominations and Governance Committee. The following additional guidance is provided regarding the appointment and removal of directors to ensure compliance with best practice:

- Profiles of directors being nominated for appointment shall state the following
 - the candidate's name, age and his or her profession,
 - the amount and nature of any shares held in the Company,
 - the nature of his expertise in relevant functional areas

- Whether Executive, Non-Executive or Independent
- the number and names of companies in which the Director holds directorships/ serves as Key Management Personnel indicating whether such companies are listed or unlisted
- Any other information relevant to assess his or her suitability as a member of the Board.
- The recommendation or nomination for appointment or reappointment shall state the reasons for the nomination or recommendation.
- Past performance of Board members must be considered prior to recommending a member of the Board for reappointment.
- The appointment of Board members to the Company, must be informed to the Colombo Stock Exchange within 24 hours of such appointment together with a brief resume of the director as set out in Section 1,3 (a) above and any shareholding in the Company held by the Director.

3.3 Board Independence

Independence of Directors will be determined annually in accordance with the criteria set out in the Listing Rules of the Colombo Stock Exchange, the currently applicable Code of Best Practice on Corporate Governance issued by the

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Institute of Chartered Accountants of Sri Lanka ('the Code'), subject to any additional requirements that may be imposed by relevant regulators. In case of ambiguity or conflict, regulatory requirements will prevail over the Code.

3.4 Roles and Responsibilities

Powers and duties of Directors are set out in Section 30 of the Articles of Association and Section 187 of the Companies Act No.7 of 2007 and Section A.1.2 of the Code.

- a. General Responsibilities- The Board oversees the general business of the Company. The entire Board is responsible for such supervision and oversight.
- b. The Board Acts in the Interest of the Company- The Board shall act in the best interests of the Company and its business, taking into consideration the interests of the Company's shareholders and other stakeholders. Board members shall perform their duties independent of any particular interest in the Company. Members should not support one interest without regard to the other interests involved.
- c. Responsibility for Securing Information: The Board and its individual members each have responsibility for obtaining all information from the management and the internal and external auditors needed to carry out their duties and make informed decisions.
- d. Supervision of Management: The Board should consider the achievement of strategic objectives, strategy and risks, structure and operation of internal risk management and audit systems, financial reporting process, sustainability impacts and compliance among others.
- e. Supervision of Financial Reporting: The Board, in consultation with the Audit Committee, supervises compliance with written procedures for the preparation and publication of the annual report and accounts, the quarterly financial reports and any other financial information prepared for regulators or shareholders. The Board, through the Audit Committee, also supervises the internal control and audit mechanisms for external financial reporting
- f. Duties regarding the Board and performance of the Board which includes nomination of Board members, establishment of committees, conduct board self-assessments among others
- g. Duties regarding and nomination and supervision of external auditor

3.5 Other Positions

- a. No Excess Memberships - Members of the Board shall limit their Directorships in other Listed Companies so as to ensure they can perform their duties as members of the Board. Maximum number of directorships in Listed Companies that may be held by a Director is capped at Twenty Five (25).
- b. Notice of Additional Directorships - Board members must inform the Chairman of the Board and the Company secretary of their other positions which may be of importance to the Company or the performance of their duties before accepting such positions. If the Chairman determines that there is a risk of a conflict of interest, the matter shall be discussed by the Board in accordance with Section 1.13.1 of this charter. The Company secretary shall keep a list of the outside positions held by each Board member.

4. Chairman

The functions of Chairman and Chief Executive are vested in one person due to the diversity and scale of operations of the Group and the Board is of the view that this is the most appropriate arrangement for Hayleys PLC. The Chairman of Hayleys PLC shall be the Chairman of the Subsidiary Companies in the Group unless otherwise stated in the Articles of Association or Joint Venture Agreement.

4.1 Roles and Responsibilities

- a. The Chairman of the Board is primarily responsible for the activities of the Board and its committees. He/ she shall act as the spokesman for the Board and the Company. The Chairman of the Board presides over the general assembly.
- b. The Chairman ensures that:
 - i. Board members, when appointed, participate in an induction program and, as needed, additional education or training programs;
 - ii. The Board members receive all information necessary to perform their duties effectively;
 - iii. The Board has sufficient time for consultation and decision-making;
 - iv. The Committees function properly;
 - v. The Board has proper contact with the executive committee.
- c. In addition, the Chairman is primarily responsible for:
 - i. Ensuring the Board satisfies its duties;
 - ii. Determining the agenda of Board meetings, chairing such meetings and ensuring that minutes are kept of such meetings;

- iii. Consulting with external advisors appointed by the Board;
- iv. Addressing problems related to the performance of individual Board members; and,
- v. Addressing internal disputes and conflicts of interest concerning individual Board members and the possible resignation of such members as a result.

5. Appointment of Senior Independent Director

- a. The Board shall appoint a Senior Independent Director since the role of the Chairman and the Chief Executive are combined and the appointment shall be disclosed in the Annual Report.
- b. The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been adequately considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company.
- c. The Senior Independent Director should participate in all meetings with majority, significant, and minority shareholders and be made aware of their concerns by the Company Secretary.
- d. The Senior Independent Director shall have a meeting with the Independent Directors without the presence of the other Directors to discuss matters and concerns relating to the Company and the operation of the Board. SID shall provide feedback to the Chairman and the Board.

6. Board Committees

- a. Establishment of Committees- The Board shall appoint the following committees from among its members to perform specific tasks.
 - i. Audit Committee
 - ii. Remuneration Committee,
 - iii. Nominations and Governance Committee
 - iv. Related Party Transactions Review Committee

The Company may establish the following Committees

- v. Finance & Investment Committee
- vi. Risk Management Committee
- vii. ESG Committee
- b. Charters of Committees – Each Committee of the Board will have a Board approved Charter setting out the scope of work and responsibilities.
- c. Board Responsibility for Committee Action- The Board remains collectively responsible for the decisions and actions taken by any Committee. A Committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole. Decisions that, by law, must be taken by the Board may not be delegated to a Committee.
- d. Committee Reporting- Each Committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware. Each Board member has unrestricted access to all Committee meetings and records. The Board shall, as set forth in the Charter of the Committee concerned, receive a report from the Committee describing the Committee's actions and findings.

7 Board meetings

7.1 Frequency, notice, agenda and venue

- a. Frequency - The Board shall meet as often as necessary, but not less than 12 times a year. Meetings shall be scheduled annually in advance according to an annual Board calendar. The Board shall meet earlier than scheduled if deemed necessary by the Chairman of the Board.
- b. Notice and Agenda
 - i. Meetings of the Board are called by the Chairman. Save in urgent cases, as determined by the Chairman, the agenda for a meeting and Board papers shall be sent to all Board members at least seven calendar days before the meeting. Board members may request for additional information at the meeting to make informed decisions.
 - ii. Board members who have taken part in a meeting may not object against resolutions adopted at the meeting. A Director may dissent to a resolution and can request his dissent to be minuted accordingly.

7.2 Attendance

- a. Undue Absence - If a Board member is frequently absent from Board meetings, she/he shall be required to explain such absences to the Chairman.
- b. Attendance by Non-Members – shall be through invitation by the Chairman or GCFO of the Company.
- c. Directors are required to attend a minimum of 50% of the meetings. A Director may attend meeting via audio visual communication and he/ she shall be marked as present and be counted for the Quorum.

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7.3 Chairman of meetings

- a. Chairman - Board meetings are presided over by the Chairman of the Board or, in his or her absence, a nominee Director recommended by the Chairman. If both are absent, one of the other Board members, designated by majority vote of the Board members present at the meeting, shall preside.
- b. Minutes - The Company secretary (or any other person designated for such purpose by the Chairman of the meeting) shall prepare the Minutes of the meeting which shall describe the decisions made at the meeting. The Minutes shall be adopted by the Board at the next meeting and signed by the Chairman as a correct record of the proceedings.

8. Ethics and Integrity

Directors are bound by the Internal Code of Conduct- the Hayleys Way, which serves as the Group's Ethical Roadmap. The Board is collectively responsible for setting the tone at the top and upholding ethical principles throughout the organisation. The organisation's ethics framework is also supported by its Whistleblower Policy, Bribery and Anti-Corruption Policy and Commitment to the United Nations Global Compact's 10 principles.

9. Performance Evaluation

- a. At least once a year, the Board and Sub-Committees shall discuss and appraise its own performance and those of its individual members (including Executive and Non-Executive Directors), the effectiveness of Board activities, and the composition and competence of the Board.

- b. The findings of such evaluations should be made available to the Nominations and Governance Committee, which should make recommendations to the Board on actions required to improve factors relevant to the effectiveness of the Board and Sub- Committees.

10. Director Remuneration

- a. Remuneration Committee - The Board shall determine the compensation of the executive and non-executive Board members on a proposal by the remuneration committee and based on a formal and transparent procedure formulated by the Remuneration Committee
- b. Reporting on Remuneration – The Annual Report of the Company shall include the following disclosures on remuneration:
 - i. A Statement of Remuneration Policy;
 - ii. Details of remuneration of the Board as a whole;
 - iii. Names of Directors (or persons in the parent company's committee in the case of a group company) comprising the remuneration committee, contain a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.
- c. Extraordinary Compensation. If a Board member or former Board member is paid special compensation during any financial year, an explanation of this compensation shall be included in the remuneration report. The remuneration report shall detail and explain any compensation paid or promised as severance pay to a Board member.

11. Director training and Induction

- a. Induction Program - Upon his or her election, each Board member shall participate in an induction program that covers the Company's strategy, general financial and legal affairs, financial reporting by the Company, any specific aspects unique to the Company and its business activities, and the responsibilities of a Board member.
- b. Directors must be kept abreast of any new laws that impact the Board, changes to Listing Rules, Policies of the Company and ongoing compliance/non-compliances if any.
- c. Annual Review of Training - The Board shall conduct a periodic review to identify areas where the Board members require further training or education.
- d. Costs of training - The costs of the induction course and any training or education shall be paid for by the Company.

12. Holding and trading of Securities

- a. Long-Term Investment - Any share-holding in the Company by Board members is for the purpose of long-term investment.
- b. Trades in Company Securities – A Director shall not trade in any shares of the Company or any company within the Hayleys Group based on price sensitive information received by him by virtue of his directorship, which is not known by the general public. Directors should also refrain from trading in the company's listed securities after a board/sub- committee meeting. A Director shall not trade in shares of the Company for Three (03) market days after the

release of the quarterly financial results, announcement of dividends or any other price sensitive information. Directors are also encouraged to seek the counsel of the Company Secretary or the Group Chief Financial Officer prior to trading in the Company's/ Group company's listed securities.

- c. A Director has an obligation to inform the Company Secretary in the event the Director or a connected person buys or sells shares in Hayleys PLC. The Company Secretary shall inform the Board and the Colombo Stock Exchange within the stipulated timelines of the Listing Rules. Where the Director has a relevant interest in shares of the Company, he shall inform of any purchase or divestment of the Company's shares.

13. Confidentiality

- a. Duty to Keep Information Confidential
- Unless required to do so by law, no Board member shall, during his or her membership on the Board or afterwards, disclose any information of a confidential nature regarding the business of the Company and/or any companies in which it holds a stake, that came to his or her knowledge in the capacity of his or her work for the Company and which s/he knows or should know to be of a confidential nature. A Board member shall not use such confidential information for his or her personal benefit.

- b. Return of Confidential Information At the end of each Board member's term of office, s/he shall return all confidential documents in his or her possession to the Company or guarantee their disposal in a manner that ensures confidentiality is preserved.

14. Policy Review and Amendments

This policy shall be reviewed and updated at least once every two (2) years by the Company Secretary. The required updates and modifications shall be recommended to the Chairman & Chief Executive and to the Board for approval. All stakeholders shall be informed of any revisions made to this Policy. Hayleys PLC reserves the right to modify/amend the policy at any time.

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Annexure 8: Policy on Board Committees



HAYLEYS PLC

POLICY ON BOARD COMMITTEES

PURPOSE

The Purpose of the policy on Board Committees ('this Policy') is to establish a comprehensive and structured framework within which the Board Sub Committees Company are expected to be established and to function in accordance with the Listing Rules of the Colombo Stock Exchange

This Policy is adopted to ensure effective execution of the Sub Committees' responsibilities and will be reviewed by the Nominations and Governance Committee of the Board as appropriate.

SCOPE

This Policy is applicable to Hayleys PLC.

The Company shall establish the following Board Sub Committees from among its Board of Directors to perform specific tasks :

- I. Audit Committee
- II. Related Party Transactions Review Committee
- III. Remuneration committee
- IV. Nominations and Governance Committee

Each Committee shall have its own Terms of Reference, approved by the Board, setting out the scope of work and its responsibilities,

- The Chairperson of each Committee shall be an Independent Non Executive Director.

- Majority of the members shall be Independent Directors
- Except the Related Party Transactions Review Committee, non of the other Committees shall have executive directors on the Committee
- The Audit Committee and the Related Party Transactions Review Committee shall meet on a quarterly basis or more often if the need arises.
- The Nominations and Governance Committee shall meet at least twice a year or more often if the need arises.
- The Remuneration Committee shall meet at least once a year or more often if the need arises.
- Committee Meetings may be held via audio visual communication.
- Minutes of committee meetings must be tabled at the board meetings.
- Decisions of the Committees may be taken by resolutions in writing circulated to all the members and signed by all the members.
- A dissenting member may note his dissent in the resolution or in a meeting of the Committee.
- Consent of the majority of the members is required to pass a resolution.

The Minutes of all Committee meetings must be maintained in written form, signed by the Chairperson of the meeting or the Chairperson of the subsequent meeting and circulated to the Board of Directors.

The Company Secretaries may act as the Secretaries to the Committees

The Company may also establish the following committees

- I. Finance & Investment Committee
- II. Risk Management Committee
- III. ESG Committee

Board Responsibility for Committee

Action - The Board remains collectively responsible for the decisions and actions taken by any Committee. A Committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole. Decisions that, by law, must be taken by the Board may not be delegated to a committee.

Committee Reporting - Each committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware. Each Board member has unrestricted access to all committee meetings and records. The Board shall, as set forth in the Charter of the committee concerned, receive a report from the committee describing the committee's actions and findings.

Effective date of implementation

This policy shall be effective and operative from 1st of October 2024.

Annexure 9: Rewards and Remuneration Policy



HAYLEYS PLC

REWARDS AND REMUNERATION POLICY

1. Objectives

This policy details how the organisation's total rewards should be managed with the aim of aligning rewards and remuneration with the organisation's business strategy, objectives, risk tolerance levels, values and long-term interests. The policy drives high performance while precluding excessive risk-taking. Key objectives of the policy are,

- Drive the achievement of the organisation's strategic aspirations
- Attract, motivate and retain high-performing employees with the right experience and skills
- Promote internal equity through fair and transparent remuneration schemes
- Promote the optimum allocation of resources driving positive outcomes
- Nurture ethical, responsive and responsible corporate citizenry

2. Scope

The policy applies to Hayleys PLC, including in overseas locations, except where it conflicts with either local statutes or regulations, in which case such directions would apply. Furthermore, if there are other agreements entered to with specific categories of employees regarding compensation and benefits the provisions of such agreements would supersede the provisions in this policy.

3. Remuneration Governance

The Board Remuneration Committee is mandated to govern and provide oversight on all aspects of remuneration and operates in line with defined Terms of Reference, which includes the following:

- Determining the compensation of the Chairman & Chief Executive, Executive Directors and the Members of the Group Management Committee.
- Laying down guidelines and parameters for the compensation structures of all management staff within the Group taking into consideration industry norms.
- Formulating guidelines, policies and parameters for the compensation structures for all Executive staff of the Company.
- Reviewing information related to executive pay from time to time to ensure same is in par with the market/industry rates.
- Evaluating the performance of the Chairman & Chief Executive and Group Management Committee against the predetermined targets and goals.
- Recommending annual salary increments and bonuses.

4. Remuneration Principles

- Transparency: The policy is accessible to all employees and each individual should have an understanding on the criteria that will be used to determine their remuneration. The performance management process should be documented and available to all employees
- Fair and free from discrimination: Reward and remuneration structures should encourage equity and ethical outcomes, based on objective, job-related criteria
- Strategic alignment and performance orientation: Reward and remuneration structures should motivate employees to deliver high levels of performance and drive the execution of the organisation's strategy while being cognisant of the risk exposures
- Market competitiveness: The guaranteed elements of pay should be positioned at comparable levels established by the peer group of companies while talent dynamics and affordability should be considered in determining if the organisation positions particular roles in upper quartiles. The variable elements of remuneration are positioned at par with the peer group.

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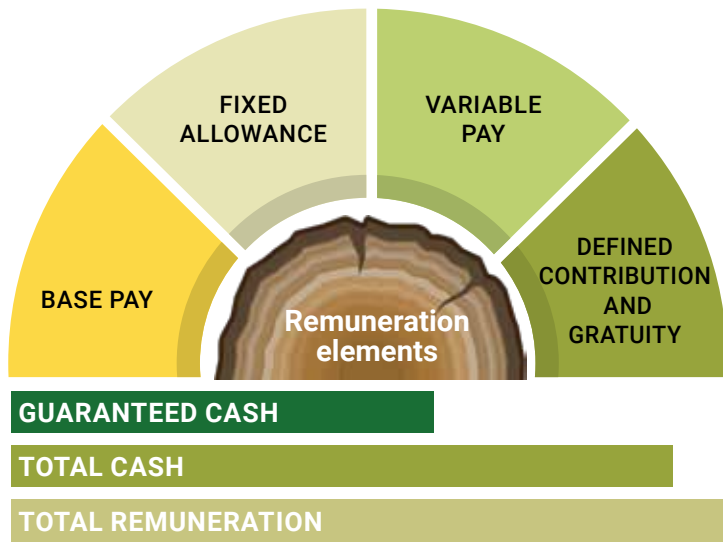
5. Performance Management

The performance management framework aims to align individual and team performance objectives with the organisation's strategic objectives, enabling the translation of our strategic priorities into individual and departmental action plans. Key principles of the organisation's performance management framework is as follows:

- Performance management is a key input in determining remuneration, thereby ensuring appropriate differentiation in remuneration based on performance
- Performance objectives comprising a combination of financial, non-financial and competency-based metrics are used to evaluate performance
- The framework is applied consistently to all employees across the Group

6. Remuneration Framework

The organisation's remuneration comprises guaranteed and variable elements, which ensure fair, equitable pay structures that motivate performance. Key elements are set out below:



6.1 Base Pay

Base pay, generally terms as 'salary' reflects the prevailing 'rate for the role' within a job grade/level depending on the competencies and experience of the employee. Jobs with similar duties, responsibilities and requirements are classified under a grade/level, creating a transparent framework for managing roles and determining pay scales. Market comparability also place a key role in determining base pay and

benchmarking is conducted against comparable organisations to assess market competitiveness.

6.2 Fixed Allowances

Employees are entitled to a range of allowances including vehicle, fuel and travelling depending on the category of employment.

6.3 Variable Pay

Variable pay comprises periodic or lump-sum pay-outs linked to organisational and individual performance, to drive the achievement of strategic goals. The Annual Bonus is designed to reward and recognize the successful execution of our business strategy each year. Financial and business targets are established during the budgeting process, and bonus levels are determined by the Remuneration Committee based on performance against these targets. There is no guaranteed bonus or performance incentive in any given year and variable remuneration is determined primarily based on performance.

6.4 Defined contribution and gratuity

Defined contributions-The organisation has in place a defined contribution plan under which the entity contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

Gratuity- Gratuity payments are aligned to the requirements of the Payment of Gratuity Act No. 12 of 1983 with the proportion of monthly salary dependent on the length of service, as given below.

LENGTH OF EACH SERVICE (YEARS)	NO. OF MONTHS SALARY FOR COMPLETED YEARS OF SERVICE
Up to 20	½
20 up to 25	¾
25 up to 30	1
30 up to 35	1 ¼
Over 35	1 ½

7. Rewards

7.1 Annual package increase

Annual increases in remuneration are primarily guided by market competitiveness. Subsequently, adjustments are also influenced by collective and individual performance. Individual performance evaluations take into consideration performance against defined objectives, competencies and values. This dual approach enables the organisation to align with market standards while recognising and rewarding employee contributions.

7.2 Salary increases in case of Promotions/ Upgrading

Individuals moving to a higher Job Grade as a result of promotions/ upgrade can be given a salary increment in line with market competitiveness in line with the respective role following the approval of the Human Resources Manager/ Business Partner, relevant GMC Member and Chairman.

7.3 Salary corrections

The relevant GMC member is entitled to recommend any salary corrections for the purpose of rectifying any reward anomalies that may prevail.

7.4 Annual bonus

Overall Sector performance metrics (ROE (Return on Net Assets), CAGR (Compound Annual Growth Rate- Revenue & PAT) & Previous Year Budget Achievement) are used to ascertain the affordability of the annual bonus.

8. Non-Executive Director's Remuneration

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 remuneration or employee benefits. The fees of Non-Executive Directors are reviewed annually.

9. Review and revision to this Policy

This policy shall be reviewed and updated at least once every two (2) years by the Group HR Division. The required updates and modifications shall be recommended to the Chairman & Chief Executive and to the Board for approval. All stakeholders shall be informed of any revisions made to this Policy. Hayleys PLC reserves the right to modify/amend the policy at any time.

Effective date of implementation

This policy shall be effective and operative from 1st of October 2024.

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Annexure 10: Policy on Risk Management and Internal Controls



HAYLEYS PLC

POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS

1. Objectives

Hayleys PLC operates in a dynamic and rapidly evolving landscape, underscoring the critical importance of proactive risk management practices in building a resilient business model.

Key objectives of the Company's Risk Management Policy are set out below:

- Optimise risk-return dynamics and ensure sustainable business growth through effective management of all risks
- Establish consistent and systematic procedures to effectively identify, measure, manage and mitigate risk exposures
- Enhance the effectiveness and efficiency of the entity's operations, which in turn leads to improvements in resource allocation and decision-making
- Promote prudent risk-based decisions through nurturing a risk conscious culture
- Fulfill all relevant reporting requirements including financial and non-financial internal and external reporting
- Ensure compliance to all laws and regulations the Company is subject to

2. Scope

This Policy applies to all locations of Hayleys PLC including all support functions

3. Risk Classifications

The Company is exposed to a wide array of risks under both the internal and external dimensions. These risks are classified as follows:

- Market risk- Potential for financial losses or adverse outcomes resulting from fluctuations in market variables, such as prices, interest rates, exchange rates, and other market conditions
- Strategic risks: Risks that arise from the misalignment of the organisation's strategy with business opportunities and developments in the external environment
- Operational risks: Risks arising from activities carried out by the organisation, stemming from structure, systems, products or processes
- Financial risks: Risks arising from financial operations and include credit risk, interest rate risk, liquidity risk and currency risk among others
- Information technology risks: Risk of technological obsolescence and ISS risks which arise from aspects such as external and internal vulnerabilities to the information systems, lack of disaster recovery and back-up procedures
- Sustainability-related risks: Environmental and social risks that arise from an entity's lack of recognition of environmental and social sustainability factors affecting society and the entity

- Governance risks: Risks arising from the failure to manage other risks due to a lack of robust governance system

4. Approach to Risk Management

Hayleys' approach to risk management is based on the COSO Enterprise Risk Management model, which enables integration with strategy and planning through embedding risk management across all departments and functions. This approach enables the organisation to position risk in the context of the organisation's performance allowing it to anticipate risks in a more proactive manner. The components of the Group's Risk Management Framework are described below:

4.1 Governance and Culture

The Board holds apex responsibility for the management of risk and is assisted by the Audit Committee in discharge of this duty.

4.1.1 Roles & Responsibilities

Responsibility of the Board

- Approval and review of the Risk Management Policy
- Define the organisation's risk appetite and tolerance levels

- Delegate monitoring and reviewing of risk management to the Audit Committee or any other functions as it may deem fit
- Oversee the development of the risk management framework and ensure adequate monitoring and reporting
- Conduct a robust assessment of principal risks facing the organisation (as defined in Section 3 of this Policy), including those that would threaten its business model, future performance, solvency or liquidity
- Set the tone at the top for nurturing a risk management culture, ensuring that it aligns with the organisation's strategy and objectives
- Ensure effective systems are in place to secure the integrity of information, internal controls, cyber security and business continuity

Responsibility of the Audit Committee

- Obtain and review assurance from the Chief Executive and management team on the adequacy and effectiveness of the organisation's risk management and internal control systems
- Oversee the processes to ensure that the organisation's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Accounting Standards
- Review and assess the organisation's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks
- Conduct a review of internal controls covering financial, operational and compliance controls and risk management

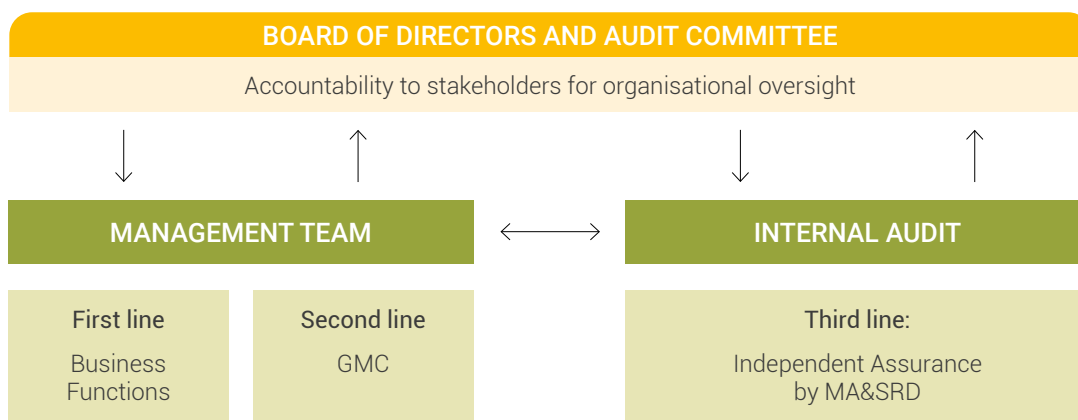
- Take corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the risk appetite and tolerance levels determined by the Board

Responsibility of the ESG Committee

- Identify ESG related risks, opportunities and impacts and recommend the implementation of appropriate measures to effectively address these dynamics
- Review emerging trends and issues in the ESG areas and assess potential impact on the Group
- Receive updates at least quarterly or as and when required, on ESG matters including progress against targets, key KPIs and strategy implementation.

4.1.2 Risk management structures

Roles and responsibility allocation for risk management is based on the Three Lines of Defense model which ensures transparency and accountability across the organisation.



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4.1.3 Risk Culture

The Hayleys Way serves as the Internal Code of Conduct and functions as the ethical roadmap in nurturing a culture of compliance and risk awareness. It is reinforced through regular training, including a session for new recruits at the Group's induction programme.

4.2 Strategy and Objective

Risk appetite is defined as the type and amount of risk the organisation is willing to accept in the pursuit of its strategic aspirations. Given the diversity of the operations, risk appetite is defined at Sector-level and articulated through a range of tolerance limits and risk KPIs. These targets/KPIs are reviewed at monthly review meetings and GMC meetings. Performance

against defined risk KPIs are monitored at quarterly Sector-level Audit Committee meetings while the relationship between key sector-specific risks and the achievement of business objectives are also assessed. Targets and KPIs are reviewed and revised on an annual basis.

4.3 Performance

4.3.1 Risk Identification

Risks are identified at Business Unit level, with the inputs of key employees across all functional areas. Risk identification occurs through leadership meetings, assessment of the external operating landscape, materiality analysis, strategic performance updates and engagement with both internal and external stakeholders among others. A risk inventory, cataloging potential risk

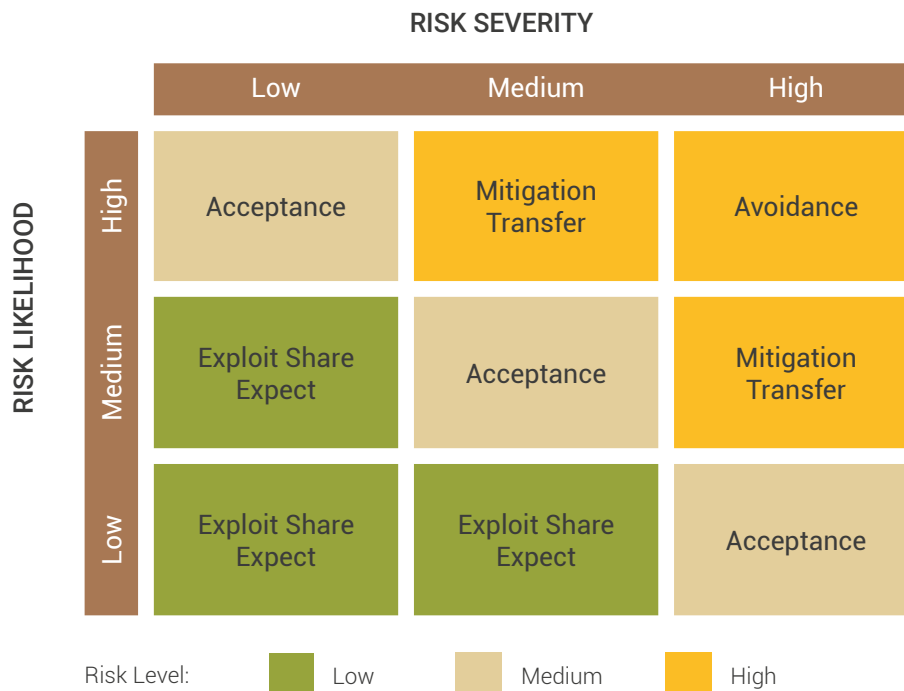
exposures (including sustainability-related risks) that could impact the organisation has been formulated at Hayleys PLC level and is applicable across the Group

4.3.2 Risk Assessment and Prioritisation

Risks are assessed in terms of severity and likelihood; the former ranges from 1 to 3 (low, medium and high impact) and factors to be considered include financial impact, customer/reputational impact, employee, social and environmental implications among others. Likelihood of risks are assessed from 1 to 3 (low, medium and high impact). Risks assessment and prioritisation is done through a standardised Risk Register, which is administered to all Sectors. Risks are assessed on the three time periods of short, medium and long-term.

4.3.3 Risk Response

Risk response is defined as the action taken to address identified risks in order to mitigate their impact or likelihood.



4.4 Review and Revision

Substantial changes in the risk landscape are continuously assessed through periodic re-evaluation. Potential drivers of change include organisational strategies and objectives, changes to processes, people and technology, emerging stakeholder requirements, changes in regulations and societal expectations among others. The review of risks is an organisation-wide discipline, with dedicated departments discharged with the responsibility for the review of specific risks as listed below:

AREA OF FOCUS	DIVISION
Group financial performance and resilience	Corporate Affairs Unit
Formulation and negotiation of the Group's insurance programme	Group Risk and Insurance
Review PESTEL risk from a portfolio perspective	Strategic Business Development Unit
Liquidity and foreign exchange risks Funding risks	Group Treasury
Supply chain risks	Group Sourcing
Safeguarding the digital infrastructure and information assets	Group IT
Environmental, social and governance risks	Group ESG

The monitoring of performance against defined risk metrics and assessing the adequacy of the organisation's internal control frameworks is carried out by the Group Internal Audit Function, which conducts comprehensive audits based on the annual audit plan. Risk performance is assessed in the context of industry dynamics and peers. A direct line of communication between the Head of Internal Audit and the Chairman of the Audit Committee ensures that concerns are escalated to the Board of Directors as required.

4.5 Communication and Reporting

Risk Registers are updated quarterly and submitted to the Audit Committee for Sector Audit Committees for review while a consolidated risk register is presented to the Hayleys PLC Audit Committee. Meanwhile, ESG risks are tabled by Sector ESG Divisions to the Sector ESG Committees prior to being submitted to Sector Audit Committees. Meanwhile, key findings from the audits conducted by the Internal Audit Division are escalated to the Sector and Hayleys PLC Audit Committee for corrective action.

5. Review and update

This policy shall be reviewed and updated at least once every two (2) years by the Group Chief Financial Officer. The required updates and modifications shall be recommended to the Chairman & Chief Executive and to the Board for approval. All stakeholders shall be informed of any revisions made to this Policy. Hayleys PLC reserves the right to modify/amend the policy at any time.

Effective date of implementation

This policy shall be effective and operative from 1st of October 2024.

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Annexure 11: Bribery and Anti-Corruption Policy



HAYLEYS PLC

BRIBERY AND ANTI-CORRUPTION POLICY

1. Purpose

The purpose of this policy is to:

- Define core principles: It outlines the group's stance on bribery and corruption.
- Assign responsibilities: It clarifies the duties of stakeholders (including employees, suppliers, and customers) in adhering to the policy.
- Ensure compliance and provide guidance: The policy ensures adherence to all relevant anti-bribery and corruption laws and regulations and assists employees and other Company stakeholders in understanding and addressing related challenges.

2. Policy Statement

The Hayleys Group which comprises Hayleys PLC and all its subsidiary companies are committed to conducting its business activities with integrity and in an ethical manner.

The Hayleys Group recognises the importance of zero tolerance for bribery and corruption which has become a serious global issue;

The Hayleys Group recognises the damage caused to societies and individuals globally due to bribery and corruption;

The Hayleys Group recognises that bribery and corruption undermine the rule of law, leads to violation of human rights, distorts

markets, and allows organised crime, terrorism and other threats to human security thrive and flourish;

Having a global footprint, the Hayleys Group continues to strengthen its overseas businesses and recognises the need to be aware of international compliance standards. Therefore, the following information is regarded as important:

- There is a significant increase of legislation around the world intended to create, or extend the reach and enforcement of anti-corruption laws
- It is critical for Hayleys Group to implement strong compliance measures in order to
 - Protect themselves from liability
 - Preserve interests of stakeholders
 - Minimise disruption to business
 - Protect corporate reputation

The Hayleys Group Bribery and Anti-corruption Policy is implemented with the objective of:

- Setting out the Hayleys Group's core principles on bribery and anti-corruption;
- Setting out the duties and responsibilities of the Hayleys Group's Chairman, Directors, direct and indirect employees, suppliers, customers and other similar persons with regard to complying with this Policy;

- Ensuring compliance to all applicable laws and regulations relating to anti-bribery and corruption;
- Providing guidance and assistance to stakeholders on how to face challenges and issues that they may face due to bribery and corruption relating to any business and other matters relating to the Hayleys Group;

Commitments

The Hayleys Group is committed to:

- Upholding the Anti-Corruption Act No. 9 of 2023 as amended from time to time
- Upholding laws relating to bribery and anti-corruption in all the countries in which the Group Companies operate
- Upholding the 10 principles of the United Nations Global Compact (UNGC)

This Policy has been adopted by the Hayleys PLC Board.

3. Definitions

Bribery is the direct or indirect offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Advantages includes money (in digital or virtual form) or any gift, loan, fee, reward, commission, valuable security or other property, interest in property or sexual favour. The intention of a bribe is to influence a person's actions or decisions

in order to obtain an undue advantage or refraining from acting in the exercise of his or her official duties.

Corruption is defined as the abuse of entrusted power for private gain.

4. Applicability of this Policy

The Hayleys Group Bribery and Anti-corruption Policy (This Policy) is applicable to the Chairman and Board of Directors of Hayleys PLC and all its subsidiary companies including all its employees and agents, residing or operating in Sri Lanka and in overseas locations.

This Policy is applicable to all Hayleys Group business operations whether in Sri Lanka or in any other overseas locations on sea or land.

This Policy will be made available to our contractors, indirect employees if any, suppliers, distributors, advisers, contractors, consultants and all third-party service providers (Partners) through the Hayleys companies' websites. Directors and Employees shall ensure that all contractual agreements and arrangements with our Partners shall include reference to this Policy with the objective of complying with the provisions of this Policy.

Reference to the terms 'You' and 'Your' in this Policy will be applicable to all those individuals or organisations to whom a part or the entirety of this Policy is applicable to.

Reference to a 'Third Party' in this Policy means any individual or organisation that You come into contact with or deal with during the course of Your role, including but not limited to potential customers, competitors and organisations in the public sector, such as governments, public agencies and government-owned or controlled commercial enterprises.

5. Policy Governance and Maintenance

Responsibilities, and monitoring compliance of this Policy

The Directors of Hayleys PLC and subsidiaries, and where applicable associate director boards, will have the overall responsibility for the promulgation of this Policy in support of its bribery and anti-corruption commitments and in compliance with its legal and ethical duties.

The Group Chief Financial Officer, together with subsidiary companies and where applicable associate companies' Chief Financial Officers will be responsible to ensure that necessary procedures are in place to monitor compliance with this Policy and shall so monitor.

The Group Chief Financial Officer shall be responsible for drawing up operating procedures required for compliance with this Policy.

Monitoring and reviewing of this Policy

The Group Chief Financial Officer in conjunction with relevant personnel, will at least once a year monitor and review the implementation of and compliance with this Policy. This review will take account of any changes in laws, changes in the Hayleys Group organisations and businesses and new areas of risk.

The Group will periodically undertake internal/external appraisals including independent audits relating to this Policy and the procedures drawn and implemented under this Policy in order to provide assurance that they are being complied with and remain effective in countering bribery and as necessary enhance their effectiveness.

6. Compliance with this Policy

The prevention, detection and reporting of bribery and corruption in any form is the responsibility of all Directors and Employees. The Hayleys PLC Whistleblowing policy shall also facilitate any reporting under this Policy.

Where any Director or Employee violates this Policy, such individual may face disciplinary action which may result in termination.

Where Our Partners violate this Policy all companies of the Hayleys Group having contractual relationships with such Partners, will seek to terminate the contractual relationship in accordance with the terms of the relevant contract. The same will apply to any Third Party with whom any contractual relationships exist.

Non-compliance of this policy should be raised /communicated immediately through defined reporting channels and subsequent investigations will be conducted confidentially.

Gifts, hospitality and other promotional expenses may be a breach of this Policy.

Gifts, hospitality related invitations, events and other promotional expenses offered or accepted by Directors and Employees may not always be a form of bribery.

The Group recognises that the occasional acceptance of nominal gifts which are customarily given and/or are of a commemorative nature, may be required in maintaining good business relationships.

However, You are requested to be cautious and take steps to identify any potential or imminent breach of this Policy in such circumstances. Such gifts, hospitality related invitations, events and other promotional

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expenses having regard to the monetary value and even if the monetary value is not significant if they are offered with the intention of gaining an improper business and commercial advantage then there may be a breach of this Policy.

If in doubt contact Your manager, supervisor or relevant Director of Your organisation. The final decision will lie with the Group Chief Financial Officer.

Facilitating payments may be a breach of this Policy.

This Policy prohibits the payment or offering of gifts to public officials in order to expedite or facilitate an action or process, such as issue of licenses or permits, which may be commercially advantageous to the Hayleys Group. You may be criminally liable under Sri Lankan Bribery and Anti-corruption laws as well as similar laws of other countries in which the Hayleys Group operates.

This excludes legitimate payments made to fast-track a process; for example legitimate fast-track processes for visa or customs clearance which is authorised by law.

This Policy prohibits payment or offering gifts to any person where the intention is to gain an illegal commercial advantage to You personally or to the Hayleys Group.

Political contributions and donations to politically connected persons are a breach of this Policy.

This Policy prohibits political contributions or donation to political parties and election candidates as such contributions and donations are viewed as bribes made with the intention of influencing business and official decisions relating to Your organisation with the intention of obtaining commercial gain or similar advantage.

The Hayleys Group companies represent that they strictly do not participate in party politics as has been the ethos of the Group since inception.

This Policy expressly prohibits making any political contributions or donations or incurring political expenditure on behalf of political persons or politically connected persons. The Term 'politically connected persons' will mean the term as is currently used in current legislation or any legislation that defines such term in the future in the country where such offence took place or where such jurisdiction applies.

Charitable Donations may be a violation of this Policy.

You are permitted to make a charitable donation on behalf of the Group/Group company where such donation can be made legally and ethically under the laws of that country where the donation is made with all budgetary considerations followed. However, where a charitable donation is made with the intention of gaining an improper business advantage then it is a breach of this Policy. All donations and CSR activities must be carefully assessed for legitimacy and credibility ensuring that it is not being carried out to derive an undue business advantage.

Due diligence of Partners

There may be a risk that Partners may engage in bribery or corruption related activities.

The relevant Business Development Head will determine the level of due diligence required of our Partners. Such due diligence must be completed before the contract with the Business Partner is signed. The Group Chief Financial Officer together with the Group Head of Legal will decide on any

anti-bribery clauses that will be required in relation to entering into any agreement or contract with Partners.

Payment of commissions to third parties

All fees, expenses, and commissions paid to any third party engaged to represent or provide a service to the Group must be appropriate, justifiable and proportionate under the circumstances and will only be for legitimate services rendered.

Your responsibilities under the Policy

1. Read, understand and comply with this Policy
2. Avoid any activity that might lead to or suggest a breach of this Policy
3. Notify Your Manager or a Director as soon as possible if you believe or suspect that a breach or conflict with this Policy has occurred or may occur.

What is not acceptable?

It is not acceptable for You or someone on behalf of You to:

- Give, promise to give, or offer a payment gift or hospitality with the expectation or hope that a business advantage will be received or to reward a business advantage already given or
- Give, promise to give or offer a payment gift or hospitality to a government official agent or representative to facilitate or expedite a routine procure or
- Accept payment from a third party that You know or suspect that is offered with expectation that it will obtain a business advantage for them or
- Threaten or retaliate against another employee or individual who has refused to commit a bribery offence or who has raised concerns under this Policy

7. Record keeping

Many serious bribery and corruption offences often involve some degree of inaccurate record keeping.

All Hayleys Group Company Directors recognise that the Group's records, and financial reporting must be transparent and accurately reflect each of the underlying transactions.

The Group Chief Financial Officer together with all subsidiary /associate company Chief Financial Officers are responsible for the integrity of the Group's books, records and accounts.

The Hayleys Group companies must maintain accurate and proper books of record and financial reporting. In accordance with the Group or subsidiary/ associate companies' accounting manual and defined procedures, all expenditure and expense claims must be supported by documentation that accurately and properly describe such expenditure. The reason for the expenditure must be specifically recorded.

No accounts must be kept off book to facilitate or conceal payments.

The Hayleys Group must maintain a register of gifts with specific guidelines drawn up on the quantum of the value of the gifts that should be maintained where You are responsible to declare such gifts. Such register of gifts will be subject to Board review.

8. Communication and training

This Policy is readily accessible for employees and external parties through the Group intranet and its website.

Adequate communication of this Policy and dissemination of this Policy is the responsibility of the Group Chief Financial Officer.

The Group Chief Financial Officer and subsidiary/associate companies' Chief Financial Officers are responsible for this Policy and its procedures are embedded through its business and understood by all employees and Business Partners.

Any questions concerning any aspect of this Policy should be referred first to the respective Group business's management who may if relevant refer the matter to the Group Chief Financial Officer.

The Group Chief Financial Officer is responsible for identifying employees who may face a risk of exposure to bribery. All employees must complete training programmes on anti-corruption and bribery implemented by the Hayleys Group. Such training has to be recorded and such training is required to be regularly refreshed to take account of changes in the risks faced by the Hayleys Group and any changes in relevant legislation.

Whistle blowing

The Hayleys Group will not allow retaliation against anyone refusing to take part in bribery and corruption.

The Hayleys Group will not commence disciplinary action against any employee who reports bribery related actions of another where such reporting is done in good faith even if they turn out to be mistaken.

Refer to the Hayleys PLC Whistleblowing policy.

Effective date of implementation

This policy shall be effective and operative from 1st of April 2024.

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Annexure 12: Whistleblowing policy



HAYLEYS PLC WHISTLEBLOWER POLICY

GROUP HR POLICY / MANUAL

1. Purpose

Hayleys Group is committed to the highest standards of ethical, moral and legal conduct in operating

its businesses. In line with this commitment, this Whistleblower Policy is primarily to provide a mechanism for employees to raise concerns where the interest of the organisation is at risk and is expected to provide an assurance that employees raising such concerns will be protected from reprisals and victimisation. This Policy applies to all individuals working at all levels (both permanent and contract) within Hayleys Group.

2. Definitions

The following words and terms as used in this Policy shall unless the context clearly requires otherwise, have the respective meaning set below;

2.1 'Affiliate' shall mean any legal entity which is directly or indirectly controlled by or is under common control of Hayleys PLC, the term "control" in relation to an entity, being the legal or beneficial ownership directly or indirectly of more than 50% of the voting securities or rights of such entity or controlling the majority of the composition of the board of directors or power to direct the management or policies of such entity by contract or otherwise. The term "controlling" and "controlled" shall be construed accordingly

2.2 'Committee' shall mean the committee constituted under this Whistle-blowers Policy to consider and redress concerns raised by a Whistleblower.

2.3 'Company' shall mean a legal entity within Hayleys Group to which the concern raised under this Policy is related.

2.4 'Hayleys Group' shall mean Hayleys PLC and its Affiliates

2.5 'Management' shall mean those persons that are in a managerial position in a Company who can reasonably be regarded as having the authority to make an initial assessment of the concern/ allegation made by a Whistleblower.

2.6 'Policy' shall mean this Whistleblowers' Policy

2.7 'Whistleblower' or 'Complainant' shall mean a person who raises a concern and/or allegation under this Policy

3. Scope

This Whistleblower Policy is intended to cover concerns raised by staff on matters such as;

- Incorrect financial reporting;
- Financial fraud;
- Unlawful or improper conduct;

- Breach of the Code of Business Conduct, Values and other Policies of the Company;
- Any other improper activity that may have a negative impact upon the ability of the Company to achieve its corporate objectives and which may cause damage to its image and reputation

This Policy does not require the Whistleblower to prove the truth of the allegations made. Whistleblowers are required to raise such allegations in good faith and in an independent and unbiased manner. The Whistleblower may also need to provide sufficient information for the Management to take appropriate steps.

Where a genuine concern is raised under this Policy, the Whistleblower shall not be at risk of suffering any form of victimisation or retribution from the Company. However allegations in bad faith may result in disciplinary action.

A Whistleblower is able to lodge concerns confidentially and/or anonymously.

Management would take all possible measures to ensure that the complainant would not be penalised for making a complaint. Further if such an event occurs, appropriate disciplinary action will be taken against the parties involved in making the complainants' life difficult. Accused will be treated

as genuine until the proceedings are concluded and a decision is made. The management will take appropriate actions if needed in the event any harassment is levelled against the accused.

4. Procedure to raise a concern

4.1. Concerns may be raised face to face, by telephone, via a dedicated e-mail address or in writing by both named and anonymous persons. A written report will require the background and history of the issue at hand, in chronological order together with the reasons pertaining to the concerns expressed.

4.1. These concerns shall be raised with the Chairman and Chief Executive, Hayleys PLC or the Managing Director of the respective company to which the concern is related.

4.2. Advice or guidance with regard to the manner in which concerns as coming within this Policy should be raised can be obtained from the Head of Group Human Resources.

5. Management Response

Once a concern is raised, the following steps will be taken:

- a. Receipt will be acknowledged where identity is disclosed
- b. Management will proceed to make an initial assessment and decide on one of the following actions as appropriate.
 - To be investigated internally by an internal inquiring committee
 - appointed in the manner described herein under;
 - To be referred to the Police or any other legal authority where such concerns disclose information of a criminal nature;

- To be referred to the internal or the external auditors;
- To be the subject of an independent inquiry

c. In the event the Management decides to conduct an internal investigation through the internal inquiring committee as laid down in this policy, a decision would be taken and communicated to the relevant parties within 3 month time from the date the inquiry commenced.

d. The Whistleblower will be provided with feedback on actions taken if s/he has so requested. However, it must be noted that the Management may not be able to make full disclosure where an infringement of a duty of confidentiality to another person could occur, or where the information is sensitive so as not to be able to make full disclosure which otherwise would have been made.

6. The Internal Inquiry Process

6.1. Where an initial concern/allegation is made, the Management will discuss the matter with the Complainant. If s/he has a personal interest in the matter, s/he will be required to disclose this at the onset. Where the concern/allegation falls more appropriately within the Grievance Procedure s/he will be advised accordingly.

6.2. The Committee appointed in terms of clause 7 herein, shall immediately proceed with the enquiry and communicate the same to the Complainant where necessary and to the person/s against whom the concern/ allegation is made.

6.3. The Committee shall prepare and hand over the statement of allegations to the person against whom the allegation(s) is/are made and give him / her an opportunity to submit a written explanation if s/he so desires within 7 days of receipt of the same.

6.4 If the person/s against whom the concern/allegation is made desires any witness/es to be called, s/he shall communicate in writing to the Committee the names of witness/es whom s/he proposes to call.

6.5. The Committee shall call upon all witnesses mentioned by the person/s against whom the concern/allegation is made and any other persons that the Committee may wish to obtain statements or evidence from.

6.6. The Committee shall provide every reasonable opportunity to the person/s against whom the concern/allegation is made, to defend his/her case.

6.7. The Committee shall complete the "Enquiry" within a reasonable period but not beyond three months and communicate its findings and its recommendations for action to the Group Human Resources Department of Hayleys PLC.

6.8. The decision of the Committee will be conveyed to the Complainant and the person/s against whom the concern/allegation is made

6.9. Group Human Resources will direct appropriate action in accordance with the recommendations proposed by the Committee.

7. Internal Inquiring Committee

7.1. The Committee shall constitute of the Managing Director of the respective company/sector, Group Chief Financial Officer, Head of Group Human Resources, Head of Legal and Head of Internal Audit of Hayleys PLC. The Committee would include at least 2 male/2 female members to ensure fair gender representation. In the event the require gender representation is

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not consistent in the internal inquiring committee, the Head of Group HR to discuss with other committee members and identify suitable person/persons and include in the committee with the approval of Chairman and Chief Executive of Hayleys PLC. In this event, the number of committee members will be increased.

7.2. A quorum of 3 members is required to be present for the proceedings to take place.

The quorum should at least consist of one male/ one female member to ensure fair gender representation.

7.3. A committee member shall cease to be a member of the Committee forthwith on the occurrence of any of the following events:

- Resignation from the Committee by written notice to the Company
- Removal by notice in writing by the Chairman and Chief Executive of, Hayleys PLC for just and reasonable cause
- Ceasing to be an employee of the company
- On death or any legal incapacity

7.4. Any vacancy can be filled by the Committee on the recommendation of the Chairman and Chief Executive of Hayleys PLC.

7.5. The Committee at its discretion may from time to time review and propose amendments to this Policy which will take effect after concurrence is received by the Chairman and Chief Executive of Hayleys PLC

7.6. If the complaint is against a committee member or if there is a conflict of interest that shall be known before or at any time during the inquiry with any committee member s/he

will immediately step down from the Committee and the Chairman and Chief Executive of Hayleys PLC will appoint

a suitable temporary replacement committee member. In the event the member is cleared of all charges, he/she will be immediately reinstated and the temporary member will step down.

8. Confidentiality

Where the Complainant wishes to raise a concern in confidence under this Policy and requests the Company to protect his/her identity, the Company will make its best efforts to do so unless the matters raised requires investigation by law enforcement agencies or is required to be taken up in a court of law where

it may not be possible to resolve the matter without the disclosure of identity. In such a situation the Management will discuss with the Complainant on how best to proceed.

This Policy while encouraging the Whistleblowers to identify themselves, allows Whistleblowers to raise their concerns anonymously. However, this may result in the Company facing difficulties and taking more time in its investigations with no avenue for follow-up questions and feedback from the Whistleblower. Where a Whistleblower wishes to raise a concern anonymously, s/he will need to provide sufficient facts and data to enable the Management look into the matter without the person's assistance.

9. Right of Appeal

If the Whistleblower or the party against whom the concern/allegation is made is not satisfied with the decision of

the Committee, the unsatisfied party may appeal to the Chairman and Chief Executive of Hayleys PLC in writing within 10 days of the decision of the Committee who will respond within 14 days. If no appeal is made within 10 days, the decision of the Committee shall be final and conclusive.

10. Effective Date for implementation

This Policy shall be effective and operative from Jan 1st, 2014.

Annexure 13: Investor and Shareholder Communication Policy



HAYLEYS PLC

INVESTOR AND SHAREHOLDER COMMUNICATION POLICY

1. Overview

- Hayleys PLC, a public listed conglomerate, recognizes the importance of effective communication and responsiveness to shareholders for fostering trust, transparency, and good corporate governance.
- The purpose of this document is to ensure that all shareholders and investors have equal and timely access to accurate and publicly available information about the Company.
- This policy establishes a framework to enhance transparency, promote effective communication, and engage with shareholders and investors.

2. Communication with Shareholders and Investors

2.1 Annual General Meetings

- Annual General Meetings serve as the primary mode of communication between shareholders and the company.
- Shareholders are encouraged to participate in Annual General Meetings (AGMs) and are given an opportunity to raise queries related to the financial statements in the Annual Report.
- Shareholders who cannot attend are encouraged to appoint proxies or submit voting instructions.
- Annual General Meetings will be held either in a physical location, OR

on an online meeting platform and shareholders are encouraged to join the meetings.

- Notices of Annual General Meetings and accompanying documents are provided within the prescribed period before the meeting, and published as announcements on the website of the Colombo Stock Exchange and the Company's website.
- The process of Annual General Meetings is regularly reviewed and monitored, and if necessary, changes will be made to meet shareholders' needs.
- Board Members, including the Chairperson/ Chief Executive and Executive, Independent and Non-Executive Directors and relevant members of the Group Management Committee are made available to answer queries raised by shareholders.

2.2 Hayleys Website

- The company's website (<https://www.hayleys.com/>) is one of our primary communication and information-sharing channels with shareholders and investors.
- Annual reports, interim reports, investor presentations, circulars to shareholders, links to annual reports of listed subsidiaries, and investor FAQs are available on the corporate website. There is a dedicated section for investor relations.

- In addition to investor-related information, the website provides background information about the business activities of different sectors, ESG practices, career opportunities, and press releases.
- A dedicated section on the website contains contact information for various departments where shareholders can raise their issues, concerns, and comments with the company.

2.3 Social Media Presence

- In addition to the corporate website, information related to Hayleys PLC is shared through various social media platforms, including LinkedIn, Facebook, Instagram, YouTube, and X (formerly known as Twitter).

2.4 Shareholder Enquiries

- Shareholders with questions related to shareholding and dividends should direct their inquiries to the Company Secretary.
- For other inquiries, designated contacts from each division are available on the website, including their names, email addresses, and contact numbers.
- Matters and concerns raised by shareholders and investors will be routed to the Board through the relevant Group Management Committee member.

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- Public notices to shareholders are published in all three languages: Sinhalese, English, and Tamil.
- Shareholder correspondence is primarily in the English language.

2.5 Financial Reporting

- Hayleys PLC is committed to the timely publication of financial results and aims to provide a fair, balanced, and understandable disclosure. This allows shareholders to assess the company's financial position, performance, business model, and strategy.

2.6 Environmental, Social, and Governance (ESG) Reporting

- Hayleys PLC outlines its approach to ESG in annual reports and accounts, addressing climate ambitions, customers, employees, communities, and governance matters.
- Stakeholder feedback is used to identify and address issues important to shareholders and the operation of the business.

2.7 Review of the Policy

This policy will undergo regular review by the Board to ensure its effectiveness and alignment with current best practices.

2.8 Shareholder Privacy

Hayleys PLC acknowledges the importance of shareholder privacy and will not disclose shareholder information without their consent, except when required by law.

3. Conclusion

Hayleys PLC is committed to maintaining strong communication and relations with shareholders and investors. The Company will continuously strive to meet their needs for information, transparency, and engagement, while adhering to the highest standards of corporate governance and regulatory requirements.

October 2023

Annexure 14: Policy on Corporate Disclosures



HAYLEYS PLC

CORPORATE DISCLOSURE POLICY

1. Objectives

This Corporate Disclosure Policy is designed to promote transparency, accountability, and integrity in meeting the information requirements of stakeholders. It aims to ensure that Hayleys PLC complies with all applicable legal and regulatory requirements regarding the disclosure of material information.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions of investors. This includes, but is not limited to:

- Financial results and projections
- Changes in senior management
- Mergers, acquisitions, or divestitures
- Legal proceedings and regulatory actions

Material information must be disclosed in compliance with the Companies Act No. 7 of 2007, the CSE Listing Rules, and any relevant SEC regulations. All material disclosures must be approved by the Disclosure Committee and, where required, by the Board of Directors before being made public. Once approved, disclosures will be disseminated through appropriate channels, including the Colombo Stock Exchange, the company's website, and other relevant media.

Hayleys Group is committed to full compliance with the following local regulations:

- Companies Act No. 7 of 2007: Hayleys will prepare and disclose audited financial statements, annual reports, and other required documentation as mandated by this Act.
- Colombo Stock Exchange (CSE) Listing Rules: Hayleys will adhere to continuous disclosure obligations, including the timely submission of quarterly financial statements and immediate disclosure of any price-sensitive information.
- Securities and Exchange Commission of Sri Lanka (SEC): The Group will follow SEC regulations regarding market conduct, insider trading, and disclosure of significant shareholdings.
- Central Bank of Sri Lanka (CBSL) Regulations (if applicable): For financial services operations, Hayleys will comply with CBSL's disclosure requirements regarding capital adequacy, risk management, and other relevant areas.

Hayleys Group will comply with all continuous disclosure obligations under Sri Lankan law and the rules of the Colombo Stock Exchange. This includes promptly disclosing any material changes in the company's financial condition or operations, as required by the CSE and SEC.

2. Scope

This policy is applicable for all business entities and relevant service providers of the Hayleys Group. It covers all forms of external communication, including financial reports, press releases, presentations, regulatory filings, and social media posts.

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3. Our Commitment

The Hayleys Group is committed to the following principles.

Ensuring that all material information related to Hayleys Group is disclosed promptly and accurately to the market, in a way that is clear and understandable to all stakeholders	Accurate and timely reporting
Ensuring information is disclosed consistently across all communication channels.	Consistent reporting
Compliance with local regulatory requirements, including the Companies Act, Colombo Stock Exchange (CSE) Listing Rules, and the Securities and Exchange Commission of Sri Lanka (SEC) regulations.	Compliance
Protection of confidentiality of sensitive information where necessary. All non-public information must be treated as confidential.	Confidentiality
Protection of the integrity and reputation of the Hayleys Group in the eyes of its stakeholders.	Brand equity / Goodwill

4. Responsibility

The Heads of all business sectors, along with the Heads of Business Units will be responsible in ensuring that this policy is valued and adhered to. To ensure effective implementation of this Disclosure Policy, specific roles and responsibilities are assigned as follows:

Board of Directors:

- Ultimately responsible for ensuring the company's compliance with disclosure requirements.
- Approves key disclosures, including financial statements, major corporate announcements, and changes in corporate governance practices.
- Reviews and approves the Disclosure Policy and any significant updates to it.

Disclosure Committee:

- Comprises Hayleys GMC members, including the Group Chief Financial Officer (GCFO), and Company Secretary.
- Oversees the implementation of the Disclosure Policy and ensures that all disclosures are made in compliance with applicable regulations.
- Reviews and approves all material disclosures before they are made public.
- Provides guidance to employees on disclosure obligations and ensures that disclosure controls and procedures are in place.
- Monitors compliance with the policy and reports any breaches to the Board of Directors.

Group Chief Financial Officer (GCFO):

- Ensures the accuracy and completeness of financial disclosures, including quarterly and annual financial statements.
- Works closely with the Disclosure Committee to identify and assess material financial information that needs to be disclosed.
- Ensures that financial disclosures are made in a timely manner and comply with the Sri Lanka Accounting Standards (SLFRS).

General Manager – Group Corporate Communications:

- Manages the dissemination of approved disclosures through appropriate channels, including the company website, press releases, and official social media channels.
- Coordinates with the Disclosure Committee to ensure that all public communications align with the company's disclosure obligations.

Head - Group Legal:

- Provides legal advice on disclosure obligations and ensures that all disclosures comply with relevant local and international laws, including the Companies Act, CSE Listing Rules, and SEC regulations.
- Advises on matters related to confidentiality and insider trading to prevent unauthorized disclosure of material non-public information.

Company Secretary:

- Manages the dissemination of approved disclosures through the Colombo Stock Exchange.
- Ensures that the company's disclosures follow corporate governance requirements, including those outlined in the Code of Best Practice on Corporate Governance.

Employees and Representatives:

- All employees and representatives of Hayleys Group are responsible for maintaining the confidentiality of non-public information and for reporting any potential material information to their immediate supervisor or the Disclosure Committee.
- Employees must avoid sharing or trading on material non-public information. Insider trading laws prohibit trading in Hayleys' securities by anyone in possession of material non-public information.
- Employees and representatives are prohibited from disclosing confidential information to any third party unless required by law or authorised by the Disclosure Committee.

5. Compliance and Training

Compliance with this policy is mandatory. Any violations of this policy must be reported to the Disclosure Committee or through the Hayleys Whistleblowing mechanism. The Disclosure Committee will monitor adherence to the policy and report any breaches to the Board of Directors. All reports will be investigated promptly and thoroughly. Disciplinary action may be taken against individuals who fail to comply with the policy.

Regular training will be provided to ensure understanding and adherence to disclosure requirements.

Review and Updates

This policy shall be reviewed and updated at least once every two (2) years by the Group Chief Financial Officer. The required updates and modifications shall be recommended to the Chairman & Chief Executive and to the Board for approval. All stakeholders shall be informed of any revisions made to this Policy. Hayleys PLC reserves the right to modify/amend the policy at any time.

Effective date of implementation

This policy shall be effective and operative from 1st of October 2024.

Designed & produced by

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