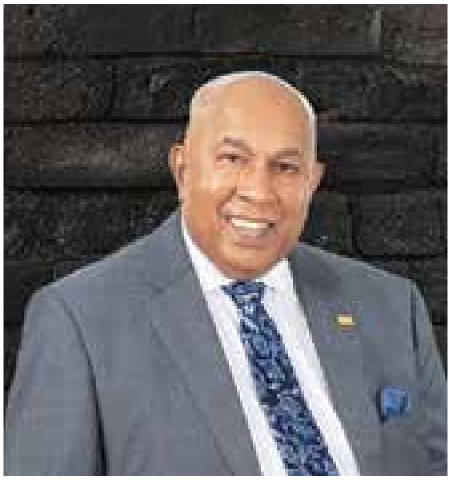
Corporate Governance



Chairman's Note on Corporate Governance

On behalf of the Board of Directors, I am pleased to introduce the Corporate Governance Report of Talawakelle Tea Estates PLC for the financial year ended 31st March 2026.

The year under review was characterized by an exceptionally challenging operating environment. The Company faced the adverse impacts of Cyclone Ditwah, continued geopolitical tensions, and a further government mandated workers' wage increase of 15%, implemented soon after a significant 35% wage hike in the previous year. These factors collectively exerted considerable pressure on costs, operational stability, and overall performance.

Despite these external challenges, the Company successfully achieved the targets set at the beginning of the year. This outcome underscores the strength and effectiveness of TTE's cooperative and integrated corporate governance framework, which enabled the Board and Management to respond decisively, manage risks proactively, and maintain operational discipline under difficult circumstances.

Our governance approach is founded on clear strategic alignment, robust oversight, accountability, and ethical conduct. The Board, supported by its specialised Committees, maintained strict vigilance over strategy execution, financial performance, enterprise risk management, human capital governance, ESG, and digital resilience. These governance drivers functioned as an interconnected system, ensuring informed decision-making and timely corrective action when required. The Board placed particular emphasis on integrated risk management and human capital governance. Sustainability and ESG considerations also remained firmly embedded in strategic and operational decisions, reinforcing long-term resilience and stakeholder trust.

As part of ongoing Board refreshment, I am pleased to welcome Mr. Nishantha Prasanna Abeysinghe, who was appointed Executive Director/Chief Executive Officer with effect from 1 August 2025, following the resignation of Mr. Senaka Bandara Alawattegama with effect from 31 July 2025. In addition, Mr. Anura Weerakoon was appointed as a Non-Executive Director with effect from 15 September 2025, further enhancing the depth, diversity, and expertise of the Board.

I wish to confirm that the Company remained fully compliant with applicable regulatory requirements, including the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance, while upholding the ethical standards articulated in the "Hayleys Way" Code of Conduct.

Looking ahead, the Board remains confident that TTE's governance framework will continue to serve as a critical enabler of performance, resilience, and sustainable value creation for the benefit of all stakeholders.

Mohan Pandithage
Chairman

1 Talawakelle Tea Estates PLC (TTE) Corporate Governance Approach

GRI 2-9

Talawakelle Tea Estates PLC (TTE) practices a corporate governance approach grounded in transparency, accountability, and ethical behavior, integrating these values into its culture and decision-making processes. Governance starts with a strong Board of Directors, which defines the company's strategic direction. With a balanced structure of Executive, Non-Executive, and Independent Directors, clear separation between leadership roles, and a Senior Independent Director to reinforce impartial guidance, the Board ensures responsible oversight. Regular board refreshment promotes a diverse mix of competencies, including finance, agribusiness, and ESG expertise.

To strengthen oversight, TTE operates through four specialized Board Committees—Audit, Remuneration, Nominations and Governance, and Related Party Transactions Review—each functioning under a dedicated Charter. These committees safeguard the integrity of financial reporting, ensure fair and performance-linked remuneration practices, uphold rigorous governance standards, and guarantee transparency in related-party dealings.

All governance activities are supported by "The Hayleys Way," the ethical framework of the Hayleys Group, which reinforces zero-tolerance policies on bribery and corruption, and provides safe, confidential channels for whistleblowers to report concerns without fear of retaliation.

TTE's governance philosophy also extends to sustainability, risk management, and stakeholder engagement. The Board assumes overall responsibility for ESG performance, supported by the ESEG Steering Committee, while the Enterprise Risk and Opportunity Management (EROM) framework ensures that strategic, operational, and sustainability-related risks are effectively identified and managed. Digital governance—particularly in IT and cybersecurity—strengthens operational resilience. Through transparent communication channels such as the Annual Integrated Report, quarterly financial disclosures, and the AGM, TTE maintains trust-based, open dialogue with shareholders and broader stakeholder groups.

In support of its governance objectives, TTE complies with a comprehensive framework consisting of mandatory regulatory requirements, internationally recognized standards, and internal governance mechanisms, as outlined below

Mandatory Regulatory Frameworks – fully compliant

- The Companies Act No. 7 of 2007 including applicable regulations
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars
- Listing Rules of the Colombo Stock Exchange (CSE), including circulars
- Sri Lanka Accounting & Auditing Standards Act no 15 of 1995 Issued by Institute of Chartered Accountants of Sri Lanka

Voluntary Frameworks and Standards

- Code of Best Practice on Corporate Governance (2023) issued by Chartered Accountants (CA) Sri Lanka – compliant to the extent of business exigency and as required by the Group
- UN Sustainable Development Goals
- UN Global Compact Principles

Reporting Frameworks

- International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)
- Global Reporting Initiative Standards (GRI and GRI -13)
- Sustainability Disclosure Standards SLFRS S1 and SLFRS S2
- Task Force on Nature - Related Financial Disclosure (TNFD)

Internal Mechanisms

- Articles of Association
- Board Charter and Board Sub-Committee Charters
- Internal Policies

Regulatory Compliance

GRI 2-27

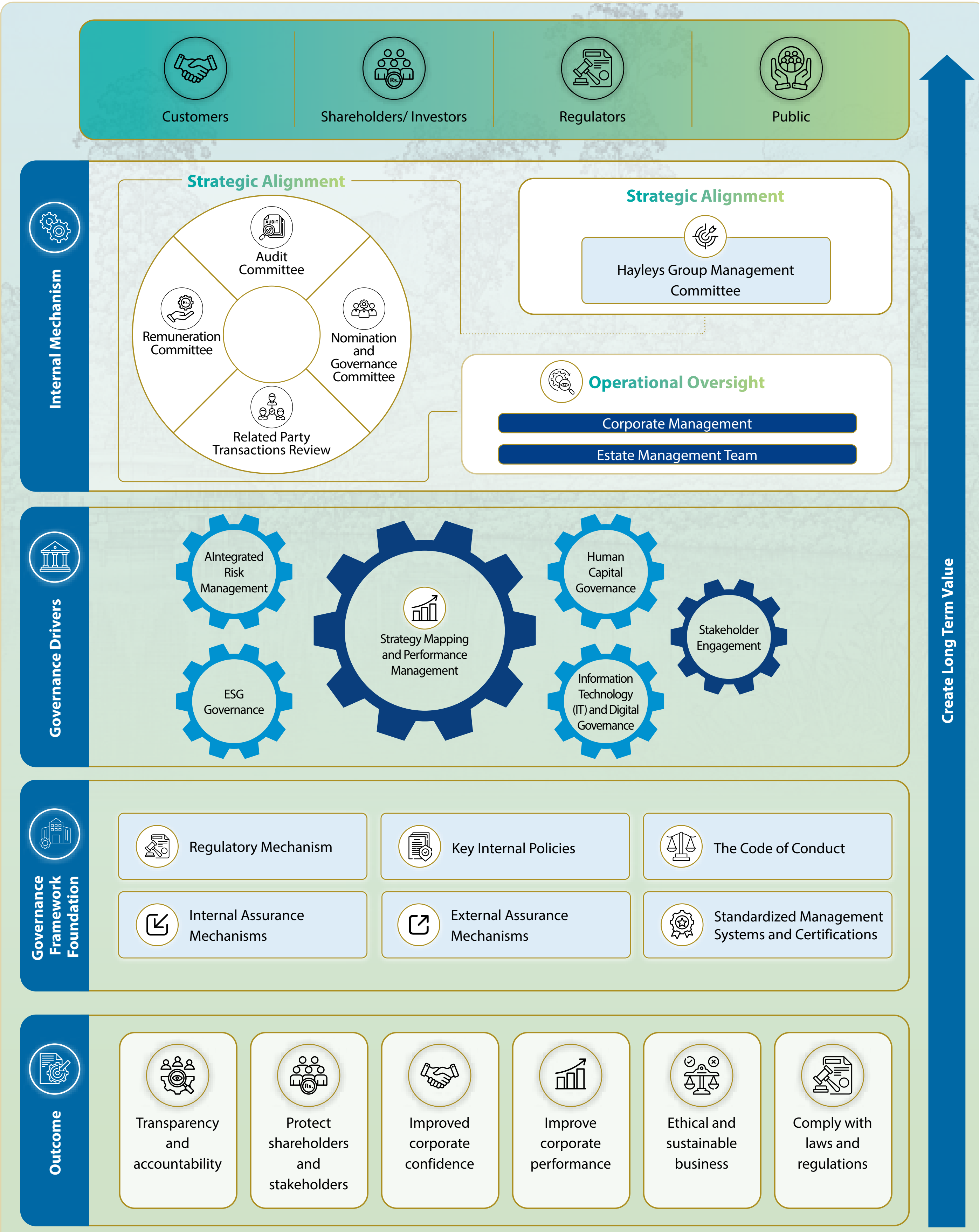
The Board of Directors of TTE has ultimate responsibility for ensuring that the Company operates with integrity and in compliance with applicable legal, regulatory and ethical requirements. This responsibility is discharged through Board oversight, Board Committee review, the Senior Leadership Team, the Company Secretary, internal policies, compliance monitoring, internal audit processes and regular reporting to the Board.

The Board and Management remain alert to evolving regulatory requirements through engagement with regulatory authorities, legal advisors, professional bodies and subject matter experts. This enables the Company to align its governance practices with current requirements and adopt emerging regulatory expectations where relevant.

TTE has also established formal reporting and whistleblowing channels through which employees and stakeholders may confidentially raise concerns or report suspected breaches of legal, regulatory or ethical standards without fear of retaliation.

During 2025/26, there were no incidents of non-compliance with laws and regulations. Accordingly, the Company did not incur any monetary fines, non-monetary sanctions, legal actions or regulatory penalties arising from non-compliance during the year.

Corporate Governance



2 The Board

GRI 2-12,13,14,15,19,20

The Board of Directors of TTE serves as the company's highest governing authority and chief custodian, responsible for providing strategic direction and oversight to protect the interests of all stakeholders. The Board's role is defined by its duty to act in good faith and in the best interests of the company

Core Responsibilities				
Strategy and Leadership The Board establishes TTE's mission, vision, purpose and long-term goals. It is responsible for the formulation and implementation of business strategy and ensures that Key Management Personnel have the necessary skills to execute it	**Financial Oversight** It ensures the integrity and accuracy of financial reporting, overseeing the preparation of statements that reflect a true and fair view of the company's performance. This includes adopting appropriate accounting policies and fostering compliance with financial regulations	**Risk and Internal Control** The Board steers the Enterprise Risk and Opportunity Management (EROM) Framework. It establishes policies and controls to embed risk considerations into strategic planning, ensuring systems are in place for compliance with laws and regulations, internal controls, business continuity, and cybersecurity	**ESG and Sustainability Governance** The Board holds ultimate responsibility for ESG governance, ensuring sustainability is integrated into the overall strategy. It approves climate strategies, sets the sustainability risk appetite, and monitors progress against environmental and social targets	**Ethical Oversight By** setting the "tone at the top," the Board promotes a culture of integrity and risk awareness anchored in the "Hayleys Way" code of conduct

Matters Reserved Expressly for the Board	
Capital and Liquidity	Changes to capital structure, approval of the annual capital plan, and defining the risk appetite
Financial Results	Approval of interim and final financial statements and dividend distributions
Major Investments	Approval of capital projects, acquisitions, mergers, and disposals
Governance Appointments	Board and Sub-committee appointments, and the removal of Key Management Personnel or the Company Secretary

Oversight via Specialized Committees	
Audit Committee	Oversees financial reporting, internal controls, and risk management and ensures adequacy of sustainability-related disclosures
Remuneration Committee	Establishments remuneration policies and evaluates the performance of the MD and KMPs
Nominations and Governance Committee	Manages Board composition, succession planning, and the overall governance framework
Related Party Transactions Review Committee	Ensures all related party transactions comply with regulatory requirements and are conducted transparently and on an arm's-length basis.

Board Composition

GRI 2-9, 17

The board composition of TTE is designed to maintain a healthy balance between Executive, Non-Executive, and Independent Directors, ensuring that deep internal knowledge is coupled with objective, independent oversight. The Board is governed by TTE's Articles of Association and a specific "Policy on Matters Pertaining to the Board of Directors" which outlines its purpose, scope, and responsibilities and aligned with Regulatory Compliance such as Listing Rules of the Colombo Stock Exchange and best practices

TTE maintains a well-balanced Board by periodically assessing the collective competencies of its Directors against the evolving needs of the plantation industry. The Board collectively possesses knowledge and experience in sustainable development, including ESG, climate-related risks, environmental stewardship, employee wellbeing, community development, governance, risk management and compliance. This knowledge supports Board oversight of TTE's sustainability strategy.

Transparent Selection and Nominations

To ensure the right mix of skills and perspectives, the Nominations and Governance Committee follows a formal and transparent selection process when recommending new Directors. Candidates are evaluated on professional qualifications, integrity, industry relevance, and financial soundness, while also prioritizing diversity in experience, gender, and age to strengthen Board composition.

Corporate Governance

Robust Induction and Onboarding

New Directors undergo a structured induction program designed to familiarise them with TTE's business model, governance framework, and operational realities. This includes orientation materials, site visits to estates and factories, and engagement sessions with senior management, enabling them to contribute effectively from the outset.

Commitment to Continuous Learning

TTE places strong emphasis on ongoing professional development to ensure Directors remain current with industry trends, regulatory changes, and emerging risks. Annual ESG-focused training, external leadership and governance programmes, and regular regulatory briefings equip the Board with up-to-date knowledge needed for informed decision-making.

Performance Evaluation and Succession Planning

The Board conducts an annual evaluation of its own effectiveness individually and collectively to identify opportunities for improvement. Insights from these assessments guide enhancements to Board skills and training needs. Complementing this, a formal succession planning process ensures continuity of leadership by developing potential successors within Key Management Personnel.

Annual "Fit and Proper" Declarations

To ensure these standards are maintained over time, TTE requires all Directors and the CEO to provide an annual declaration. This declaration confirms that they have continuously satisfied the Fit and Proper Assessment Criteria as set out in the Listing Rules of the Colombo Stock Exchange (CSE) throughout the financial year. The Board formally examines these declarations to verify the ongoing suitability of each member.

As at 31st March 2026, the TTE Board comprised 12 Directors: 03 Executive Directors and 09 Non-Executive Directors, of whom 04 were Independent Non-Executive Directors. Profiles of all current Board members are featured on pages 40 to 45 of the annual report

Board Composition

Male - 92%	Female - 8%

Strategic Leadership	Agribusiness Management	Corporate Finance & Governance
3	4	4
Sustainability & ESG	**Global Trade & Logistics**	**Tourism & Brand Strategy**
3	1	1
Procurement & Supply	**Manufacturing and Engineering**	**Public Service & Policy**
1	1	2

Age	Independent	Non-Independent
40-50 years		
50-70 years		
Over 70 years		

Appointment / Re-Election / Resignation / Retirement of Directors

GRI 2-10

TTE maintains a structured and transparent process for Board appointments, re-elections, resignations, and retirements under its Policy on Matters Relating to The Board of Directors in September 2024. The Board Nominations and Governance Committee (NGAC) is responsible for identifying and evaluating potential candidates for appointment. This process includes a detailed assessment of each nominee's professional qualifications, industry expertise, integrity, reputation, and potential conflicts of interest, while also considering diversity attributes such as age and gender to strengthen the Board's overall effectiveness.

In keeping with these governance standards, recommended candidates are submitted to the Board for approval, and any interim appointments are subsequently presented to shareholders for ratification at the next Annual General Meeting (AGM). In accordance with the Company's Articles of Association, one-third of the Directors—excluding the Managing Director and those appointed since the last AGM—retire by rotation and offer themselves for re-election. The Board evaluates each Director's eligibility for re-election based on their past performance, including their level of participation, engagement, and contributions to Board proceedings.

TTE also ensures full regulatory compliance and transparency in communicating changes to the Board. All new appointments and resignations are promptly disclosed to the Colombo Stock Exchange (CSE), accompanied by a detailed profile outlining the individual's qualifications, relevant experience, other directorships, and any shareholding in the

Company. This timely disclosure supports informed stakeholder decision-making and reinforces TTE's commitment to strong corporate governance practices

Board Changes for FY 2025/26

New Appointments	Resignations	Retirement	Re-election
Mr. Nishantha Prasanna Abeysinghe appointed as Executive Director/CEO with effect from 1st August 2025	Mr. Senaka Bandara Alawattegama, Director/CEO, resigned with effect from 31st July 2025	Mr. N. Ekanayake, Independent Non-executive Director, retired by rotation	Mr. N. Ekanayake, Independent Non-executive Director, being eligible offer for re-election
Mr. Anura Weerakoon was appointed as Non-Executive Director with effect from 15th September 2025		Mr. M. C. B. Talwatte, Independent Non-executive Director, retired by rotation	Mr. M. C. B. Talwatte, Independent Non-executive Director, being eligible offer for re-election
		Ms. H. D. K. Randiligama, Independent Non-executive Director, retired by rotation	Ms. H. D. K. Randiligama, Independent Non-executive Director, being eligible offer for re-election

Non-Executive Directors

The presence of Non-Executive Directors (NEDs) on the TTE Board brings an essential layer of independent oversight, contributing to sound decision-making and strengthening the integrity of Board processes. By actively engaging in Board deliberations, sub-committees, and governance activities, NEDs reinforce transparency, accountability, and ethical conduct across the organisation in turn building stakeholder confidence and trust. To preserve their independence, all Independent Non-Executive Directors are required to be free from any relationships or associations that could materially impair, or be perceived to impair, their ability to act in the best interests of the Company. The independence of each NED is assessed in accordance with the criteria set out in the Corporate Governance Code issued by the Institute of Chartered Accountants of Sri Lanka and listing rules. The Board affirms that all currently serving Independent Non-Executive Directors meet the established independence criteria and continue to contribute meaningfully to the effective oversight and governance of TTE

Definition ↓	Independence is determined against criteria as set out in the Listing Rules of the Colombo Stock Exchange and in compliance with Schedule C of the CA Sri Lanka Code of Best Practice on Corporate Governance 2023
Assessment ↑	Independent assessment of directors is conducted annually by the Board, based on annual declaration and other information submitted by Non-Executive Directors. The Board discusses the possibility of any impairment of Directors independence due to extended Board tenures, and collectively evaluates the re-election of such Board members
Outcome for FY 2025/26	The Board is satisfied there are no relationships or any other circumstances likely to affect or appear to affect directors' independence during the period under review. With effect from 1st August 2025, Mr. Nishantha Prasanna Abeysinghe appointed as Executive Director/CEO and Mr. Anura Weerakoon was appointed as Non-Executive Director with effect from 15th September 2025

Duties and Responsibilities of Individual Directors

Individual Directors at TTE carry out their responsibilities through a structured approach grounded in oversight, informed judgement, and ethical behavior. Their role is designed to ensure that the Board consistently acts in the best interests of shareholders as well as a broader set of stakeholders.

A key aspect of their role is maintaining continuous inquiry into management's performance. Directors assess whether management actions are reasonable and rely on timely, accurate information to make decisions. Their oversight spans strategic initiatives, financial performance, risk management, and ESG-related areas.

To participate effectively in discussions, Directors receive relevant materials such as electronic Board papers and proposals well ahead of quarterly Board meetings. This enables them to prepare thoroughly and contribute meaningfully to Board deliberations.

Directors also take on specialized responsibilities through service on Board Sub-Committees. By participating in committees such as Audit, Nominations and Governance, Related Party Transactions Review, and Remuneration, they provide targeted oversight in areas aligned with their expertise.

Continuous professional development is another critical element of the Director's role. Each Director must stay updated on relevant laws and governance practices and may seek independent professional advice at the Group's expense to support sound and unbiased decision-making.

Corporate Governance

Executive Directors Training - FY 2025/26	
CEO	**MD**
Cyber Awareness & Digital Safety Workshop	Participated in the FOODEX Exhibition in Tokyo
Participated in the FOODEX Exhibition in Tokyo	Participation for Global Tea Coalition forum held in India.

Directors further participate in an annual anonymous performance appraisal, which evaluates the Board's effectiveness in areas such as clarity of roles, the quality of participation, and the handling of emerging risks. Throughout all responsibilities, Directors are expected to act with integrity, sound judgement, and a strong commitment to protecting the interests of all stakeholders.

Conflict of Interest

GRI 2-15

They also have a clear duty to manage conflicts of interest and uphold their independence. To support this, the Company maintains clear protocols for identifying, disclosing, and managing conflicts, requiring Directors to exercise due diligence in recognizing such situations and to report any potential conflict to the Board without delay. Upon appointment and subsequently on a quarterly basis, Directors must formally declare all direct, indirect, beneficial, and non-beneficial interests in any existing or proposed contracts involving the Company, with these disclosures documented in the Directors' Interests Register, which is maintained for regulatory inspection. Whenever a conflict arises, the Director concerned is expected to withdraw from all related discussions and abstain from voting, ensuring that Board decisions remain objective, transparent, and free from undue influence.

Oversight of conflict-of-interest matters falls under the purview of the Related Party Transactions Review Committee (RPTRC), which is tasked with reviewing disclosures made by Directors and recommending appropriate courses of action to the Board to address and mitigate any conflicts in a fair and transparent manner. The Company confirms that no Director holds a direct or indirect interest in any contract or proposed contract with the Company, other than those disclosed in Note 33 of the Financial Statements.

Board Meeting

Structured Approach To Board Meeting Effectiveness

1 Meeting Planning and Frequency

Annual Schedule and Frequency
- prepared annually and
- Communicated to all members

Agenda Setting
- Chairman sets agenda, consulting Senior Independent Director and Board Secretary

2 Information Dissemination and Access

Board Packs
- Circulate at least 7 working days before meeting

Unrestricted Access
- Directors have unrestricted access to info, operations, documents

Independent Advice
- can obtain at company's expense to fulfill responsibilities

3 Conduct and Leadership

Chairman's Role
- Leads meetings to ensure effectiveness

Inclusivity
- Encourages diverse perspectives
- Strict focus on agenda items and resolutions

Management Involvement
- Senior management & key associates frequently invited

4 Documentation and Governance

Participation Modes
- Physical or Audio-visual

Minutes
- Company Secretary prepares & maintains accurate minutes

Confidentiality
- Maintain strict confidentiality

Committee Reporting
- Sub-Committee Chairman provide updates to full Board on significant matters

TTE ensures the effectiveness of its Board meetings through a structured approach to planning, information dissemination, and leadership conduct.

Meeting Planning and Frequency

Schedule and Frequency : Board meetings are held at least quarterly, with a minimum of four meetings per year. A meeting calendar is prepared annually in advance by the Company Secretary and communicated to all members.

Agenda Setting :The Chairman sets the Board agenda, where relevant, consulting the Senior Independent Director and Board Secretary. Directors have the right to make written requests to the Chairman to include additional matters in the agenda.

Information Dissemination and Access

GRI 2-16

During the reporting period, Zero critical concerns were formally communicated to the highest governance body. Board Members continued to receive Board Packs well in advance, ensuring adequate time for review and informed decision-making. Continuous professional development was supported through company-funded training and learning opportunities.

Board Packs : To allow sufficient time for review, the finalized agenda and a comprehensive Board pack containing relevant papers are circulated to all Directors at least seven (07) working days before the meeting.

Unrestricted Access :Directors have unrestricted access to information, operations, and relevant documents. They may also engage with senior management to seek clarifications as required.

Independent Advice: If necessary to fulfill their responsibilities, Directors can obtain independent professional advice at the company's expense.

Conduct and Leadership

Chairman's Role : The Chairman leads the meetings to ensure effectiveness by fostering active participation, balanced debate, and collaboration among all members.

Inclusivity : Meetings are designed to encourage diverse perspectives while maintaining a strict focus on addressing all agenda items and Board resolutions.

Management Involvement : Members of senior management and other key associates are frequently invited to meetings to provide additional insight into specific discussion items.

Attendance and Participation

Participation Modes : Directors can participate physically or via audio-visual communication, with the latter counting toward the quorum.

Minimum Attendance : Directors are required to attend at least 50% of Board meetings held during the financial year (or at least two meetings if only four are held). A Director who is absent for more than 50% of meetings may be considered to have vacated their post.

Documentation and Governance

Minutes : The Company Secretary is responsible for preparing and maintaining accurate minutes. These are reviewed and approved by the Chairman before being circulated to the Directors and relevant Corporate Management participants.

Confidentiality: Directors are mandated to maintain strict confidentiality regarding all Board discussions and information received in their capacity as Board members.

Committee Reporting : The Chairman of each Board sub-committee provides an update to the full Board during meetings regarding significant matters discussed in their respective sub-committees.

Attendance at Meetings

Directors	Status	Year of Appointment	Board	Audit Committee	Related Party Transactions Review Committee	Remuneration Committee	Nomination and Governance Committee
Mr A M Pandithage *(Chairman)*	ED	2009	4/4	-	-	-	-
Dr. W. G. R. Rajadurai *(MD)*	ED	2013	4/4	-	-	-	-
Mr. Nishantha Prasanna Abeysinghe *(Appointed on 1st August 2025) (CEO)*	ED	2025	3/3	-	-	-	-
Mr S B Alawattegama *(Director/CEO) Resigned w.e.f. 31st July 2025*	ED	2020	1/1	-	-	-	-
Mr Malik J Fernando	NED	1998	2/4	-	-	-	-
Mr S L Athukorala	NED	2016	4/4	4/4	4/4	1/1	3/3
Lt.Col J M Kariapperuma	INED	2020	4/4				
Mr N Ekanayake	SID	2024	4/4	4/4	4/4	1/1	3/3
Mr M C B Talwatte	INED	2024	4/4	4/4	4/4	1/1	3/3
Mr Jamuni Darshana Nayantha Gunasekera	NED	2024	4/4	-	-	-	-
Ms H D K Randiligama	INED	2024	4/4	-	-	-	-
Mr T M Hewagama	NED	2025	3/4	-	-	-	-
Mr Anura Weerakoon *(appointed on 15 Sep 2025)*	NED	2025	3/3	-	-	-	-

ED – Executive Director | NED – Non Executive Director | INED – Independent Non Executive Director | SID Senior Independent Director

Corporate Governance

Board sub-committees

GRI 2-12,13

The Board delegates specific functions that require focused oversight and specialised expertise. While the Board retains final decision rights, Board Sub Committees allow members to impart knowledge in designated areas to drive more robust and informed deliberations. In keeping with good governance best practices, the Chairman of each Board sub-committee is required to present an update to the Board outlining any significant matters discussed at their respective Board sub-committee meetings held since the previous Board meeting.

The Committee	Areas of Oversight	Composition 2025/26	More Information
Audit Committee (AC)	• Financial Reporting • Internal Control • Internal and External Audit • Risk Management • Sustainability Related non-financial Information	Mr N Ekanayake (SID) Chairman Mr M C B Talwatte (INED) Mr S L Athukorala (NED)	AC Report on Page 257
Nominations and Governance Committee (NGC)	• Appointment of Key Management Personnel KMPs and Directors • Succession Planning • Monitoring and evaluating the effectiveness of the Board, its composition and its Committees • Reviews company's overall corporate governance framework • Ensure complies with the Listing Rules and other relevant regulations	Mr N Ekanayake (SID) Chairman Mr M C B Talwatte (INED) Mr S L Athukorala (NED)	NGC Report on Page 255
Remuneration Committee (RC)	• Remuneration policy for KMPs • Goals and Targets for KMPs • Monitoring and evaluation of performance of MD and KMPs • Review annual salary increment and bonuses	Mr N Ekanayake (SID) Chairman Mr M C B Talwatte (INED) Mr S L Athukorala (NED	RC Report on page 260
Related Party Transactions Review Committee (RPTRC)	Review related party transactions	Mr N Ekanayake (SID) Chairman Mr M C B Talwatte (INED) Mr S L Athukorala (NED	RPTRC Report on page 261

Division of Responsibilities and Company Secretary

GRI 2-11

TTE maintains a clear division of responsibilities at the leadership level to ensure that no single individual has unfettered decision-making power, thus ensuring both governance and management functions are conducted with high standards of professionalism and integrity.

Because TTE's Chairman serves in an executive capacity, the Company has appointed a Senior Independent Director to serve as a channel for independent oversight, and act as a point of contact for matters where impartial guidance or shareholder concerns may arise.

The Company Secretary plays a key role in supporting TTE's governance framework by assisting the Board in fulfilling its oversight, compliance and governance responsibilities. Secretarial services are provided by Hayleys Group Services (Private) Limited, headed by an Attorney-at-Law and qualified Chartered Secretary, supported by professionally qualified registered company secretaries.

Chairman

- Provides strategic leadership and direction to the Board
- Ensures Board effectiveness by fostering active participation, balanced debate, and collaboration among members
- Sets the Board's annual work plan and agenda in coordination with the Company Secretary and MD/CEO
- Promotes transparent and regular communication with shareholders, ensuring their views are conveyed to the Board
- Upholds stakeholder trust and ensures an appropriate balance of power between Executive and Non-Executive Directors
- Oversees the performance and effectiveness of the Board and its Sub-Committees

Managing Director / CEO

- Prepares and recommends budgets aligned with the Company's strategic objectives for Board approval
- Monitors organisational performance, ensuring compliance with applicable regulatory and policy frameworks, with regular reporting to the Board
- Ensures that operations are conducted within the risk appetite approved by the Board
- Establishes an efficient and well-structured organisational framework for the Company
- Oversees succession planning and performance evaluation of the Executive Team
- Fosters a corporate culture aligned with the Company's core values

Senior Independent Director (SID)

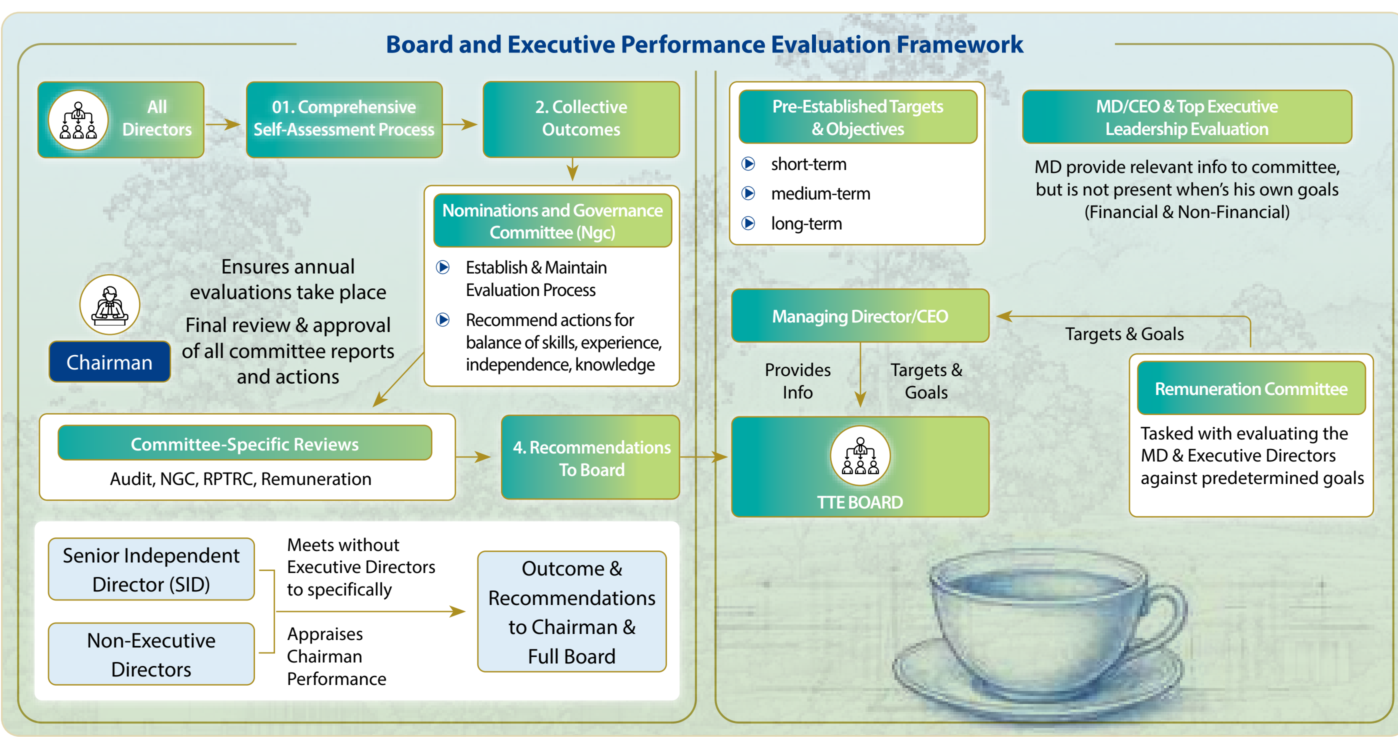
- Acts as a trusted intermediary, representing the views of Non-Executive Directors and supporting open dialogue on governance matters
- Addresses Board effectiveness issues by raising concerns with the Chairman or relevant Board members
- Supports the Chairman and MD/CEO on Board matters and facilitates Director interactions
- Serves as the primary contact for Directors to confidentially discuss unresolved concerns, including those related to the Chairman–MD/CEO relationship
- Meets annually with Non-Executive and Executive Directors separately to discuss governance matters and communicates key concerns to the Board
- Attends shareholder meetings and remains informed of shareholder concerns

Company Secretary

- Guides the Board in discharging its duties in line with corporate governance best practices
- Keeps the Board informed of relevant legislative and regulatory developments
- Ensures Board and General Meetings comply with the Articles of Association and applicable laws and regulations
- Maintains accurate minutes of Board meetings, ensures review by the Chairman, circulation to members, and formal approval
- Keeps the official minute book accessible for inspection by any Director
- Provides Directors with access to necessary advice and services to ensure compliance with governance procedures
- Facilitates Directors' requests for independent professional advice at the Company's expense

Evaluating the performance of its highest governance bodies and its top executive leadership

TTE maintains a structured and transparent process for evaluating the performance of its highest governance bodies and its top executive leadership



Corporate Governance

Board and Board Sub-Committee Evaluation

GRI 2-18

The effectiveness of the Board and its sub-committees is assessed on an annual basis through a comprehensive self-assessment process.

- **Process and Scope**: All Directors complete a self-evaluation that provides insights into the Board's composition, balance, strategic focus, decision-making processes, and overall performance. The Chairman is responsible for ensuring these annual evaluations take place.
- **Oversight by Nominations and Governance Committee (NGC)**: The NGC is responsible for establishing and maintaining the evaluation process. It compiles the collective outcomes of the self-assessments and makes recommendations to the Board on necessary actions to improve the balance of skills, experience, independence, and industry knowledge.
- **Committee-Specific Reviews**: Each of the Board's four Sub-Committees undergoes a similar annual performance assessment to ensure they are carrying out their functions effectively in accordance with their respective Charters
- **Role of the Senior Independent Director (SID)**: The SID meets annually with Non-Executive Directors, without the presence of Executive Directors, to specifically appraise the performance of the Chairman. The outcomes and recommendations from these meetings are then communicated to the Chairman and the full Board.

Evaluating the Performance of the Managing Director, CEO and Key Management Personnel

The performance of TTE's MD, CEO and KMPs is subject to a rigorous annual evaluation overseen by the Board.

Structured Methodology: The evaluation assesses achievement against pre-established financial and non-financial targets and objectives. These objectives are aligned with the company's short, medium, and long-term goals.

Remuneration Committee's Role: This Committee is tasked with evaluating the performance of the MD, CEO and KMPs against the predetermined goals set by the Board. During the 2025/26 period, the committee reviewed performance against the previous year's targets to determine annual increments and bonuses.

Performance-Linked Rewards: Remuneration for MD, CEO and KMPs includes a variable component directly linked to the achievement of sustainable business objectives, including performance against ESG-related targets.

01 Board Oversight
Annual evaluation process overseen by the Board.

02 Structured Methodology
Performance is assessed against pre-established financial and non-financial targets and objectives, aligned with the company's short-, medium- and long-term goals.

03 Remuneration Committee's Role
The Committee evaluates the MD, Executive Directors and KMPs against predetermined goals set by the Board. During 2025/26, performance against the previous year's targets was reviewed to determine annual increments and bonuses.

04 Performance-Linked Rewards
Remuneration includes a variable component directly linked to the achievement of sustainable business objectives, including performance against ESG-related targets.

3 Integrated Governance Systems and Procedures

Strategy Mapping and Performance Management

Strategic Direction

Strategy mapping at TTE is a structured and methodical process that aligns the company's purpose—"Brewing a Better Future"—with its operational priorities and long-term value creation agenda. Central to this alignment is the 2030 Regenerative Agenda (ReGen), which serves as the organization's strategic compass, guiding decision-making and resource allocation across all business units.

Core Strategic Imperatives

TTE's strategy is anchored on five core Strategic Imperatives that shape planning, execution, and performance evaluation across the Company:

- **Winning with the Customer**

  Building strong, reciprocal customer relationships by offering exceptional, ethically sourced, and fully traceable premium products.

- **Operational Excellence**

  Improving efficiency by embedding regenerative agricultural principles into production, sourcing, and resource management practices.

- **Nurturing Our People**

  Cultivating an empowered, inclusive, and high-performing workforce through capability development, wellbeing initiatives, and supportive work environments.

- **Environmental Stewardship and Climate Action**

  Safeguarding ecosystems and progressing toward carbon neutrality through sustainable land, water, and biodiversity management.

- **Business Diversification**

  Expanding into new markets, product lines, and renewable energy initiatives to reduce dependency on traditional core businesses.

Strategic Execution Through the Annual Budgeting Process
To translate high-level strategic direction into operational action, TTE primarily relies on its Annual Budgeting Framework.

Budget Preparation and Approval Workflow
Estate-Level Planning:
At the beginning of each year, every estate formulates its budget in close consultation with the Corporate Management Team, ensuring full alignment with the Company's Strategic Imperatives.

Management Review and Approval:
Submitted budgets undergo a detailed evaluation by the Company's Management, followed by revisions and approval as necessary.

Corporate Consolidation:
Once approved, estate-level budgets are consolidated into a company-wide budget by the Corporate Management Team.

Group and Board Approval:
The consolidated budget is presented for approval at Group level and subsequently submitted to the TTE Board for final endorsement.

Performance Monitoring and Governance
TTE maintains a robust performance management system to ensure disciplined execution against strategic priorities.

Operational and Financial Monitoring

Tea Crop Yield:
Monitored every ten days to track agricultural performance and identify early interventions.

Net Sale Average (NSA):
Reviewed monthly against budget and benchmarked across Hayleys Plantation Sector factories and the wider industry.

Monthly Profitability:
Estate-wise financial results are compared against budgeted performance, prior-year outcomes, and consolidated Company performance, forming a key part of Group-level evaluation.

Quarterly Reporting and Oversight

Financial Performance:
Quarterly results are presented to the Audit Committee and the Board, evaluated against budget, previous year performance, and industry peers.

ESG and Regenerative Metrics:
Climate, biodiversity, and labour indicators are tracked via a central digital dashboard and reviewed quarterly by the Board Audit Committee for governance and accountability

Human Capital Governance

As a large plantation Company with operations spread across multiple estates and factory operations, the Board ensures that a structured governance framework is in place to manage the complexities of human resource management effectively. While overall strategic direction and Policy oversight remain with the Board, day-to-day responsibilities are systematically delegated. The Central HR Head is entrusted with translating Board directives into Company-wide HR policies and frameworks covering areas such as recruitment, performance management, learning and development, and employee engagement

The Board has directed DE&I (Diversity, Equity and Inclusion) as a key theme across all these aspects. At the operational level, Estate HR Managers are responsible for implementing these policies on the ground. They act as the primary touch points for employees across estates, ensuring that all HR initiatives are aligned with the Company's principles of fairness, equity, and inclusion. This includes managing employee welfare, addressing grievances, and creating a safe, healthy, and respectful work environment that supports the physical and mental wellbeing of all employees.

For more information - please refer to the Human Capital Report on page 172.

Integrated Risk Management

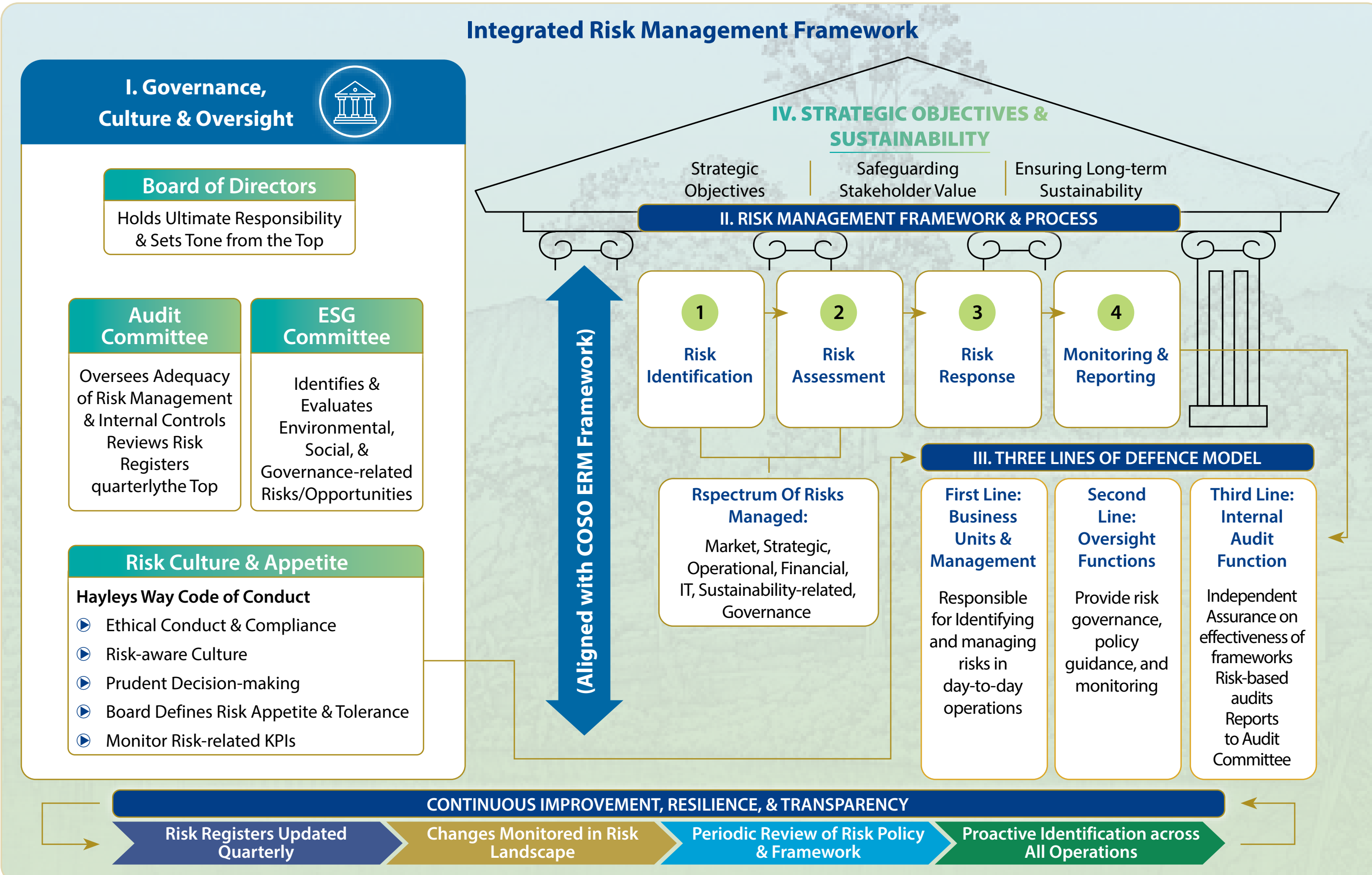
GRI 2-12,13,26

TTE recognises that effective risk management is integral to achieving its strategic objectives, safeguarding stakeholder value, and ensuring long-term sustainability in a dynamic operating environment. TTE has established a structured and integrated risk management framework that enables the proactive identification, assessment, management, and monitoring of risks across all business operations.

Risk Management Framework
The TTE's approach to risk management is aligned with the COSO Enterprise Risk Management (ERM) Framework, enabling risk considerations to be embedded into strategy formulation, business planning, performance management, and decision-making processes across all levels of the organisation. This integrated approach ensures that risks are viewed in the context of both value creation and value preservation.

The framework provides a consistent and systematic methodology for managing a broad spectrum of risks, including market, strategic, operational, financial, information technology, sustainability-related, and governance risks.

Corporate Governance



Governance and Oversight

The **Board of Directors** holds ultimate responsibility for risk management and internal controls, setting the tone from the top and ensuring that risk management is aligned with the TTE's strategic priorities and defined risk appetite. The Board is supported by the **Audit Committee**, which oversees the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance, and reporting controls.

In addition, the **ESG Committee** plays a key role in identifying and evaluating environmental, social, and governance-related risks and opportunities, ensuring that emerging sustainability trends and stakeholder expectations are appropriately addressed.

Risk management responsibilities are clearly delineated in accordance with the **Three Lines of Defence Model**, which promotes accountability, transparency, and independent assurance:

First Line: Business units and management are responsible for identifying and managing risks in day-to-day operations.

Second Line: Oversight functions provide risk governance, policy guidance, and monitoring.

Third Line: The Internal Audit function provides independent assurance on the effectiveness of risk management and internal control frameworks.

Risk Culture and Risk Appetite

The TTE promotes a strong risk-aware culture underpinned by ethical conduct and compliance, guided by the "Hayleys Way" Code of Conduct. Continuous training and awareness programmes reinforce the importance of prudent, risk-based decision-making across the organisation.

The Board defines the TTE 's risk appetite and tolerance levels, which guide strategic and operational decisions. Performance against defined risk-related KPIs is regularly monitored, ensuring alignment between risk exposure and strategic objectives.

Risk Identification and Assessment

Risks are identified at business unit level with the involvement of cross-functional teams and senior management. This process incorporates internal assessments, analysis of the external operating environment, materiality assessments, strategic performance reviews, and engagement with key stakeholders.

Identified risks are recorded in a standardised Risk Register, which captures both financial and non-financial risks, including sustainability-related risks. Risks are assessed based on likelihood and impact over the short, medium, and long term, taking into consideration financial, operational, reputational, social, environmental, and regulatory factors. This structured approach enables the prioritisation of principal risks requiring management attention.

Risk Response and Monitoring

Appropriate risk responses are determined based on assessed risk levels and include avoidance, mitigation, transfer, or acceptance, in line with the TTE's risk appetite. Risk mitigation actions are assigned to responsible owners and tracked through periodic reviews.

The effectiveness of risk management and internal controls is independently evaluated by the Internal Audit Function, which conducts risk-based audits in accordance with an approved annual audit plan. Audit findings and key risk-related issues are reported to the Audit Committee, ensuring timely escalation and corrective action where required.

Review, Reporting, and Continuous Improvement

Risk registers are updated on a quarterly basis and presented to the Audit Committee for review. The TTE continuously monitors changes in its risk landscape arising from strategic initiatives, regulatory developments, technological advancements, market conditions, and evolving stakeholder expectations.

The Risk Management Policy and framework are subject to periodic review to ensure continued relevance and effectiveness, reinforcing the TTE's commitment to resilience, transparency, and sustainable value creation.

Information Technology (IT) and Digital Governance

GRI 2-12, 2-13

The Board holds apex responsibility for governing technology and information at TTE, ensuring that digital investments are strategically aligned with the company's long-term objectives for operational excellence and sustainability. During the 2025/26 period, the Board heightened its attention on strengthening ICT governance and cybersecurity measures to protect the integrity of the company's digital assets.

Strategic Digital Roadmap

Guided by the Hayleys Group Digital Roadmap, TTE's digital transformation centers on five key pillars designed to "rewire" the organization:

Digital Innovation: Deploying digital capabilities at scale to improve estate management and factory efficiency.

Digital Literacy: Enhancing the digital skills of our workforce to support the adoption of new technologies.

Change and Communication: Ensuring a structured approach to organizational change as digital processes are integrated.

Digital Product Delivery: Streamlining the delivery of technology-driven solutions across the value chain.

Data-to-Value: Leveraging data analytics to drive informed decision-making and unlock operational insights.

IT Policy Framework

TTE's IT governance is supported by a comprehensive suite of policies, which were refreshed during the year to align with modern security requirements and new Listing Rules:

Hayleys IT Policy: Sets the overarching standards for technology usage across the Group.

Acceptable Use Policy: Establishes clear guidelines for employees on the responsible use of digital assets.

Group Access Policy: Governs user permissions and data access to prevent unauthorized entry and protect sensitive information.

Cybersecurity and Resilience

The Board regularly monitors the management of IT and cyber-related risks, with a focus on system stability and availability. Key interventions include:

Strategic Initiative Review: Evaluating the business case for significant digital programs, such as application modernization and workflow automation.

System Modernization: The transition to scalable, flexible ERP platforms (such as RISE with SAP) to reduce governance costs and enhance system uptime.

Compliance: Ensuring all digital operations adhere to relevant data protection laws and cybersecurity standards.

Stakeholder Engagement

GRI 2-25,26,29

While the Board retains high-level responsibility for stakeholder engagement, the day-to-day management of these relationships has been delegated to the Company's leadership. As per the guidelines set by the Board, operational management is tasked with implementing appropriate initiatives to interact with stakeholders to understand their concerns and expectations. Further details on the methodologies employed for engaging with different stakeholders, including the frequency of engagement and other pertinent information, can be found in the Stakeholder Engagement section on page 158 to 171 of this report

Shareholder Relations

GRI 2-16

The TTE Board is committed to building trust-based relationships with its 15,128 shareholders through transparent communication and inclusive engagement.

Communication Policy: TTE maintains a formal Shareholder and Investor Communications Policy to ensure equal and timely access to accurate information. This includes the publication of quarterly and annual financial statements, disclosures to the Colombo Stock Exchange (CSE), and the Annual Integrated Report.

Annual General Meeting (AGM): The AGM serves as the primary mode of two-way dialogue. The Board encourages active participation, and the Annual Report and meeting notices are distributed at least 15 working days in advance

Role of the Senior Independent Director (SID): Because the Chairman serves in an executive capacity, the SID acts as a trusted intermediary. The SID is specifically available to shareholders to discuss concerns that cannot be addressed by the Chairman or MD/CEO.

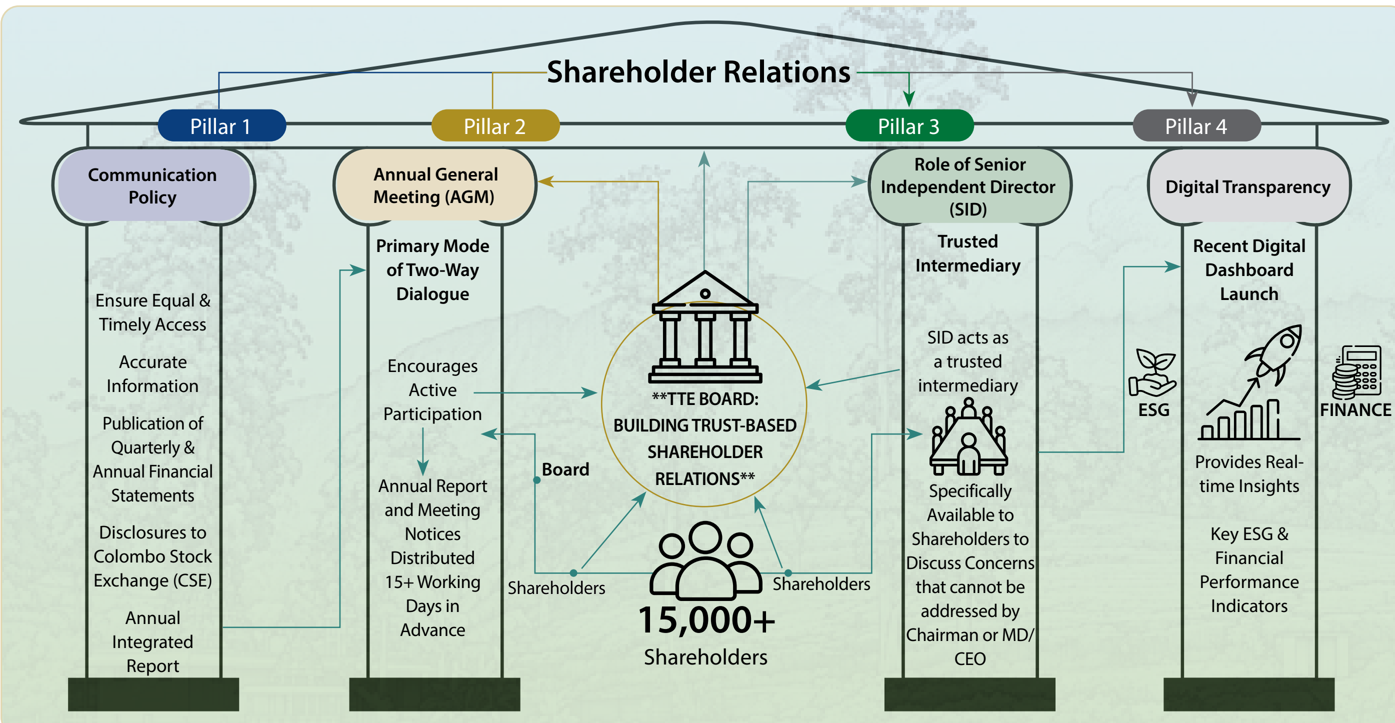
Digital Transparency: TTE recently launched a digital dashboard that provides stakeholders with real-time insights into ESG and financial performance indicators

Corporate Governance

Corporate Disclosure Policy and Shareholder Relations

Talawakelle Tea Estates PLC's Corporate Disclosure Policy plays a vital role in fostering strong and transparent relationships with its shareholders. The policy ensures that all material information relating to the Company's financial performance, strategic developments, and governance practices is disclosed accurately, consistently, and on a timely basis through recognised and regulated channels. By adhering to applicable legal and regulatory requirements, including the Companies Act, Colombo Stock Exchange Listing Rules, and SEC regulations, the Company promotes equitable access to information and fair treatment of all shareholders.

Through disciplined disclosure practices, clear accountability, and safeguards against selective disclosure and insider trading, the policy enhances shareholder confidence in the integrity of the Company's communications. This transparency supports informed decision-making, encourages constructive shareholder engagement, and reinforces trust in the Board and management, thereby contributing to sustainable long-term relationships with shareholders.



Annual General Meeting (AGM)

The AGM serves as the main platform for shareholders to connect with the TTE's leadership. All Directors and senior management members are present at the AGM, facilitating two-way dialogue between shareholders and key decision makers of the Company. The Annual Report, notice of the AGM, resolutions requiring shareholder approval, and voting instructions are distributed to shareholders at least 15 working days prior to the meeting, thus allowing ample time for shareholders to prepare for the AGM. TTE's 2024/25 AGM held in June 2025 concluded successfully with a high degree of shareholder participation. The Company's 2025/26 AGM is scheduled to be held on 25th June 2026.

ESG Governance

GRI 2-9, 12, 13, 14

The TTE Board holds ultimate responsibility for ESG governance, ensuring that sustainability considerations are integrated into the Company's overall strategy and operations. TTE's approach is aligned with the Hayleys Group's broader ESG structures, where the Hayleys Board holds overall responsibility for formulating the Group's aspirations, strategies, and policies relating to ESG and sustainable development. Supporting these efforts, the Company's ESEG Steering Committee, chaired by the CEO of TTE monitors, manages, and oversees Sustainability-related Risks and Opportunities (SRROs) and Climate-related Risks and Opportunities (CRROs), provides quarterly updates to the TTE Board and the Hayleys Group Management Committee.

In addition, the Audit Committee also reviews the Company's principal risks, including those related to sustainability. TTE's principal approach to ESG is based on integrating CRROs and SRROs into the overall strategy in line with short, medium, and long term business targets. Performance against SRROs and CRROs targets is carefully measured and reported, ensuring transparency and accountability to stakeholders. The Board also acknowledges its responsibility to report transparently to stakeholders on TTE's commitment to sustainable value creation through the Annual Report. In compliance with the provisions of the CSE's new listing rules on Corporate Governance issued in 2024, a formal Policy on Environmental, Social and Governance Sustainability was approved by the Board and implemented with effect from September 2024

Board Guidance in Action: From Oversight to Value Creation

Area	Board guidance	Management response	Value created	Capital Impact
Leadership continuity	Oversaw CEO succession and guided a smooth leadership transition.	Ensured structured handover and alignment of senior management priorities.	Maintained strategic stability, stakeholder confidence and uninterrupted operational leadership.	Human+, Intellectual+ Social+
Board composition	Strengthened governance through the appointment of a new Non-Executive Director.	Integrated the new Director into Board deliberations and oversight processes.	Enhanced Board perspective, governance capability and independent challenge.	Intellectual+ Social+
Crop diversification	Guided diversification beyond tea after reviewing the performance of cinnamon cultivation at Moragalla Estate.	Expanded cinnamon cultivation planning and allocated estate resources for replanting and crop development.	Supported revenue diversification, land productivity and long-term resilience against tea market volatility.	Financial+ Natural+ Manufactured+
Specialty tea / value addition	Emphasised the need to move towards higher value-added tea products.	Developed matcha tea, with the initial production batch fully sold within three months	Demonstrated market acceptance and strengthened product innovation potential.	Financial+ Intellectual+ Social+
Wage increase and cost pressure	Reviewed financial and operational implications of the mandated wage revision.	Focused on cost control, productivity improvement and labour efficiency.	Helped protect profitability while meeting wage-related regulatory and social expectations.	Financial+ Human+
Adverse weather / cyclone response	Monitored operational recovery, worker safety and estate continuity following adverse weather impacts.	Implemented recovery actions, safety measures and continuity arrangements across affected estates.	Reduced operational disruption, protected workers and supported faster estate-level recovery.	Natural+ Human+ Manufactured+
Operating volatility	Reviewed performance in a challenging environment marked by adverse weather, production shortfalls and declining tea prices.	Maintained disciplined cost management, market focus and operational controls.	Preserved profitability and demonstrated business resilience under difficult external conditions.	Financial+ Intellectual+
Workforce compliance	Guided management to classify the workforce into registered workers, fixed-term contract workers and RSM workers; encouraged absorption of committed casual workers where appropriate.	Reviewed workforce categories, attendance patterns and compliance requirements.	Strengthened labour compliance, protected employee benefits and improved workforce stability.	Human+ Social+
Asset management policy	Mandated that scrapped vehicle disposals follow Department of Motor Traffic guidelines and be publicly advertised.	Applied transparent disposal procedures and ensured regulatory compliance.	Improved asset governance, transparency and control over disposal processes.	Manufactured+ Social+
Internal controls	Directed attention to recurring control issues such as factory labour output variances, field/factory/check-roll green leaf variances and delayed gratuity payments.	Strengthened follow-up on audit findings and required management to act on recommendations.	Improved financial discipline, operational accountability and control reliability.	Financial+ Intellectual+
IT controls and cyber resilience	Placed special emphasis on IT general controls, business continuity planning and privileged access audits conducted by TechCERT and KPMG.	Initiated corrective actions to address audit findings and improve IT control discipline.	Reduced exposure to IT control breaches and strengthened cyber and business continuity resilience.	Intellectual+, Manufactured+ Financial+
Risk management	Regularly reviewed the Risk Assessment Matrix to identify, monitor and mitigate emerging business risks.	Updated risk registers and strengthened risk monitoring through management review.	Improved preparedness, faster risk response and stronger enterprise risk governance.	Financial+ Intellectual+
SLFRS S1/S2 readiness	Oversaw sustainability-related financial disclosures and assurance readiness.	Strengthened sustainability data, disclosure alignment and internal review processes.	Improved reporting credibility, regulatory readiness and confidence in ESG disclosures.	Financial+ Natural+ Social+
ESG oversight	Reviewed ESG priorities including environmental management, stakeholder engagement, social compliance and governance improvement areas.	Advanced ESG monitoring through committee-level review and operational follow-up.	Strengthened integrated thinking, stakeholder trust and sustainability performance management.	Natural+ Social+ Financial+

Corporate Governance

4 Governance Assurance Framework

In the governance framework of TTE, assurance mechanisms serve as the supervisory, monitoring, and benchmarking elements used to measure actual performance against plans, highlight deviations, and signal the need for corrective actions

Key Internal Policies

GRI 2-23,24

The governance framework is operationalized through a comprehensive set of internal policies. The Board monitors adherence to these policies and addresses any material departures. Key policies include;

- Policy on Matters Relating to The Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance
- Policy on Remuneration
- Policy on Corporate Disclosure
- Policy on Risk Management and Internal Controls
- Policy on Internal Code of Business Conduct and Ethics for Directors and Employees including policies on trading in the entity's listed securities
- Policy on Anti-Bribery and Corruption
- Policy on Whistleblowing
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Environment Social and Governance Sustainability
- Policy on Relations with Shareholder and Investor

Internal Assurance Mechanisms

Board Audit Committee (BAC) Oversight: All sections of the company's Integrated Report, covering both financial and non-financial information, are reviewed by the BAC to provide the Board with assurance regarding accuracy, consistency, and completeness. The BAC also oversees the integrity of the financial reporting system and the effectiveness of internal controls.

- **Internal Audit Function:** The Hayleys PLC's Management Audit and System Review Division (MA & SRD) conducts periodic independent audits based on an annual plan approved by the BAC. These audits provide objective assurance on the effectiveness of the risk management framework and ensure that established policies and procedures are consistently followed across all subsidiaries.
- **Management Responsibility and Compliance Statements:** The Board obtains Statements of Compliance from Business Unit heads and reviews routine management information reports to evaluate the financial reporting system. The Managing Director, CEO, and Director Finance also issue a formal responsibility statement confirming that internal controls are sound and that financial statements reflect a true and fair view.
- **Internal ESG Verification** Sustainability data is internally verified through the "Hayleys Cube" platform to ensure 100% completeness and accuracy before public disclosure.

External Assurance Mechanisms

Financial Statement Audit: TTE's external auditors, Messrs. Ernst & Young, provide an independent audit opinion on the annual financial statements, validating the integrity of the company's financial position. The appointment/re-appointment of these auditors was recommended by the Audit Committees to the Boards of Directors. The Audit Committee, comprising majority of Independent Non Executive Directors, annually review the appointment of External Auditors and recommend the appointment of auditors for shareholder approval at the Annual General Meeting. The Committee has recommended retaining Ernst & Young as the company Auditors. The Auditors maintain independence through routine rotation of partners.

The audit fees paid by the Company to its auditors are separately disclosed in the Notes to the Financial Statements of the Annual Report

- **Limited External Assurance on Integrated Reporting**: TTE obtains independent limited assurance for its Integrated Annual Report to confirm that it is prepared in accordance with the International Integrated Reporting Council (IIRC) framework.
- **ESG and Sustainability Assurance**: TTE voluntarily seeks limited external assurance for its ESG consolidated statements and its sustainability-related financial disclosures (aligned with SLFRS S1 and S2). This includes checking the accuracy of key metrics and methodologies against GRI Universal and Sector Standards.
- **GHG Emission Verification**: The company's greenhouse gas (GHG) emission quantification is subject to external verification in accordance with ISO 14064-1:2018 and is certified by the Sri Lanka Climate Fund.

Standardized Management Systems and Certifications

TTE uses rigorous certification processes as a tangible form of assurance for customers and partners:

- **Management System Audits**: The company maintains seven core management systems (including ISO 9001, 14001, 22000, and 50001) which are subject to regular internal and external audits to verify compliance with quality, environmental, and food safety standards.
- **Rainforest Alliance (RA) Certification**: TTE's estates and factories undergo annual internal and external audits under the RA program to verify adherence to human rights, ethical labor practices, and environmental stewardship standards.

The Code of Conduct

The Group Code of Business Conduct and Ethics, known as the "Hayleys Way," serves as the vital conduit between TTE high-level governance framework and its workforce by translating abstract principles into concrete daily actions and standards for every employee. It is the primary tool used to operationalize governance through the following mechanisms:

Providing an Ethical Roadmap

The Code acts as a unified ethical framework that establishes clear standards for appropriate business behaviour. It moves governance from the boardroom to the field by reinforcing core values like honesty, integrity, and respect for human rights in all operational contexts. By defining expectations for business integrity, competition, and consumer protection, it ensures that every employee understands how to embody the company's governance commitments.

Distributing Responsibility for Implementation

Unlike high-level policies that may remain at the management level, the Code of Conduct is explicitly designed for individual implementation. Every employee is held personally responsible for adhering to and implementing the Code within their own working environment. This approach decentralizes governance, making every member of the staff a custodian of the company's ethical standing.

Integrating Key Compliance Policies

The Code operationalises the governance framework by integrating specific, actionable policies that protect the organization's integrity:

- Anti-Bribery and Corruption (ABC): It reinforces a zero-tolerance approach toward kickbacks and facilitation payments, applying this standard uniformly across all grades of employees.
- **Whistleblowing**: It provides a safe, confidential channel for employees to report misconduct or breaches of the Code, ensuring that governance is self-correcting and that every voice can contribute to oversight.
- **Conflicts of Interest**: It provides employees with clear guidance on acting in the best interests of the company and avoiding the misuse of their positions for personal gain.

Internalisation Through Training and Awareness

The framework is made operative through continuous education. In FY 2025/26, TTE conducted 1,317 training hours specifically to help employees internalise the updated Code, including new focus areas like climate governance and biodiversity responsibility. This ensures the Code is not just a document but a living part of the organizational culture.

Accountability and Enforcement

The Code provides the governance framework with "teeth" by establishing clear d**isciplinary consequences** for non-compliance. Failure to adhere to the "Hayleys Way" can lead to serious outcomes, including termination of employment, which reinforces the non-negotiable nature of the company's ethical standards.

Supporting Employee Rights and Well-being

The Code operationalises the Group's **Social Governance** by mandating equal opportunity and fair treatment. It forbids discrimination based on gender, race, or religion and strictly prohibits the use of child or forced labour, thereby aligning employee conduct with international best practices like the **UN Global Compact principle.**

Anti-corruption Risk Assessment and Performance

GRI 205-1, 205-2, 205-3 | GRI 13.26.2, 13.26.3, 13.26.4

Building on the Code of Conduct framework described above, TTE monitors corruption-related risks through operational controls, internal audits, delegated authority limits, procurement approvals, supplier screening and reporting channels. During 2025/26, corruption-related risk assessments covered all key operations of the Company, representing 100% of total operations, including estates, factories, corporate functions, regional offices and relevant business units. No confirmed incidents of corruption were reported during the year.

Anti-corruption policies and procedures were communicated to applicable governance body members, employees and relevant business partners during the year. Role-based anti-corruption awareness/training was provided to employees and relevant personnel with exposure to procurement, approvals, supplier dealings, finance and operational decision-making.

Corporate Governance

List of Other Directorships

Name of the Director	Name of the Company	Capacity
Mr. Mohan Pandithage - Chairman	Hayleys PLC	ED
	Haycarb PLC	ED
	Dipped Products PLC	ED
	Singer (Sri Lanka) PLC	ED
	Hayleys Fabric PLC	ED
	The Kingsbury PLC	ED
	Horana Plantations PLC	ED
	Hayleys Leisure PLC	ED
	Kelani Valley Plantations PLC	ED
	Hayleys Fibre PLC	ED
	Alumex PLC	ED
	Diesel & Motor Engineering PLC	NED
	Sojitz Kelanitissa (Private) Ltd	ED
	Beata Power (Private) Ltd	ED
	Joule Power (Private) Ltd	ED
	Ocean Network Express Lanka (Private) Ltd	ED
	The Beach Resorts Ltd	ED
	Delmege Forsyth & Co. Exports (Private) Ltd	ED
	Delmege Coir (Private) Ltd	ED
	Delmege Forsyth & Co. (Shipping) Ltd	ED
	Delmege Freight Services (Private) Ltd	ED
	Lewis Shipping (Private) Ltd	ED
	Lewis Brown Air Services (Private) Ltd	ED
	Director of 132 unlisted companies in the Hayleys Group	ED
Dr. W. G. R. Rajadurai	Kelani Valley Plantations PLC	ED
	Horana Plantations PLC	ED
	Director of 9 unlisted companies in the Hayleys Group	ED
	World Vision Lanka (Guarantee) Limited.	NED
Mr. Nishantha Abeysinghe - CEO	Director of 4 unlisted companies in the Hayleys Group	ED
Mr. Malik J Fernando - NED	Dilmah Ceylon Tea Company PLC	ED
	Kahawatte Plantations PLC	NED
	Elpitiya Plantations PLC	NED
	Renuka Hotels PLC	NED
	Printcare PLC	NED
	Aitken Spence Plantation Managements PLC	NED
	Brown Hills Development (Private) Ltd	ED
	Cape Weligama (Private) Ltd	ED
	Ceylon Tea Farmers (Private) Ltd	ED

Name of the Director	Name of the Company	Capacity
Mr. Malik J Fernando - NED (contd.)	City Properties (Private) Ltd	ED
	Coco Palm Beach (Private) Ltd	ED
	Dilmah Property Development (Private) Ltd	ED
	Dilmah Ceylon Cinnamon Company (Private) Ltd	ED
	Forbes Plantations (Private) Ltd	ED
	Ereula Hotels (Private) Ltd	ED
	Leopard Research Association	ED
	Packages Lanka (Private) Ltd	ED
	Water Villas (Private) Ltd	ED
	Merrill J Fernando & Sons (Private) Ltd	ED
	MJF Beverages (Private) Ltd	ED
	Dilmah Properties (Private) Ltd	ED
	MJF Charitable Foundation	ED
	MJFCF-CPLF Centre for Children with Cerebral Palsy and Other Developmental Disorders	ED
	MJF Corporate Services (Private) Ltd	ED
	MJF Exports (Private) Ltd	ED
	MJF Foundation Investments (Private) Ltd	ED
	MJF Holdings (Private) Ltd	ED
	MJF Leisure (Private) Ltd	ED
	MJF Media (Private) Ltd	ED
	MJF Properties (Private) Ltd	ED
	MJF Tea Gardens (Private) Ltd	ED
	MJF Teas (Private) Ltd	ED
	PCL Solutions (Private) Ltd	ED
	Tea Country Homes (Private) Ltd	ED
	Sanctuary Day Resort (Private) Ltd	ED
	Timber Concepts (Private) Ltd	ED
	Wild Coast Lodge (Private) Ltd	ED
	Dilmah Sea (Private) Ltd	ED
	Eastern Resources Holdings (Private) Ltd	ED
	Maddecumra Power Co (Private) Ltd	ED
	New Peacock Cottage (Private) Ltd	ED
	Epoch Investments Lanka (Private) Ltd	ED
	Monty Beach (Private) Ltd	ED
	Resplendent Retail (Private) Ltd	ED
	Resplendent Traveller (Private) Ltd	ED
	Tourism Alliance (Guarantee) Limited	ED
	Wild Island Botanicals (Private) Ltd	ED
	Tea Trails (Private) Ltd	ED
	Patiagama Estates (Private) Ltd	ED
	Resplendent Ceylon (Private) Ltd	ED

Name of the Director	Name of the Company	Capacity
Mr. Malik J Fernando - NED (contd.)	Kahawatte Cinnamon (Private) Ltd	ED
	Elpitiya Lifestyle Solutions (Private) Ltd	NED
	E P P Hydro Power Company (Private) Ltd	NED
	Hayleys Plantations Services (Private) Ltd	NED
	Pekoe Trail Company (Guarantee) Ltd	NED
	Printcare Secure Ltd	NED
	Printcare Universal (Private) Ltd	NED
	TTEL Hydro Power Company (Private) Ltd	NED
	TTEL Somerset Hydro Power Company (Private) Ltd	NED
	La Forteresse (Private) Ltd	NED
	Durdans Medical & Surgical Hospitals (Private) Ltd	NED
	Elpitiya Tea Farmers (Private) Ltd	NED
	Puttalam Holdings (Private) Ltd	NED
	Puttalam Ilmenite (Private) Ltd	NED
	Forbes & Walker (Private) Ltd	NED
Mr. S. L. Athukorala - NED	Hayleys Consumer Products Limited	NED
	Asset Line Finance Limited	NED
Lt. Col. J. M. Kariapperuma – INED	Sri Lanka Convention Bureau	ED
Mr. Nandana Ekanayake - SID	Kelani Valley Plantations PLC	NED
	Hayleys Fabric PLC	NED
	Siam City Cement (Lanka) Ltd	ED
	Mahaweli Marine (Private) Ltd	ED
	INSEE Ecocycle Lanka (Private) Ltd	ED
Mr. Malaka Talwatte - INED	Horana Plantations PLC	NED
	Kelani Valley Plantations PLC	NED
	Saffron Leisure (Private) Ltd	ED
	Saffron Solutions (Private) Ltd	ED
	Saffron Investments (Private) Ltd	ED
	Saffron Capital (Private) Ltd	ED
	Saffron Telecom (Private) Ltd	ED
	Commercial Equipment Supplier (Private) Ltd	ED
	Turtle Beach Properties (Private) Ltd	ED
	Jesselton (Private) Ltd	ED
	Gammanpila Investments (Private) Ltd	ED
	Faris Developers (Private) Ltd	ED
	Slice Foods (Private) Ltd	ED
	The Ceylon Tea Collection (Private) Ltd	ED
	Leisure Beach (Private) Ltd	ED
	Island Hospitality (Private) Ltd	ED
	Sandvillage (Private) Ltd	ED

Name of the Director	Name of the Company	Capacity
Ms. Harshani Randiligama - INED	Hayleys Leisure PLC	NED
	National Apprentice and Industrial Training Authority (NAITA) Sri Lanka	NED
	Board of Investment of Sri Lanka	NED
Mr. Darshana Gunasekera - NED	Dilmah Ceylon Tea Company PLC	ED
	Kahawatte Plantations PLC	NED
	Patiagama Estates (Private) Ltd	ED
	MJF Epigro Renewables (Private) Ltd	ED
	Tea Time Rocks (Private) Ltd	ED
	MJF Beverages ANZ Limited	ED
	MJF Corporate Services (Private) Ltd	ED
	Wild Island Botanicals (Private) Ltd	ED
	Resplendent Traveller (Private) Ltd	ED
	Resplendent Retail (Private) Ltd	ED
	Bank of Ceylon	NED
	Hayleys Plantations Services (Private) Ltd	NED
Mr. Milinda Hewagama - NED	Kelani Valley Plantations PLC	NED
	Hayleys Leisure PLC	NED
	The Kingsbury PLC	NED
	Director of 40 unlisted companies in the Hayleys Group	NED
Mr. Anura Weerakoon - NED	Director of 3 unlisted companies in the Hayleys Group	NED

ED – Executive Director NED – Non-Executive Director INED – Independent Non-Executive Director SID – Senior Independent Director

Listed Entities
Unlisted Entities

Statement by the Senior Independent Director

[Profile of Mr. N. Ekanayake is given on page 43 of this report.]

In order to comply with Section 9. 6. 3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company designated me as the Senior Independent Director (SID) of the Company.

Section 9.6.3 of the Listing Rules and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka provide that in situations where the Chairman and CEO are the same person or where the Chairman is not an Independent Director, a Senior Independent Director (SID) shall be appointed. At Talawakelle Tea Estates PLC although the Chairman is not the CEO, he is not an Independent Director.

Role of the Senior Independent Director

The Senior Independent Director (SID) provides guidance to the Chairman on matters of governance of the Company.

The role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.

The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company, should the need arise.

Activities During the Year

In line with the regulatory requirements, I presided over the following meetings and exercised my voting rights where necessary.

Meetings were held with the Non-Executive Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Directors were appraised.

A meeting was held with only the Independent Directors. Discussions were held on matters relating to the Company and the operation of the Board.

The outcome of these meetings together with recommendations was duly informed to the Chairman and the Board.

The Company follows a policy of strict compliance with mandatory requirements while embracing voluntary adherence, in order to enhance stakeholder acceptance and making a positive impact on value creation.

I believe that I have fulfilled the obligations entrusted to the SID in accordance with the Corporate Governance guidelines.

N. Ekanayake
Senior Independent Director

16th May 2026

Nominations and Governance Committee Report

Nandana Ekanayake
Chairman

66%	02	03	Evaluation of governance policies adopted
Independence (as at end March 2026)	Meetings	Members	During the year, Board evaluation, Director independence reviews and governance policy adoption strengthened Board effectiveness and long-term value creation.

The Board has an established Nominations and Governance Committee ("the Committee") which complies with Section 9.11 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Composition

GRI 2-10

The Committee is appointed by, and is responsible to the Board of Directors. The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director.

The members who served on the Committee during the financial year are as follows:

- Mr. Nandana Ekanayake (Chairman, Senior Independent Director)
- Mr. Sarath Lakshman Athukorala
- Mr. Malaka Chaminda Bandara Talwatte

Attendence of the Committee

The Committee meets as often as necessary. The Committee held three formal meetings during the financial year 2025/26 and the member attendance records are given below.

Name of the member	Date of Appointment to the Committee	Number of Meetings Attended
Mr. N. Ekanayake***(Chairman)	08th January 2024	3/3
Mr. S. L. Athukorala**Member	01st January 2023	3/3
Mr. M. C. B. Talwatte***Member	08th January 2024	3/3

***Non-Executive Director*
****Independent Non-Executive Director*

The Chairman of the Committee is an Independent Non- Executive Director.

The Chairman of the Board, Managing Director and Chief Executive Officer of the Company attend the meetings of the Committee by invitation.

The Committee has well-defined Terms of Reference approved by the Board outlining the Committee's purpose, composition, quorum, authority, responsibilities, and meeting related matters. The Terms of Reference of the committee were reviewed during the financial year.

Hayleys Group Services (Private) Limited, the Secretary of the company, serves as the Secretary to the Committee.

Duties of the Nominations and Governance Committee

- To establish and maintain a formal and transparent procedure to evaluate, and recommend the appointment of Directors of the Company considering the required skills,experience and qualifications necessary.
- To maintain a set of criteria for selection of Directors such as academic/ professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- To consider and recommend (or not recommend) the re-election of current Directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Boards overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- To approve a suitable process for the periodic evaluation of the performance of Board Directors and the Managing Director of the Company to ensure their responsibilities are satisfactorily discharged.
- To review the succession plans for the Board of Directors and Key Management Personnel and evaluate the training and the Development requirement for those identified for succession.
- To Review and recommend the overall Corporate Governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices.
- To review and update the Corporate Governance policies/ framework in line with regulatory and legal developments relating to same.
- To periodically review the Insurance Cover "Directors and Officers Liability Cover " for Directors and other Key Management Personnel.

Nominations and Governance Committee Report

- To receive reports from the Management on compliance of the Corporate Governance framework of the Company including the Company's compliance with provisions of the Securities and Exchange Commission Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.
- To Ensure that induction takes place for the new Directors.

Disclosure Of Activities

GRI 2-23, 24

The Committee reviewed and evaluated the profiles of proposed Directors and recommended their appointment to the Board. The Committee also reviewed the structure and composition of the Board and Board Committees and recommended additions to Committees. Board performance evaluation was carried out and discussed at Board meetings. This entails the evaluation of performance of the Board, its Committees and the performance of the Managing Director.

Newly appointed Directors were given an induction to the Company prior to their first Board meeting. The orientation programme includes inviting the Directors to the factories and estates to gain an understanding of the operations of the Company and its subsidiaries. Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with Corporate Governance requirements, Listing Rules and other applicable laws.

Non-Executive Directors have submitted declarations regarding their independence/ non-independence. The fitness and proprietary of the Directors were examined. All Independent Directors of the Company meet the criteria set out in the Listing Rules of the Colombo Stock Exchange for determining independence.

The Independent Directors are kept informed by the Chairman and the Managing Director in the event any major issues arise.

The Policies of the Company were reviewed during the year and necessary amendments were incorporated. The Company maintains policies covering governance, ethics, sustainability, human rights, environment, health and safety, and compliance. These policies are periodically reviewed and updated by the relevant Board Committees and management.

Policy commitments are embedded through Board oversight, employee communication, training, operational procedures, internal controls, audits and compliance monitoring. Approved policies are made available internally and, where applicable, uploaded to the Company's website. Sub Committee Terms of References were reviewed and amended where necessary. The list of policies of the Company is given on page 268 of the Report of the Board of Directors.

The Committee also assessed the Independence of the Directors against the criteria for independence as set out in the Listing Rules. The Committee ensured that the declaration of independence is carried out by the Independent Directors and concluded that all Independent Directors of the Company meet the criteria for determining independence. The Committee also evaluated all the Directors against the Fit and Proper assessment criteria.

Re-Appointments / Re- Elections

One Third (1/3) of the all the directors except the Managing Director and those who have been appointed to the Board since the last Annual General Meeting, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the Annual General meeting.

Accordingly, the Committee has recommended to re-elect Mr. Nandana Ekanayake and Mr. Malaka Chaminda Bandara Talwatte and Ms. Harshani Dinusha Kumari Randiligama to the Board at the Annual General Meeting to be held on 25th June 2026, based on their performance and the contribution made to achieve the objectives of the Board.

Mr. Nandana Ekanayake was appointed to the Board ion 03rd January 2024, and last re-appointed as a Director was in 2024. His directorships and other principal commitments are given in the profile on page 43

Mr. Malaka Chaminda Talwatte was appointed to the Board on 03rd January 2024 and last re-appointed as a Director was in 2024 His other directorships and other principal commitments are given in the profile on page 44.

Ms. Harshani Dinusha Kumari Randiligama was appointed to the Board on 27th December 2024 and last re-appointed as a Director was in 2025. Her other directorships and other principal commitments are given in the profile on page 45.

Mr. Nishantha Prasanna Abeysinghe, Executive Director who was appointed on 01st August 2025 and Mr. Anura Weerakoon, Non-Executive Director who was appointed 15th September 2025 will come up for re-election by the shareholders at the Annual General Meeting. Their profiles in pages 42 and 45 set out their other principal commitments and directorships. They do not serve on any committees.

Due to the invaluable contribution made to the Board as a result of their many years of experience, industry knowledge and business acumen, the Committee has recommended to reappoint Mr. Mohan Pandithage and Mr. Lakshman Athukorala who are over seventy years and who retire in terms of Section 210 of the Companies Act No. 7 of 2007.

The Directors who are being proposed for re-election or their family members, have no relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The Committee has ensured Board diversity by bringing a wide range of experience and skills to the Board. Age and gender diversity have been essential factors contributing to the effective performance of the Company's Board.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in pages 234 to 253.

N. Ekanayake
Chairman
Nominations and Governance Committee

11th May 2026

Audit Committee Report

Nandana Ekanayake
Chairman

66%
Independence
(as at end March 2026)

04
Meetings

03
Members

06
Oversight Areas for Value Creation
Corporate Reporting , Audit , Business and sustainability Risk , Compliance, Ethics

The Audit Committee ("the Committee") is appointed by and is to the Board of Directors of the Company in fulfilling its oversight responsibilities on financial reporting ,it reviews the financial reporting process, the integrity of the financial statements , the systems of internal control, the audit process and the Company's process for monitoring compliance with laws and regulations.

Composition

The Committee comprises of two Independent Non-Executive Directors and one Non-Executive Director. The members who served on the Committee during the financial year are as follows:

- Mr.Nandana Ekanayake (Chairman, Senior Independent Director)
- Mr. Sarath Lakshman Athukorala
- Mr. Malaka Chaminda Bandara Talwatte

The Chairman of the Committee is a Senior Chartered Accountant .He is a fellow member of the Institute of Chartered Accountants of Sri Lanka (FCA) an Associate Member of the Institute of Certified Practicing Accountants (CPA), Australia and a Fellow Member of the Certified Management Accountants (FCMA) of Sri Lanka. The other members possess relevant knowledge, qualifications and experience in financial reporting, control, legal and regulatory requirements.

Brief profiles of each member are provided on pages 43 and 44 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

Hayleys Group Services (Private) Limited, the Secretary of the Company, serves as the Secretary to the Committee.

Charter of the Audit Committee

The Audit Committee Charter is periodically reviewed and revised with the concurrence of Board of Directors to make sure that new developments relating to the function of the Committee are updated. The Terms of Reference of the Committee are clearly defined in the Audit Committee Charter. The Terms of Reference of the Committee was revised during the year under review to include oversight responsibilities on Sustainability and ESG related reporting.

The 'Rules on Corporate Governance' under the Listing Rules of the Colombo Stock Exchange and the 'Code of Best Practice on Corporate Governance' issued by the Institute of Chartered Accountants of Sri Lanka in 2023, further regulate the composition, roles and functions of the Committee.

Meetings of the Audit Committee

The Committee meets as often as necessary. The Committee had quarterly formal meetings to discuss the annual Financial Statements for the financial year under review.

The attendance of the Members at these meetings is as follows:

Name of the member	Date of Appointment to the Committee	Number of Meetings Attended
Mr. N. Ekanayake***(Chairman)	08th January 2024	4/4
Mr. S. L. Athukorala**Member	01st January 2023	4/4
Mr. M. C. B. Talwatte***Member	08th January 2024	4/4

** *Non-Executive Director*
****Independent Non-Executive Director*

The Chairman of the Board, Managing Director, Director/Chief Executive Officer, Director-Finance of the Company and Hayleys Group Chief Financial Officer attend the meetings of the Committee by invitation.

Other members of the Board of Directors, Management Committee of the Company and the Head of Group Management Audit and System Review Department (MA & SRD) of Hayleys PLC were present at the meetings of the Committee where appropriate. The External Auditors are also invited to be present where relevant.

The proceedings of the Committee are reported quarterly to the Board of Directors. Audit Committee meeting papers, including the agenda, minutes and related reports and documents, are circulated to the committee members in advance.

Audit Committee Report

The Authority of the Audit Committee

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

Activities in 2025/26

The Audit Committee, inter alia, engaged in the following activities during the financial year under review.

Financial Reporting System

The Committee reviewed the quality and integrity of the financial reporting system adopted by the Group in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) issued by The Institute of Chartered Accountants of Sri Lanka (ICASL), financial reporting requirements under the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange / Securities and Exchange Commission Act.

The Committee also reviewed the key judgements applied in the preparation of Consolidated Financial Statements, which are described in the relevant accounting policies and detailed Notes to the Financial Statements on pages 286 to 346.

The Committee, in its evaluation of the financial reporting system, also recognized the adequacy of the content and quality of routine management information reports forwarded to its members.

The Audit Committee obtained Statements of Compliance from the Business Unit Heads where appropriate. Having reviewed the financial reporting system, the Committee is satisfied that the system complies in all material respects with the regulatory and statutory requirements. The Committee reviewed the adequacy of disclosures and presentation formats of the draft Annual and Interim Financial Statements before recommending their publication to the Board and also adequacy of the content and quality of routine management information forwarded to its members.

The Committee engaged in discussion with the Company's External Auditor on the results of the External Auditors' examinations and their judgement on the acceptability of the accounting principles adopted by the Company.

The Committee recommended the Financial Statements to the Board for its deliberations and issuance.

Internal Control Systems

The Committee reviewed the process to assess the adequacy and effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that Group assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

Internal Audits

The Hayleys Group MA&SRD regularly reports on key control elements and procedures in Group companies that are selected according to a Group annual Internal Audit Plan. Internal Audits are outsourced wherever necessary, to leading audit firms in line with the annual audit plan. The Committee obtained significant findings and recommendations together with the Management's responses on the review of the internal controls carried out by the internal auditors and provided recommendations for improvement. Follow up reviews were scheduled to ascertain that audit recommendations are being acted upon.

The Committee also evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources. The Committee appraised the independence of the Hayleys Group MA&SRD, in the conduct of their assignments.

The Annual Internal Audit Plan is approved by the Audit Committee and its progress is reviewed on a quarterly basis in order to reflect the changing business needs and to ensure new and emerging risks are considered. During the financial year 2025/26, 13 internal audits were performed.

Risk Management

The Committee obtained and reviewed statements from the Heads of Business Sectors identifying their respective major business risks, and mitigation action taken or contemplated for the management of these risks. The COSO Enterprise Risk Reporting Process is presently being implemented within the Group.

The Committee also conducted ESG risk assessments during the year, thereby identifying, prioritising and monitoring sustainability-related-risks and opportunities.

The Committee reviewed the risk management, internal controls, business continuity planning, information security system and potential cyber risks in the Group and appropriate remedial actions were recommended to the Management and the Board.

A review of the insurance policies and their adequacy was also carried out.

External Audit

During the year under review, the Committee held meetings with the External Auditor to review the nature, approach, scope of the audit, Audit Plan and the Audit Management Letters of Group Companies. Actions taken by the Management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads of business units. Remedial action was recommended wherever necessary.

The Committee has reviewed the other services provided by the External Auditor to the Group to ensure that their objectivity and independence as External Auditor has not been impaired. The Committee provides the opportunity to External Auditor to meet the Audit Committee Members independently, if necessary.

The Committee annually reviews the appointment of the External Auditor and makes recommendations to the Board accordingly. During the year under review, the Committee assessed the independence and effectiveness of the External Audit function and is satisfied that the independence of the External Auditor had not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the External Auditor and the level of audit and non-audit fees received by the Auditor, in order to ensure that it did not compromise their independence.

The Committee obtained written assurance from the External Auditors that they are and have been independent throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements and has made a determination of the independence of auditors based on the same.

Audit Committee Report

The Audit Committee provides the opportunity to External Auditors to meet Audit Committee members independently, if necessary.

The current Auditor Messrs. Ernst & Young, Chartered Accountants was initially appointed as External Auditor in 2012 and continues to hold that position at present. A partner rotation of the External Auditors takes place periodically. A rotation of partner took place in the financial year 2023/24.

Appointment of External Auditors

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, continue as the External Auditors for the financial year ending 31st March 2027, after evaluating the scope, delivery of the audit, resources, and the quality of the assurance initiatives undertaken during the financial year 2025/26.

Compliance

The Committee received confirmation from the Managing Director and Director Finance on the Group's operational and financial status. It was satisfied that the financial records are properly maintained and that the financial statements accurately reflect the Group's operations and financial position. The Committee also obtained representations from the management of the Company on the adequacy of provisions made for possible liabilities and reviewed reports tabled by the Group certifying their compliance with relevant statutory requirements. Further, the Committee obtained regular updates on HR and Legal regarding compliance matters.

Ethics and Good Governance

The Committee continuously emphasized on upholding ethical values of the staff members. In this regard, Internal Code of Business Conduct and Ethics, the policies on Whistleblowing and Anti-Bribery and Corruption were put in place. The Policies were followed by educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistleblowing or identified through other means. The Whistleblower Policy guarantees strict confidentiality of the identity of the Whistleblowers.

Sri Lanka Accounting Standards

The Committee reviewed the revised policy decisions relating to the adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and made recommendations to the Board of Directors. The Committee continues to monitor compliance with relevant Accounting Standards and keeps the Board of Directors informed at regular intervals. The Committee has sought the assistance of Messrs. Ernst & Young to assess and review the existing SLFRS policies and procedures adopted by the Group and continuously monitors the progress of the implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

Support to the Committee

The Committee received information and support from the Management during the year to enable it to carry out its duties and responsibilities effectively.

Evaluation of the Committee

An independent evaluation of the effectiveness of the Committee was carried out by the other members of the Board during the year. Considering the overall conduct of the Committee and its contribution on the overall performance of the Company, the Committee has been and rated as highly effective.

N. Ekanayake
Chairman- Audit Committee

11th May 2026

Remuneration Committee Report

Nandana Ekanayake
Chairman

66%
Independence
(as at end March 2026)

02
Meetings

03
Members

Leadership accountability through remuneration governance
KPM's performance , leadership, and accountability reviews and shareholder value creation.

The Board has an established Remuneration Committee ('the Committee') which complies with section 9.12 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Composition

GRI 2-19, 20

The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director.

Attendence of the Committee

The Committee meets as often as necessary. The Committee met twice during the year.

Name of the member	Date of Appointment to the Committee	Number of Meetings Attended
Mr. N. Ekanayake***(Chairman)	08th January 2024	2/2
Mr. S. L. Athukorala**Member	01st January 2023	2/2
Mr. M. C. B. Talwatte***Member	08th January 2024	2/2

** *Non-Executive Director*
****Independent Non-Executive Director*

The Chairman of the Committee is an Independent Non-Executive Director. The Remuneration Committee has well defined Terms of Reference, which were reviewed during the financial year.

The Chairman of the Board, Managing Director and Chief Executive Officer attend the meetings of the Committee by invitation.

The members of the Committee are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgment.

Hayleys Group Services (Private) Limited the Secretaries of the Company, serves as the Secretary to the Committee.

Responsibilities of the Remuneration Committee

- To make recommendations to the Board of Directors regarding the framework of remuneration to the Executive Directors Key Management Personnel.
- To evaluate the compensation of the Managing Director, Executive Directors and the Key Management Personnel.
- To review, approve the guidelines, policies and parameters for the compensation structures of Key Management Personnel within the Group taking into consideration industry norms.
- To review from time to time information related to Executive and Non-Executive Directors payments, to ensure that they are on par with the market/industry rates.
- To evaluate the performance of the Managing Director, Executive Director and the Key Management Personnel, against predetermined targets and goals set by the board.
- To assess and recommend to the Board of Directors promotions of the Key Management Personnel and to address succession planning.
- To recommend annual salary increments and bonuses.

Remuneration Policy

The Remuneration policy of the Group is to attract, motivate and retain a highly qualified and experienced executive team, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for business and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

The remuneration packages which are linked to individual performances are aligned with the Group's short term and long-term strategy.

All Non-Executive Directors (other than the Directors who are employed by Hayleys PLC) receive a fee for serving on the Board and serving on sub committees. They do not receive any performance related incentive payments.

Activities in 2025/2026

During the year the Committee reviewed the performance of the Managing Director, Director/Chief Executive Officer, Executive Directors and Key Management Personnel on the targets set in the previous year and determined the bonus payable and the annual increments.

Reviewed the compensation parameters of the Key Management Personnel and implemented market corrections where necessary The Committee also recommended that compensation packages to be in line with the market median.

Recommended the bonus payable and annual increments to be paid based on the ratings of the Performance Management System.

The aggregate remuneration of the Executive and Non Executive Directors for the Financial Year amounted to Rs. 111.12 Mn.

N. Ekanayake
Chairman
Remuneration Committee

11th May 2026

Related Party Transactions Review Committee Report

Nandana Ekanayake
Chairman

66%
Independence
(as at end March 2026)

04
Meetings

03
Members

RPTs Reviewed for Compliance and Board Reporting
During the year, related party transactions of TTEL and its subsidiaries were reviewed for compliance and reported to the Board.

The Related Party Transaction Review Committee ("the Committee") of the Company has been established in compliance with the Governance Rules stipulated in Section 9.14 of the Listing Rules of Colombo Stock Exchange. And as per the requirements of the Code of Best Practice of Sri Lanka for Chartered Accountants.

Composition

The Committee is appointed by and is responsible to the Board of Directors and comprises two Independent Non-Executive Directors and one Non- Executive Director.

Attendence of the Commitee

The Committee meets on a quarterly basis or as often as necessary. During the financial year 2025/26, the Committee met Quarterly to review the related party transactions.

Name of the member	Date of Appointment to the Committee	Number of Meetings Attended
Mr. N. Ekanayake***(Chairman)	08th January 2024	4/4
Mr. S. L. Athukorala**Member	01st January 2023	4/4
Mr. M. C. B. Talwatte***Member	08th January 2024	4/4

** *Non-Executive Director*
****Independent Non-Executive Director*

The Chairman of the Committee is an Independent Non-Executive Director. Profiles of the Committee members are given in Pages 43 and 44.

The Chairman, Managing Director, Director/ Chief Executive Officer, Director Finance and any other officers as may be required by the Committee attend the meetings by invitation.

Hayleys Group Services (Private) Limited, the Secretaries of the Company, serves as the Secretary to the Committee and Minutes of Committee meetings are tabled at the Board meetings, thereby providing the Directors access to the deliberations of the Committee.

The Duties of the Committee

- To review in advance all proposed related party transactions of the Group either prior to a transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from the Management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the Group are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the management Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/non-recurrent related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.
- To ensure that there is an adequate and effective process in place to capture information which is relevant to its review function.

Policy and Terms of Reference

The Committee has established a clear Policy and Terms of Reference approved by the Board, setting forth the procedure to identify the related parties and the process of reporting the transactions with related parties to the Committee on a quarterly basis. The Policy outlines the composition of the Committee, meeting procedures and the responsibilities of the Committee. It also specifies the approval processes and disclosure requirements, including market announcements and Annual Report disclosures. The Policy guides the Committee and makes them responsible for ensuring that no director or major shareholder takes advantage of their position to the detriment of the interest of minority shareholders.

Related Party Transactions Review Committee Report

Task of the Committee

The Committee reviewed the related party transactions and their compliance of Talawakelle Tea Estates PLC and its subsidiaries and communicated the same to the Board.

The Committee in its review process recognized the adequacy of the content and quality of the information forwarded to its members by the management.

Disclosures

A detailed disclosure of all the related party transactions including Recurrent and Non Recurrent related party transactions which are required to be disclosed under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in Note 33 to the financial statements given in page 286 to 346 in this report.

Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on page 260 of this Annual Report.

N. Ekanayake
Chairman
Related Party Transactions Review Committee

11th May 2026

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

General

The Board of Directors of Talawakelle Tea Estates PLC ("the Company") have pleasure in presenting the Annual Report of the Board of Directors on the affairs of the Company and of the Group together with the Audited Consolidated Financial Statements for the year ended 31st March 2026.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 ("the Companies Act"), the Listing Rules of the Colombo Stock Exchange (CSE), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and are guided by recommended best accounting practices.

The Financial Statements were reviewed and approved by the Board of Directors on 11th May 2026.

Principle Activities, Business Review and Future Developments

The principal activity of Talawakelle Tea Estates PLC is the cultivation and manufacture of Tea and Cinnamon .The fully owned subsidiaries of the Company, TTEL Hydro Power Company (Private) Limited and TTEL Somerset Hydro Power (Private) Limited are engaged in generating hydro power. Hayleys Produce Marketing Limited which was acquired by the Company on 30th December 2025 engaged in cultivation of organic tea.

There were no material changes in the nature of business of the Company and the Group during the financial year.

There has been no non-compliance with laws or regulations and the Directors to the best of their knowledge and belief, confirm that the Company has not engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company by the Government or any regulatory authority in any jurisdiction where the Company operates.

Group Structure

The Group Structure is given on page 33.

Vision, Mission and Corporate Conduct

The Company's vision, mission and purpose statement are given on page 6. The 'Group Code of Business Conduct and Ethics - Hayleys Way' provides the frame work for our corporate conduct. The Group is committed to conduct its business operations with honesty, integrity, to comply with the laws and regulations of the country and with respect to the rights and interests of all stakeholders.

Business Review/ Future Development

A review of financial and operational performance and future business developments of the Group is contained in the Chairman's Statement (pages 24 to 27) Managing Director's Review (pages 28 to 32) and Management Discussion and Analysis (pages 120 to 215) of the Annual Report.

These reports, together with the audited financial statements, reflect the state of affairs of the Company and the Group.

Financial Statements

The Financial Statements of the Company and the Group prepared in conformity with the Sri Lanka Accounting Standards (SLFRS/LKAS) as required by Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and comply with the requirements of the Companies Act. The Financial Statements of the Company and the Group for the year ended 31st March 2026, have been duly signed by the Chief Financial Officer and two Directors of the Company. Refer page 292.

Auditor's Report

The Company's Auditors Messrs. Ernst and Young, Chartered Accountants, carried out an audit on the Financial Statements of the Company and the Group as at 31st March 2026, and their Report is given on pages 286 . to 289.

Accounting Policies

The Material Accounting Policies adopted in the preparation of the Financial Statements of the Company and the Group are given on pages 296 to 309.

The Financial Statements and Notes thereto give a true and fair view of the Company's and the Group's financial position as of 31st March 2026 and of their performance for the year ended on that date.

There were no material changes in the Accounting Policies adopted from those of the last year, other than disclosed in note 2.3 to the financial statements.

Group Revenue

The revenue of the Group during the year was Rs. 7,851.08 Mn (2024/25 Rs. 7,805.69 Mn). An analysis of the Group's revenue, profits, and asset allocation relating to different segments are given in Note 6 to the Financial Statements.

In comparison to 2024/25, the Group to revenue for the financial year 2025/26 from tea increased by Rs. 81.09 Mn from rubber decreased by Rs.2.8 Mn from Cinnamon increased by Rs. 20.75 Mn and from hydro power decreased by Rs. 29.89 Mn.

Trade between Group Companies is conducted at fair market prices.

Operational Results and Dividends

The Group profit before taxation amounted to Rs. 1,352.39 Mn (2024/25 - Rs. 1,770.58 Mn) during the period under review. After charging Rs. 426.34 Mn (2024/25 - Rs. 535.74 Mn) for taxation and no group profit attributable to non controlling interest and entire group profit attributable to equity holder of the company from operating activities for the period was Rs. 926.05 Mn (2024/25 – Rs. 1,234.84 Mn).

The first interim dividend of Rs. 1.74 (Rupees one and cents Seventy-Four) per share was paid to the shareholders on 23rd October 2025. The Second interim dividend of Rs. 1.55 (Rupees One and Cents Fifty-Five) per share

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

was paid to the shareholders on 26th January 2026 and Third interim dividend of Rs. 4.60 (Rupees Four and Cents Sixty) per share was paid to the shareholders on 27th April 2026.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act for all dividends paid. Auditors' Solvency Certificates have been obtained as required.

Group Investment

Total capital expenditure of the Group including investments in field development during the year amounted to Rs. 681.75 Mn (2024/25 - Rs. 633.6 Mn).

During the Year, The Group acuired 100% of the ordinary shares of Hayleys Produce Marketing Limited for Rs. 7.5 Mn.

Property, Plant and Equipment

Group investment on property, plant and equipment and capital work in progress during the year amounted to Rs. 375.33 Mn (2024/25 - Rs. 362.48 Mn) whilst that of the Company was Rs. 375.33 Mn (2024/25 - Rs. 362.48 Mn). The Company investment on replanting of tea, cinnamon, timber and other crops during the year amounted to Rs. 203.47 Mn. (2024/25 – Rs. 174.87 Mn), Rs. 64.47 Mn (2024/25 - Rs. 53.31 Mn) and Rs. 17.63 Mn (2024/25 - Rs. 22.87 Mn) and Rs. 20. 84 Mn (2024/25 - Rs. 20.06 Mn) respectively.

Information relating to movement in property, plant & equipment and replanting is given in Notes 12, 13 and 14 to the Financial Statements.

Market Value of Properties

The Group does not possess any freehold land.

Stated Capital and Reserves

The stated capital of the Company as at 31st March 2026 consists of 47,500,000 Ordinary Shares and one (01) Golden Share amounting to Rs. 350,000,010/-. There was no change in the stated capital during the year ended.

Total Group reserves at 31st March 2026 amount to Rs. 7,265.47 Mn (2024/25 - Rs. 6,752.32 Mn), comprising retained earnings of Rs. 6,794.88 Mn (2024/25 – Rs. 6,253.11 Mn), biological crop reserve of Rs. 20.27 Mn (2024/25 - Rs. 32 Mn) and timber reserves of Rs. 450.32 Mn (2024/25 – Rs. 467.16 Mn). The movement in reserves during the period is shown in the Statement of Changes in Equity in the Financial Statements.

Provision for Taxation

The profit of the Company is liable for income tax at varying rates. The profit earned on Agro Farming, Agro processing, Interest Income and Other source of income are liable at 30 % and Dividend Income is liable at 15%.

TTEL Hydro Power Company (Private) Limited and TTEL Somerset Hydro Power (Private) Limited liable at 20%, and the Interest income is liable at 30%. Hayleys Produce Marketing Limited is liable at 30%.

The Group has also provided deferred tax on all known temporary differences under the liability method.

Information on the income tax and deferred tax of the Company and the Group is given in Note 10 to the Financial Statements.

Directors' Interests in Transactions

The Directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act. Note 33 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

Directors` Interests In Shares

Directors of the Company who have relevant interests in the shares of the Company have disclosed their shareholding and any acquisitions/disposals to their Boards, in compliance with Section 200 of the Companies Act.

Interests Register

The Company, in compliance with the Companies Act, maintains an Interests Register. Particulars of entries in the Interests Register are detailed below;

Merril J Fernando & Sons (Private) Limited hold 2,369,400 shares (4.99%) in which Mr. Malik J. Fernando and Mr. Darshana Gunasekera are Directors.

Shareholders of subsidiary Companies have unanimously agreed to dispense with the requirement to maintain an Interest Register.

Directors' Shareholdings

The shareholdings of the Directors as at 31st March 2026 were as follows;

Name of the Director	As at 31/03/2026	As at 31/03/2025
Mr. Mohan Pandithage (Chairman)	-	-
Dr. Roshan Rajadurai (Managing Director)	7,000	5,000
Mr. Malik Fernando	-	-
Mr. Lakshman Athukorala	-	-
Mr. Nandana Ekanayake (Senior Independent Director)	-	-
Lt. Col. Manuja Kariapperuma	-	-
Mr. Malaka Talwatte	1,200	1,200
Ms. Harshani Randiligama	-	-
Mr. Darshana Gunasekera	-	-
Mr. Milinda Hewagama	-	-
Mr. Nishantha Abeysinghe (appointed w.e.f. 01st August 2025)	-	-
Mr. Anura Weerakoon (appointed w.e.f. 15th September 2025)	-	-
Mr. Senaka Alawattegama (Chief Executive Officer) resigned w.e.f 31st July 2025	-	-

No shares are held by the Directors in the subsidiaries of the Company. None of the Directors of their close family members have any material business relationship with other Directors of the Company.

Directors' Indemnity and Insurance

The ultimate parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Group.

Payment of Remuneration to Directors

Executive Directors' remuneration is determined within an established framework by the Board's Remuneration Committee to whom this task is entrusted.

The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration for Executive Directors for the year ended 31st March 2026 is Rs. 103.77 Mn (31.03.2025 - Rs. 46.1 Mn), which includes the value of perquisites granted as part of terms of service and is formally approved. The total remuneration of Non-Executive Directors for the year ended 31.03.2026 is Rs. 7.35 Mn (2024/25 - Rs. 7.5 Mn) determined according to scales of payment decided upon by the Board previously. The Board is satisfied that the payment of remuneration is fair to the Company.

Corporate Donations

The donations made during this year by the Company amounted to Rs. 0. 80 Mn (2024/2025 – Rs. 0.92 Mn).

The donations made by the Company and the Group are disclosed in Note 9 on page 313.

No donations were made for political purpose.

Directorate

The names of the Directors who held office during the financial year are given below and their brief profiles appear on page 42 and 45.

Executive Directors

- Mr. Mohan Pandithage (Chairman)
- Dr. Roshan Rajadurai (Managing Director)
- Mr. Nishantha Abeysinghe (Chief Executive Officer) (appointed w.e f 01st August 2025)
- Mr. Senaka Alawattegama (Chief Executive Officer) (resigned w.e.f.31st July 2025)

Non-Executive Directors

- Mr. Malik Fernando
- Mr. Lakshman Athukorala
- Mr. Darshana Gunasekera
- Mr. Milinda Hewagama
- Mr. Anura Weerakoon (appointed w.e.f. 15th September 2025)

Independent Non-Executive Directors

- Mr. Nandana Ekanayake (Senior Independent Director)
- Mr. Malaka Talwatte
- Lt. Col. Manuja Kariapperuma
- Ms. Harshani Randiligama

With a view to improving the collective effectiveness and performance of the Board, Board and Sub-committee evaluations were carried out during the year, including an assessment of the systems and processes which are in place.

Resignations, New Appointments and Re-Elections to the Board

Mr. Nishantha Abeysinghe and Mr.Anura Weerakoon was appointed to the Board on 01st August 2025 and on 15th September 2025 respectively . In terms of Article 28(2) of the Articles of Association of the Company, Shareholders will be requested to re-elect them at the Annual General Meeting.

Mr. Senaka Alawattegama resigned with effect from 31st July 2025.

In terms of Article 30 (1) of the Articles of Association of the Company, Mr. Nandana Ekanayake ,Mr. Malaka Talwatte and Ms. Harshani Randiligama retire by rotation and being eligible offer themselves for re-election.

Notice has been given of the intention to propose ordinary resolutions in terms of Section 210 of the Companies Act for the re-appointment of Mr. Mohan Pandithage and Mr. Lakshman Athukorala who are over seventy years of age, resolving that the age limit of seventy years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid directors.

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

In accordance with Rule 9.8.5 of the Listing Rules of CSE Independent Directors have submitted a signed and dated declaration as per the specimen given in Appendix 9A of the Continuing Listing Rules of CSE.

The name of Directors of the subsidiaries are given below.

TTEL Hydro Power Company (Pvt) Ltd
Mr. A. M. Pandithage
Mr. M. J. Fernando
Dr. W. G. R. Rajadurai
Mr. N. P. Abeysinghe
Ms. V. A. Wijeweera

TTEL Somerset Hydro Power (Pvt) Ltd
Mr. A. M. Pandithage
Mr. M. J. Fernando
Dr. W. G. R. Rajadurai
Mr. N. P. Abeysinghe
Ms. V. A. Wijeweera

Hayleys Produce Marketing Limited
Mr. A. M. Pandithage
Dr. W. G. R. Rajadurai
Mr. S. C. Ganegoda

Management Fees

No management fee has been charged by Hayleys Plantation Services (Pvt) Ltd from financial year 2014/15 consequent to a board decision to waive off management fee.

Corporate Governance

The Company has complied with the revised Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange and the recommendations provided in the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The Corporate Governance Report on pages from 234 to 253 discusses this further.

Mr. Nandana Ekanayake was appointed as the Senior Independent Director, in accordance with the Corporate Governance requirements. The Board was of the opinion that Mr. Mohan Pandithage should remain as the Executive Chairman of the Company due to his extensive experience, deep insights and domain knowledge evidenced through the leadership provided to the Company. Please refer the Senior Independent Director's Report on page 254.

The Directors and Managing Director satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. There were no non-compliances by any Director or Managing Director during the financial year.

The Directors have declared all material interests in contracts involving the Company and the Group and they refrain from voting on matters in which they have a material interest.

The Board has updated themselves with the applicable laws, rules and regulations and are aware of the changes to the Listing Rules of the Colombo Stock Exchange and other regulatory requirements.

Directors' Meeting

The number of Directors' meetings comprises Board meetings, Sub-Committees meetings and the attendance of Directors at these meetings are given on page 241 Furthermore, the Directors contributed towards policy advocacy and direction by participating in the deliberations of the Board-appointed Subcommittees on strategic review, procurement and disposal of assets.

Board Subcommittees

The Board, while assuming the overall responsibility and accountability for the affairs in the management of the Company, has appointed an Audit Committee, Remuneration Committee, Nominations and Governance Committee and Related Party Transactions Review Committee with specific terms of reference.

The Committee Reports are given on pages 255 and 262 of this report.

Related Party Transactions

The related party transactions of the Group during the year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rules. Please refer Related Party Transactions Review Committee Report on page 261.

Directors' Responsibility For Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to present a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, The Companies Act and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on page 269 which forms an integral part of the Annual Report of the Board of Directors.

Auditors

The Financial Statements for the year have been audited by Messrs. Ernst & Young, Chartered Accountants.

The Auditors Messrs Ernst & Young, Chartered Accountants were paid Rs. 9.27 Mn (31.03.2025 – Rs. 7.26 Mn) as audit fees and audit related work of the Company and Rs. 0.68 Mn (31.03.2025- Rs. 1.42 Mn) as audit fees by the two subsidiaries, TTEL Hydro Power Company (Private) Limited and TTEL Somerset Hydro Power (Private) Limited.

As far as the Directors are aware, the Auditors of the Company and of the Subsidiaries do not have any relationships (other than that of an Auditor) with the Company or any of its Subsidiaries other than those disclosed above. The Auditors also do not have any interests in the Company or any of its Group companies.

Messrs. Ernst & Young, Chartered Accountants have expressed their willingness to continue in office and in accordance with the Companies Act, a resolution proposing the re-appointment of Messrs. Ernst & Young, Chartered Accountants, as Auditors and to authorize the directors to determine their remuneration is being proposed at the Annual General Meeting.

Share Information

Information relating to Earnings, Dividend, Net Assets per Share, Market Value Per Share and Share Trading is shown in page 348 and 351.

Shareholders

It is the Company's policy to endeavor to ensure equitable treatment to its shareholders. The Twenty major shareholders' names, comparative number of shares held and the percentage held as at 31st March 2026 and public shareholding percentage and total number of public shareholders are shown on page 350.

Goldern Shareholder

Rights of the Golden Shareholder as given in the Articles of Association of the Company are as follows;

Definition of the 'Golden share' - a share allotted to the Secretary to the Treasury in his official capacity and not in his own name, for and on behalf of the state of the Democratic Socialist Republic of Sri Lanka, and or by any transferee permitted in terms of the Articles.

Definition of 'Golden shareholder' – The holder of the 'Golden Share'.

- The concurrence of the Golden Shareholder in writing shall be first obtained to amend the definition of the words 'Golden Share' and 'Golden Shareholder' and the Articles 5(1) to 5(17) of the Articles of Association of the Company which deals with the Golden shareholder.
- The Golden Share may be converted into an ordinary share with the concurrence of the Golden Shareholder and the concurrence of a majority of the shareholders.
- The Company shall obtain the written consent of the Golden Shareholder prior to sub-leasing, ceding or assigning its rights in part or all of the lands set out in the Article of Association of the Company.
- The Golden Shareholder shall be entitled to call upon the Board of Directors of the Company once in every three-month period if desired to meet with the Golden Shareholder and or his nominees, and the Directors if so called upon shall meet with the Golden Shareholder and or his nominees to discuss matters of the Company of interest to the State of the Democratic Socialist Republic of Sri Lanka.
- The Golden Share shall only be held by the Secretary to the Treasury in his official capacity and not in his own name, for and on behalf of the State of the Democratic Socialist Republic of Sri Lanka, or by a company in which the State of the Democratic Socialist Republic of Sri Lanka owns ninety-nine (99) per centum or more of the issued share capital.
- The Golden Shareholder and/or his nominee shall be entitled to inspect the books of accounts of the Company after giving two weeks written notice to the Company.
- The Company shall submit to the Golden Shareholder, within sixty (60) days of the end of each quarter, a quarterly report relating to the performance of the Company during the said quarter in a pre-specified format agreed to by the Golden Shareholder and the Company.
- The Company shall submit to the Golden Shareholder, within ninety 90 days of the end of each fiscal year, information relating to the Company in a pre-specified format agreed to by the Golden Shareholder and the Company.
- Golden shareholder has power to appoint not more than 03 persons as his proxies to attend on the same occasion at the General Meetings.

Events Occurring After the Date of the Statement of Financial Position

No circumstances have arisen since the date of the Statement of Financial Position, which would require adjustments to, or disclosure of other than those disclosed in Note 32 to the Financial Statements on page 337.

Employees and Industrial Relations

The Company has a structure and a culture that recognizes the aspirations, competencies and commitment of employees. Career growth and advancement within the Company is promoted. Details of the Company's human resource practices and employee and industrial relationships are given in Human Capital Section. The number of persons employed by the Company at financial year end was 4,849 (31.03.2025- 5,247) of which 4,809 (31.03.2025 – 5,205) are engaged in employment outside the District of Colombo.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due in relation to employees and the Government have been made promptly and are up to date.

The declaration relating to statutory payments is made in the Statement of Directors Responsibilities on page 269.

ESG Risk And Opportunities

The Group's efforts to conserve scarce and non-renewable resources, as well as its environmental objectives and key initiatives, are described in the environment section of the Sustainability Report from page 96 to 109.

The Group's business activities can have direct and indirect effect on the environment. It is the Group's policy to minimize any adverse effects its activities may have on the environment and to promote co-operation and compliance with the relevant authorities and regulations.

Material Issues Pertaining to Employees And Industrial Relations

Details relating to material issues pertaining to employees and industrial relations are given in Human Capital on page 172.

Exposure to Risk

The Company has a structured risk management process in place support its operations. The Audit Committee plays a major role in this process. The risk management section referred in pages 218 to 233 elaborates these practices and the risk factors.

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

Policies

The Company has adopted the following policies, effective from 1st October 2024 and has uploaded them to the Company's website;

- Policy on Matters Relating to The Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance
- Policy on Remuneration
- Policy Corporate Disclosure
- Policy on Risk Management and Internal Controls
- Policy on Internal Code of Business Conduct and Ethics
- Policy on Anti-Bribery and Corruption
- Policy on Whistleblowing
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Environment Social and Governance Sustainability
- Policy on Shareholder and Investor Communication

'The Hayleys Way' serves as the Internal Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees. The 'Hayleys Lifecode' includes a suite of environmental, social and governance related policies which are applicable across the Company.

The Company has adopted own policies including "ReGen Agenda 2030." its ESG Roadmap is in line with the ESG framework of Hayleys PLC.

Communication with Shareholder

The Group endeavors to ensure equitable treatment of its shareholders. The policy on relations with Shareholders and Investors is available on the Company's website: https://www.talawakelleteas.com. The contact person for communication with Shareholders is also provided on the website and in the Corporate Information page 383 in this Report. The Board has established a process to make directors aware of any major issues and concerns of shareholders, and it is set out in the Governance Report on page 247.

Environmental Protection

The Group's business activities can have direct and indirect effects on the environment. It is the Group's policy to minimise any adverse effects its activities may have on the environment and to promote co-operation and compliance with the relevant authorities and regulations. The environment section of the Sustainability Report is given from pages 190 to 211.

Internal Controls

The Directors acknowledge their responsibility for the Company's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records, reliability of financial information generated and cyber security.

All internal controls which include financial controls, operational and compliance controls and risk management have been reviewed by the Board of Directors and they have obtained reasonable assurance of the effectiveness of the existing controls. The successful adherence to existing controls has been ascertained and improvements have been carried out where necessary. The Board is satisfied with the Company's adherence to and the effectiveness of these controls.

Going Concern

The Directors, after making necessary inquiries and reviews including reviews of the Company's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

Ratios and Market Price Information

The ratios relating to equity and debt as required by the listing requirement of the Colombo Stock Exchange are given in pages 348 and 355 of this report.

Shareholding

As at 31st March, 2026, there were 15,128 (31.03.2025 – 14,807) registered shareholders. The percentage of shares held by the public was 20.17% (31.03.2025 – 20.26%) of the issued shares held by 15,121 shareholders (31.03.2025 – 14,801).

The twenty major shareholders as at 31st March 2026 are given on page 350

Annual General Meeting

The Annual General Meeting will be held on, Monday, 25th June 2026 at 1.00 p.m. at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10. The Notice of the Annual General Meeting appears on page 380.

For and on behalf of the Board,

Mohan Pandithage
Chairman

Roshan Rajadurai PhD, D.Sc.
Managing Director

Hayleys Group Services (Private) Limited
Secretaries

No. 400, Deans Road
Colombo 10
11th May 2026

Statement of Directors' Responsibility

The Directors are responsible under Sections 150 (1), 151, 152 (1) and 153 of the Companies Act No. 07 of 2007 ('the Companies Act'), to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit and loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148 of the Companies Act to ensure that proper accounting records are kept to enable determination of the financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected. They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards, the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company and the Group key operations and specific inquiries, that adequate resources exist to support the Company and the Group, on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken proper and sufficient measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The Directors have confirmed that the Company satisfied the solvency test requirement under Section 56 of the Companies Act for first, second, third interim dividends paid. Solvency certificates were obtained from the Auditors in respect of the Interim dividends paid.

The external Auditors, Messrs. Ernst & Young, Chartered Accountants who were reappointed in terms of Section 158 of the Companies Act were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on pages 286 to 289 sets out their responsibilities in relation to the Financial Statements.

Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and the Group, and its subsidiaries as at the Balance Sheet date have been paid or provided where relevant.

By Order of the Board,

Hayleys Group Services (Private) Limited
Secretaries
11th May 2026

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

GRI 2-14

The Financial Statements of Talawakelle Tea Estates PLC and the Consolidated Financial Statements of the Group as at 31st March, 2026 are prepared and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by CA of Sri Lanka;
- Companies Act No 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No 15 of 1995;
- Listing rules of the Colombo Stock Exchange;
- Code of Best Practice on Corporate Governance-2023 issued by CA Sri Lanka.

We confirm that the Material accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied, as described in the Notes to the Financial Statements. The material accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our External Auditors. During the year, company opted for the voluntary Third year adaptation of SLFRS S1 and S2 Sustainability Disclosure Standards and obtained Independent limited assurance on SLFRS Sustainability Disclosure Standards S1 and S2 from Messers Ernst & Young. The Audit Committee of the company has reviewed and approved the disclosures to ensure they provide a fair and balanced representation of sustainability -related financial information.

We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect frauds as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by Group's internal auditors. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits and to discuss auditing, internal control and financial reporting issues. The Independent Auditors and the Internal Auditors have full and free access to the Audit Committee to discuss any matter of substance.

The Financial Statements were audited by independent external auditors, Messers Ernst & Young, Chartered Accountants. Their report is given on pages 286 to 289 of the Annual Report.

The Audit Committee approves the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services do not impair their independence.

We confirm that,

- the Company and its subsidiaries have complied with all applicable laws, regulations and prudential requirements;
- there are no material non-compliances; and
- there are no material litigations that are pending against the Group other than those disclosed in the Note 31 to the Financial Statements in this Annual Report.

Roshan Rajadurai PhD,DSc.
Managing Director

Nishantha Abeysinghe
Chief Executive Officer

Vindya Perera
Director Finance

11th May, 2026

Directors' Statement on Internal Controls

The following statement fulfils the requirement to publish the Directors' Statement on internal control as per the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

The Board has implemented the following to obtain reasonable assurance that proper systems of internal controls are in place:

- Instituted various committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies, objectives and annual budget.
- The Management Audit and System Review Division (MA & SRD) to review and report on the internal control environment and control procedures in the Company and Group. Audits are carried out on all subsidiaries in accordance with the annual audit plan approved by the Audit Committee. Findings are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee reviews internal control issues identified by MA & SRD and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled at the Board meetings of Talawakelle Tea estates PLC.
- The adoption of Sri Lanka Accounting Standards comprising LKAS and SLFRS, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. The required processes have been established to ensure compliance with the SLFRS S1 and S2 Sustainability Standards. The necessary monitoring is being carried out to support effective implementation and reporting in line with these standard.
- The comments made by External Auditors in connection with the internal control system during the financial year were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

Conclusion

The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatements of loss.

The Board of Directors confirm that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the company's Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

By order of Board,

Mohan Pandithage
Chairman

Roshan Rajadurai PhD,DSc.
Managing Director

Nandana Ekanayake
Chairman, Audit Committee

11th May,2026