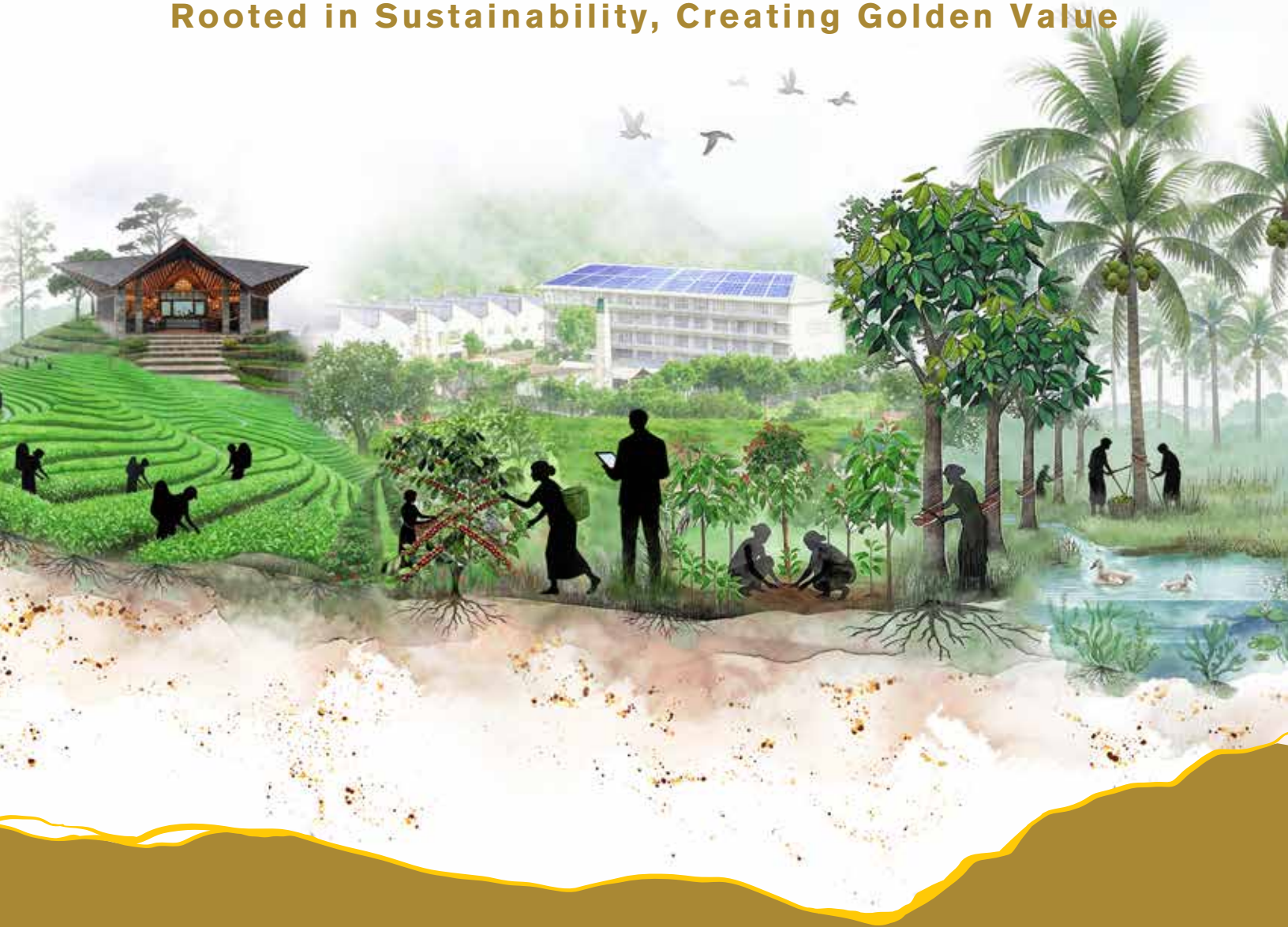
Kelani Valley Plantations®

TERRA GOLD

Rooted in Sustainability, Creating Golden Value



Kelani Valley Plantations PLC

Integrated Annual Report 2025/26

''Accessible to All. Empowering the Visually Impaired.''

As part of our continued commitment to accessibility, inclusion, and stakeholder engagement, this year's Annual Report features a specially designed Braille summary page. This initiative reflects our dedication to ensuring that visually impaired stakeholders can access and engage meaningfully with the key messages, achievements, and progress of our organization.

The Braille summary page includes:

- Key milestones and performance highlights from the year
- **TERRA GOLD** – Leadership Message
- An overview of our impact, growth, and future aspirations
- Clear, concise, and reader-friendly content designed to enhance accessibility

By expanding the accessibility of our communications, we strive to create a more inclusive and equitable environment one in which all stakeholders, regardless of ability, are informed, valued, and empowered to participate in our journey. Through initiatives such as this, we reaffirm our commitment to creating lasting value and ensuring that information remains accessible to all.

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TERRA GOLD

Rooted in Sustainability, Creating Golden Value

At Kelani Valley Plantations PLC, value begins with the land. Terra Gold therefore reflects our belief that the true strength of a plantation business lies not only in what the earth yields, but also how it is managed. The land we steward is a living system, and its long-term health determines the quality, consistency, and resilience of everything we produce.

Creating enduring value requires more than productivity. It calls for discipline in how plantations are managed, care in how natural resources are protected, and responsibility in how decisions are made. Soil conservation, water stewardship, and sustainable agronomic practices remain central to preserving the integrity of our estates. At the same time, strong governance, responsible people practices, and prudent financial management ensure that our operations remain stable and aligned with globally recognised standards. We do things the right way to create golden value for all our stakeholders and the world around us.

This integrated approach enables us to balance the many elements that shape performance. Each decision, whether operational or strategic, contributes to a larger whole. When these elements are managed with clarity and consistency, they transform the inherent worth of the land into lasting value.

Terra Gold is not just what we grow but also a reflection of how we grow it. It represents a commitment to stewardship that is measured, deliberate, and sustained over time. By managing our plantations with care and aligning every part of the business with long-term objectives, we continue to convert the quiet value of the earth into enduring returns, achieved the *Right Way*.

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Six Consecutive Years.

One Unwavering Commitment to Transparency.

Kelani Valley Plantations PLC proudly earned the CA Sri Lanka TAGS Award for the sixth consecutive year in 2025, reaffirming our steadfast commitment to transparency, accountability, and excellence in corporate reporting.

72 SLFRS Sustainability-Related Financial Disclosures

96 Sector Review

282 Statement of Profit or Loss

Governance & Risk

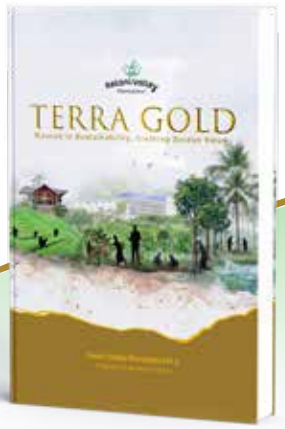
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Annual Report **PDF Web Version**

SDG Full Report

www.kvpl.com

Flip Book PDF

About the Report

Standards and Principles Reporting

- Intergrated Reporting Framework

Governance, Risk Management and Operations

- Laws and regulations of the Companies Act No. 7 of 2007.
- Listing Rules of the Colombo Stock Exchange (CSE) and subsequent revisions to date.
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including directives and circulars.
- Code of Best Practice on Corporate Governance (2023) issued by Institute of Chartered Accountants of Sri Lanka (ICASL).
- Code of Best Practices on Related Party Transactions (2013) advocated by SEC.

Financial Reporting

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by CA Sri Lanka.

Sustainability Reporting

- This report has been prepared in accordance with the Global Reporting Initiative (GRI).
- Aligned to United Nations Sustainable Development Goals.
- Operations in conformity with the Principles of the United Nations Global Compact.
- Environmental, Social and Governance (ESG) disclosures through the framework and operations in conformity with the Principles of the United Nations Global Compact.
- Climate first reporting aligning with SLFRS S1 S2 standard.
- Sustainability Accounting Standards Board (SASB)



Welcome to
Our 12th Integrated Annual Report

Overview of This Report

GRI 2-3

Kelani Valley Plantations PLC presents its 12th Integrated Annual Report in accordance with the International Framework of the Intergrated Reporting Framework. It presents the economic, social, and environmental performance of the entire Group including its subsidiaries for the financial year that began 1 April 2025 and ended 31 March 2026.

It is also the 12th year of reporting in accordance with Global Reporting Initiatives (GRI) Standards which reflects our commitment to sustainability Reporting guidelines.

Reporting Principles

The contents of in this report are deemed useful and relevant to our stakeholders with due regard to their expectations that have been identified through continuous engagement. The information presented aims to provide the Group's stakeholders with a comprehensive understanding of the financial, social, and environmental impacts of the Group's operations and business activities in order to facilitate their evaluation of the Group's ability to create sustained value.

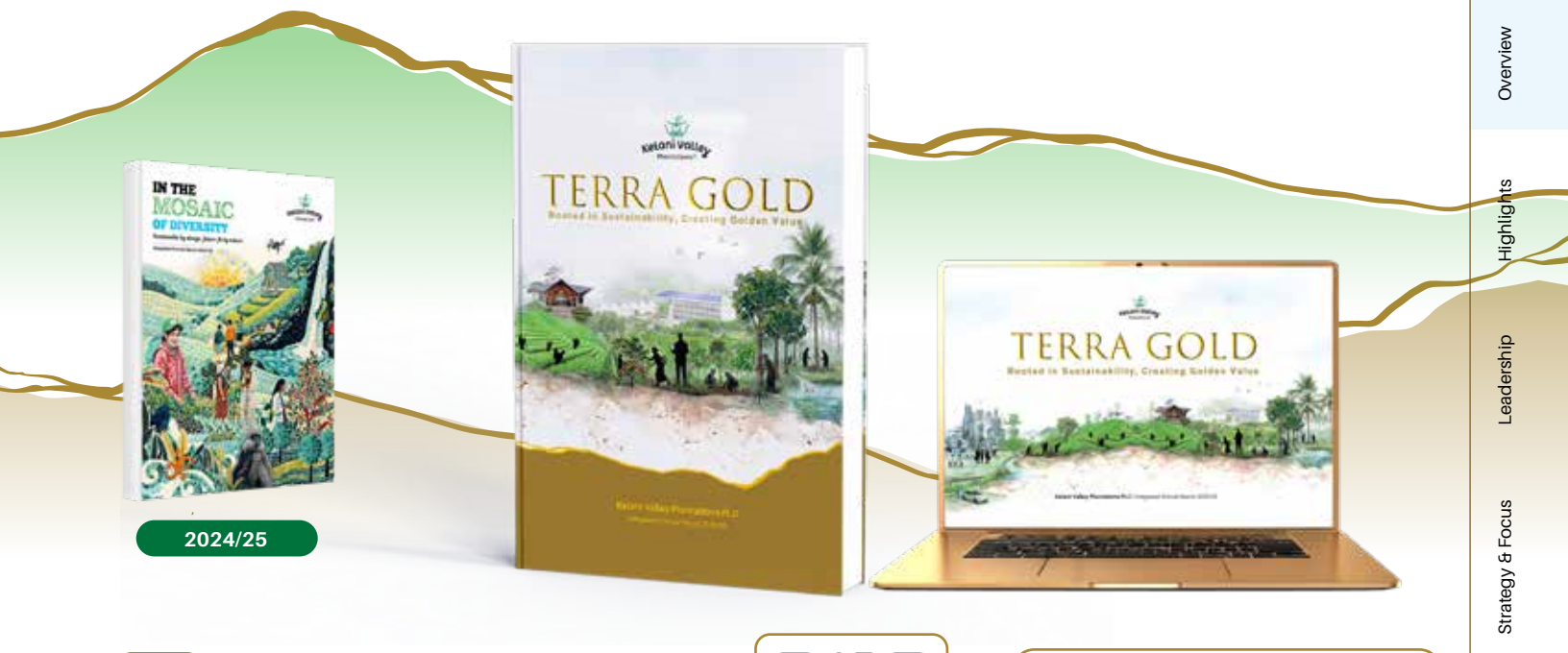
All the information, herein, obtained from a range of sources within the Group, has been verified for their completeness, balance, comparability, accuracy, reliability timeliness, and clarity in accordance with the Group's disclosure policies.

Forward Looking Statements

This Annual Report contains certain forward-looking statements that relate to the future performance and results of the operations of the Group. These statements by their nature involve risk and uncertainty as they relate to the future and depend on circumstances which may occur in the future and that may be beyond the control of the Group. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global and national socio-economic conditions, changes in industry environment, natural environmental conditions, interest rates, credit and the associated risk of lending, merchandise clearance rates, inventory levels, and competitive and regulatory factors. As such, the Company does not undertake to review or revise such forward-looking statements.

GRI 2-4

Energy-consumption data has been restated due to previously incorrect reporting of category-wise energy figures.



New

HTML version of the Annual Report by scanning QR code with your smart device or visiting

Assurance GRI 2-5

The Group uses a combination of internal controls, management assurance, compliance and internal audit reviews to ensure the accuracy of reporting.

In addition to the above, Independent assurance report on EESG performance, GRI Standard and SLFRS S1 S2 assurance and opinion on the Financial Statements are provided by external Auditors, Messrs. Ernst & Young, Chartered Accountants, Colombo as set out on pages 349 to 350 and 279 to 281 respectively.

Contact Point GRI 2-3

KVPL welcomes any questions, clarifications and feedback on this report. Please contact postmaster@kvpl.com

Directors' Statement of Responsibility for this report

The Board believes that this Integrated Annual Report has been prepared in accordance with best practices and appropriately addresses material aspects of KVPL's business and is a fair representation of the integrated performance of the Company.

The Board unanimously approved the 2025/26 Integrated Annual Report 11 May 2026, for release to shareholders.

On behalf of Board of Directors

Mohan Pandithage
Chairman

Roshan Rajadurai PhD, D.Sc.
Managing Director

Date: 11 May 2026

Report Navigation Icons

Capital Icons

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

Stakeholders

- Employees
- Regulators
- Suppliers
- Community
- Government
- Strategic Partners
- Shareholders
- Customers

EESG

- E Economics
- S Social
- E Environment
- G Governance

Our Spread

FB-AG-000.A FB-AG-000.B FB-AG-000.C

Nuwara Eliya District





Dimbula Region



Nuwara Eliya Region

1 PEDRO
Tea - 485.05 (Ha)
Other - 183 (Ha)
Total Extent **668** (Ha)

2 NUWARAELIYA
Tea - 170.40 (Ha)
Other - 122 (Ha)
Total Extent **292** (Ha)

3 GLASSAUGH
Tea - 149.70 (Ha)
Other - 79 (Ha)
Total Extent **228** (Ha)

4 UDA RADELLA
Tea - 123.45 (Ha)
Other - 103 (Ha)
Total Extent **226** (Ha)

8 FORDYCE
Tea - 226.25 (Ha)
Other - 177 (Ha)
Total Extent **403** (Ha)

9 ANNFIELD
Tea - 192.25 (Ha)
Other - 183 (Ha)
Total Extent **375** (Ha)

10 TILLYRIE
Tea - 137.00 (Ha)
Other - 197 (Ha)
Total Extent **334** (Ha)

11 INVERY
Tea - 116.98 (Ha)
Other - 189 (Ha)
Total Extent **306** (Ha)

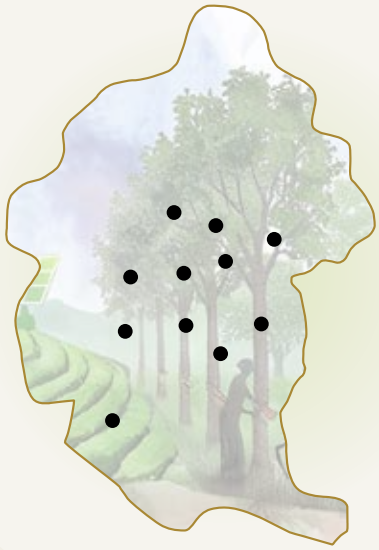
Kegalle District



Latex Crepe



Sole Crepe



1 HALGOLLE
Tea - 185.10 (Ha)
Other - 1,011 (Ha)
Total Extent **1,196** (Ha)

2 EDERAPOLLA
Tea - 5.63 (Ha)
Rubber - 339 (Ha)
Other - 323 (Ha)
Total Extent **667** (Ha)

3 KITULGALA
Tea - 36.91 (Ha)
Other - 546 (Ha)
Total Extent **583** (Ha)

4 KALUPAHANA
Tea - 43.28 (Ha)
Rubber - 147 (Ha)
Other - 322 (Ha)
Total Extent **512** (Ha)

8 URUMIWELLA
Tea - 3.15 (Ha)
Rubber - 300 (Ha)
Other - 406 (Ha)
Total Extent **710** (Ha)

9 KIRIPORUWA
Tea - 23.41 (Ha)
Rubber - 269 (Ha)
Other - 295 (Ha)
Total Extent **587** (Ha)

10 LAVANT
Rubber - 276 (Ha)
Other - 294 (Ha)
Total Extent **569** (Ha)

11 GANAPALLA
Rubber - 242 (Ha)
Other - 249 (Ha)
Total Extent **491** (Ha)

Factory Plantation



Sabaragamuwa Region



Glassaugh Green Tea



Kegalle Region

5 **EDINBURGH**
Tea - 109.73 (Ha)
Other - 69 (Ha)
Total Extent
179 (Ha)

6 **OLIPHANT**
Tea - 186.90 (Ha)
Other - 177 (Ha)
Total Extent
364 (Ha)

7 **INGESTRE**
Tea - 451.39 (Ha)
Other - 378 (Ha)
Total Extent
830 (Ha)

12 **ROBGILL**
Tea - 165.61 (Ha)
Other - 135 (Ha)
Total Extent
300 (Ha)

13 **BATTALGALLA**
Tea - 130.50 (Ha)
Other - 131 (Ha)
Total Extent
261 (Ha)



Centrifuge Latex



Skim Crepe



Scrap Crepe

5 **KELANI**
Tea - 26.52 (Ha)
Rubber - 160 (Ha)
Other - 163 (Ha)
Total Extent
349 (Ha)

6 **DEWALAKANDE**
Rubber - 420 (Ha)
Other - 297 (Ha)
Total Extent
717 (Ha)

7 **PANAWATTE**
Rubber - 593 (Ha)
Other - 421 (Ha)
Total Extent
1,014 (Ha)

12 **WE OYA / POLATAGAMA**
Tea - 3.00 (Ha)
Rubber - 472 (Ha)
Other - 493 (Ha)
Total Extent
967 (Ha)

13,128 Ha
Total Hectares Managed

Tea	2,972 Ha	23%
Rubber	3,217 Ha	25%
Other	6,939 Ha	53%

6,313 Ha
Mature

Tea	2,958 Ha
Rubber	2,859 Ha
Other	496 Ha

1,405 Ha
Immature

Tea	14 Ha
Rubber	358 Ha
Other	1,033 Ha

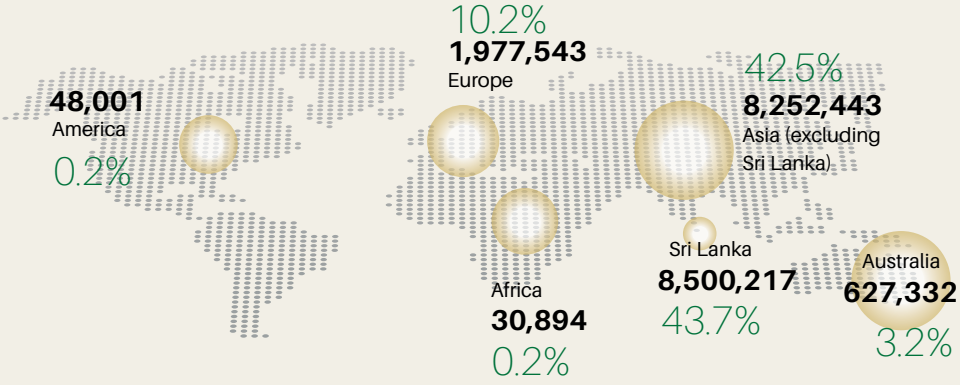
Kgs MT
Crop

Tea	3,682
Rubber	1,986

Rs. 10.9 Billion
Tea Export Revenue

Rs. 480 Million
Rubber Export Revenue

Revenue Distribution Local and Global



Corporate Profile

GRI 2-1



Corporate Video

Kelani Valley Plantations PLC (KVPL) was incorporated in June 1992 as a Regional Plantation Company and was listed on the Main Board of the Colombo Stock Exchange in 1996. The Company is a subsidiary of Dipped Products PLC, a globally recognised manufacturer of hand protection solutions and forms part of the Hayleys PLC. (Ultimate parent company)

KVPL manages a diverse portfolio of 25 estates spanning three distinct agro-climatic regions, with a total land extent of 13,128 hectares. The Company engages in the cultivation of a range of crops, including Tea, Rubber, Coconut, Cinnamon, Coffee, and agro-forestry, reflecting a balanced and sustainable approach to plantation management.

The Company maintains a strong commitment to quality, safety, and sustainability, demonstrated through multiple internationally recognised certifications. All KVPL black tea factories are certified under ISO 22000:2018, ensuring compliance with stringent food safety management standards. In addition, tea plantations and smallholders affiliated with the Kelani Tea Factory-Yatiyanthota are certified by the Rainforest Alliance, underscoring adherence to sustainable agricultural practices and environmental stewardship.

KVPL further reinforces its commitment to responsible operations through Eco Label Sri Lanka certification and membership in the Ethical Tea Partnership (ETP). These accreditations reflect the Company's dedication to ethical sourcing, environmental conservation, and the wellbeing of its workforce. KVPL also obtained ISO 45001:2018 certification for Occupational Health and Safety Management Systems at its Ingestre Black Tea Processing Centre.

Beyond black tea manufacturing, KVPL produces green tea at its Glassaugh factory. The Company enhances its brand presence through unique consumer engagement platforms, including the Pedro Estate Ethical Tea Boutique in Nuwara Eliya, the 'Tea Train' experience at Edinburgh Estate in Nanu Oya, and 'Planters Grove' at Dewalakanda Estate in Dehiowita. These initiatives strengthen KVPL's positioning as a leading and innovative tea producer.

KVPL's rubber operations are supported by several key certifications, including Forest Stewardship Council™ Certified Rubber (FSC™ C006694) certification and Organic

Kelani Valley Plantations®

Vision

"Kelani Valley Plantations - Products of Excellence"

Mission

To optimise plantation productivity and ensure highest quality by harnessing and developing employee potential, whilst improving the quality of life of the community and securing an acceptable return on investment.

Values

Our Customers:
We provide consistently good quality products and excellent service at competitive prices, whilst ensuring continuity of supplies. We are conscious of customer requirements and ever changing market trends and orient our production to suit specific needs.

Our Suppliers:
We establish mutually-beneficial relationships with our suppliers based on trust, quality and reliability. We treat them as we wish to be treated ourselves.

Our Competitors:
We view our competitors as a source of inspiration for our own advancement. We are conscious of their strengths and weaknesses and compete for market superiority without resorting to unethical practices while maintaining close cooperation on common issues.

Our Owners:
We enhance the reputation of the company by conforming to high levels of conduct. We generate adequate return and ensure security of their investments by maintaining high-viability, long-term stability.

Our Country and the World:
We conduct our business in a socially responsible and ethical manner. We are aware of the changing environment and contribute towards enhancing the quality of life for a better Sri Lanka and a better world.

Our Employees:
We care for our employees and create a favourable environment for their participation in managing our affairs, thereby increasing productivity. We develop and create individuals who feel contended and secure in their jobs. We recognise merit.

Rubber certifications (USDA/NOP and EU). Its products sole crepe, centrifuged latex, and crepe rubber are certified under FSC Chain of Custody standards, while the centrifuged latex facility is certified under the Global Organic Latex Standard (GOLS). The Company also holds Fair Rubber Certification for selected estates, enabling improvements in worker welfare through Fair Rubber Premiums. All ten rubber estates are certified under a Sustainability Framework that verifies responsible forest and farm management practices.

Mabroc Teas (Pvt) Ltd., KVPL's tea marketing arm, exports to over 50 countries. Together with KVPL, it is a signatory to the United Nations Global Compact (UNGC) and adheres to its principles covering human rights, labour standards, environmental protection, and anti-corruption. Mabroc has been recognised as the "First Ethical Tea Brand in the World" and has pioneered initiatives such as Single Origin Tea offerings from selected garden marks.

KVPL has also diversified into complementary sectors through renewable energy initiatives. Through Kalupahana Power Company (Pvt) Ltd., established in 2003, the Company generates 1 MW of hydroelectric power. In addition, a 165 kWp solar power plant has been operational at Dewalakanda Estate since 2018. Further expanding its renewable energy portfolio, KVPL completed the installation of 160 kWp, 165 kWp, and 15 kWp roof top solar power plants at Panawatta Estate, Ingestre Estate, and the Hatton - Regional Office in 2025.

Expanding into the leisure sector, KVPL established Kelani Valley Resorts (Pvt) Ltd. in 2017. Its flagship property, the Oliphant Bungalow in Nuwara Eliya, offers a luxury boutique experience set amidst scenic tea plantations, marking the Company's entry into sustainable tourism.

The Company's flagship social initiative, "A Home for Every Plantation Worker," launched in 2006, continues to uplift the living standards of estate communities. The programme gained international recognition and was featured at the UNGC Network Conference in Mexico in 2017 for its innovative and holistic approach to community development.

KVPL's continued pursuit of excellence, supported by internationally recognised certifications and ethical business practices, has strengthened its position within the plantation industry. This success is driven by a dedicated workforce of over 7,000 employees and a cohesive management team committed to innovation, sustainability, and long-term value creation.



1992

Incorporated as a Regional Plantations Company

1995

DPL Plantations (Private) Limited acquired the controlling interest.

1996

In January, KVPL Listed in CSE & issued 20 m ordinary shares each at Rs. 10.

FSC certification for Rubber

1998

Debentures were converted to 14 m additional shares

2000

Implementation of mini hydropower scheme at Battalgalla estate

2003

Strategic alliance with Mabroc Teas (Private) Limited

Incorporation of Kalupahana Power Company (Private) Limited

2004

Acquired 40% of issued share capital of Mabroc Teas (Private) Limited.

2006

UN Global Compact Signatory with Mabroc and KVPL

2007

ISO 22000:2005, HACCP & TASL-SGS Certification for 13 Black Tea processing centres

2008

Global G.A.P. Certification

2009

Dewalakande and Panawatte Sole Crepe Certified for FSC

2010

Acquired balance 60% of Mabroc Teas (Private) Limited

2011

Rainforest Alliance certification

2016

GMP Certification – Tea Factories

Celebration of 25 years in the Plantation Industry, Excellence in Tea and Rubber Plantations.

Winner – Global HR Excellence Award

2017

Incorporated Fully owned subsidiary - Kelani Valley Resorts (Private) Limited

Gold Winner of National Business Excellence Awards (Agriculture & Plantation Sector) and Bronze in Overall Excellence

2019

Highest ever recognition for Business Excellence by winning the Overall Gold Award at National Business Excellence Awards 2019, being the 2nd Agro based company to achieve the pinnacle award.

2020

First ever RPC to qualify with Field Officers holding National Skills Passport

Ranked within the LMD Top 50 Most Awarded Companies 2019/20 Hall of Fame.

Our Journey



2021

GREAT PLACE TO WORK®
Great Place to Work® Certified – with highest ever marks in employee survey

Best Corporate Citizen Sustainability Award – 2021 Agriculture Sector – GOLD

2022

GREAT PLACE TO WORK®
Great Place to Work® Certified – with highest ever marks in employee survey

CA Sri Lanka BEST ANNUAL REPORT AWARD-2021 (Plantation Sector) GOLD AWARD

2023

GREAT PLACE TO WORK®
Great Place to Work® Certified – with highest ever marks in employee survey

CA Sri Lanka TAGS AWARDS-2022 (Plantation Sector) GOLD AWARD

Best Corporate Citizen Sustainability Award – 2021 Agriculture Sector – GOLD

2024

CA Sri Lanka TAGS AWARDS-2023 (Plantation Sector) GOLD AWARD for the 4th consecutive year

Hounored as most outstanding women friendly workplace by CIMA Satyn Award

1st plantation Company in Sri Lanka to certified as a Great Place To Work © for 3rd consecutive year

Energy Globe Award (National Winner) for the 2nd consecutive year

2025

Winner- Overall Gold award at CPM Best Management Practices Award 2024 with Five main categorical awards

CA Sri Lanka TAGS Awards – Plantations Sector GOLD – for 5th consecutive year

Recognized with 1st Agribusiness corporate in the country to be certified with ISO/ IEC 27001:2022 for Information Security Management Systems.

Halgolla Estate - became the world's 1st Tea Estate to be certified with "regenagri" certification

1st Plantation company to be certified as Great Place to Work for 4th consecutive year

2026

LMD Most Awarded Rankings 2025 - 3rd Place (Overall)

CA Sri Lanka TAGS Awards – Plantations Sector **GOLD** – for 6th consecutive year

1st Runner-Up at the SHRM HR Excellence Awards 2025 in the Excellence in Community Impact category, becoming the only Sri Lankan company to be recognized

Winner- The Great HR Award in the Agriculture and Plantation category by CIPM

1st Plantation company to be certified as Great Place to Work for 5th consecutive year





Overall Ranked **No. 3**

LMD
Most Awarded Organisation in Sri Lanka 2025

Economic

1. Tea Award for Outstanding Tea Producers (Tea Exporter Association)
- Tea Award for Outstanding Tea Producers - Lovers Leap - Winner
- Tea Award for Outstanding Tea Producers - Robgill - Winner

2. Ceylon Specialty Estate Tea of the Year (Sri Lanka Tea Board & CTTA)
- Ceylon Specialty Estate Tea of the Year - Overall Silver Award
- Ceylon Specialty Estate Tea of the Year - Nuwara Eliya Gold Award
- Ceylon Specialty Estate Tea of the Year - Nuwara Eliya Bronze Award
- Ceylon Specialty Estate Tea of the Year - Nuwara Eliya Silver Award

3. National Management Excellence Award (Institute of Management Sri Lanka)
- Management Excellence in Agri Business Sector – Gold Award

4. CNCI Achiever Awards 2025 (Ceylon National Chamber of Industries)
- National Silver Award – Extra Large - Manufacturing Sector
- Top Ten Award – Industrial Excellence

5. 2nd Highest NSA (Forbes & Walker Tea Brokers Pvt Ltd)
- Tea Sector – Overall - 1st Runner Up
- Tea Sector – High Grown - 1st Runner Up
- Tea Sector – Low Grown - 1st Runner Up

6. South Asian Business Excellence Award (South Asian Partnership Summit)
- Manufacturing - Best Manufacturing Company in the Agro Food Industry Award – Winner

7. 10th Asia-Pacific Tea Competition (The Industry Committee of China)
- Ingestre BOP – Gold Award
- Inverness-OP1 – Gold Award
- Mahagastotte BOP1 – Gold Award
- Tillyire BOP – Gold Award

Environment

1. The Leafies International Tea Awards 2025 (The UK Tea Academy)
- Highly Recommended Tea Category (PEKOE Black) - Winner

2. National Green Productivity Award (The Sri Lanka Association for the Advancement of Quality and Productivity)
- Gold Award

3. South Asian Business Excellence Award (South Asian Partnership Summit)
- Excellence in Sustainability Reporting Award - Winner
- Sustainability Excellence in the Agro Food Industry Award - Winner

4. Tea REIMAGINED Awards (Asia International Tea Summit)
- Asia Tea Alliance regenagri Pioneer Award – Halgolla Estate
- Asia Tea Alliance regenagri Pioneer Award

5. Sustainability Awards (North American Tea Conference)
- "Reviving Rivers - Restoring Lives: The Kelani Valley Protectors Initiative (KVPI)"– Runner Up

6. JASTECA CSR Sustainability Award (Japan Sri Lanka Technical and Cultural Association)
- Silver Award

7. Best Management Practices Company Award 2025 (The Institute of Chartered Professional Managers of Sri Lanka)

8. Best Corporate Citizen Sustainability Awards 2025 (The Ceylon Chamber of Commerce)
- Agriculture Sector - 2nd Runner Up



AWARDS & ACCOLADES

Social

1. Commonwealth Business Excellence Awards 2025 - Commonwealth Partnership Summit
- Best Organization for Excellence in CSR Award - Winner
- Sustainable Business of the Year Award - Winner
- Workplace and People Development Award - Winner

2. Great Place to Work 2025
- Great Place to Work Certified 2025/2026
- Industry Excellence for Workplace Culture - Agriculture and Plantation Sector
- Best Workplaces Large Category #3
- Best Workplaces for Women in Sri Lanka 2025
- 10 Best Workplaces for Parents in Sri Lanka 2025
- Asia's Best Large Workplaces 2025

3. Sri Lanka Corporate Health and Productivity Award (JETRO, COYLE, Embassy of Japan in Sri Lanka)
- Extra Large – Silver

4. SHRM HR Excellence Award 2025 (Society for Human Resource Management)
- Excellence in Community Impact - 1st Runner Up

5. Great HR Award 2025 (CIPM)
- Agriculture and Plantation – Winner

6. Excellence in Social Development (Plantation Human Development Trust)
- Best Estate Worker Housing Cooperative Society 2025 – Winner

7. South Asian Business Excellence Award (South Asian Partnership Summit)
- CSR - Best Use of CSR Practice in Community Development Award – Winner
- HR Leadership - Best Employer Brand in the Agro Food Industry Award - Winner

Governance

1. CA Sri Lanka TAGS Awards 2025
- Group Turnover above 5 Bn – Gold Award
- Sustainability Reporting Certificate

2. CMA Excellence in Integrated Reporting Awards 2025 (Institute of Certified Management Accountants of Sri Lanka)
- Best Integrated Report - Plantations Sector - 2nd Runner up
- Merit Award

3. Asia Sustainability Reporting Award 2025 (CSR Works International)
- Asia's Best SDG Reporting – Platinum

4. Asia Integrated Reporting Award (CSR Works International)
- Asia's Best Integrated Report (Large Category)- Finalist

5. ACCA Sri Lanka Sustainability Reporting Award (ACCA Sri Lanka)
- Agriculture Category – Runner Up

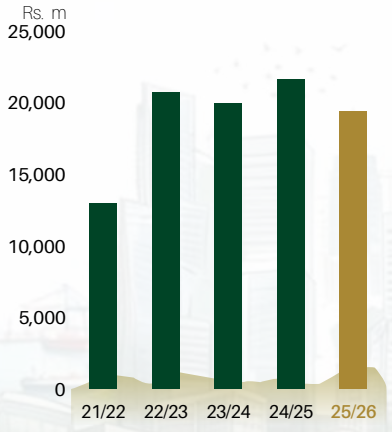
6. South Asian Business Excellence Award (South Asian Partnership Summit)
- Best ICT Project of the Year Award - Winner

7. Best Presented Annual Report (South Asian Federation of Accountants)
- Agriculture Category – Silver Award

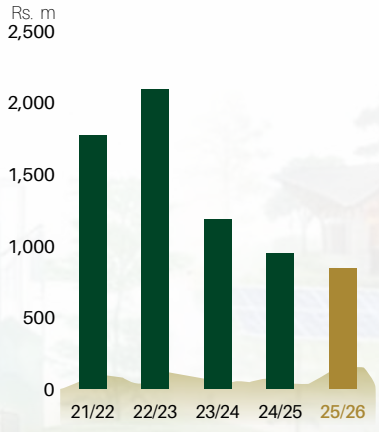
Financial Highlights

For the year ended 31 March		Group 2025/26 Rs. '000	Group 2024/25 Rs. '000	Group Change	Company 2025/26 Rs. '000	Company 2024/25 Rs. '000	Company Change
Earning Highlights and Ratios							
Revenue	Rs.'000	19,436,430	21,640,793	-10%	8,682,260	8,101,715	7%
Result from operating activities	Rs.'000	1,209,787	1,451,660	-17%	750,680	914,070	-18%
Profit/(Loss) before tax	Rs.'000	1,233,890	1,380,770	-11%	775,216	928,578	-17%
Profit/(Loss) after tax	Rs.'000	838,640	941,786	-11%	587,201	667,815	-12%
Operating profit margin	%	6.22	6.71	-7%	8.65	11.28	-23%
Net profit margin	%	4.31	4.35	-1%	6.76	8.24	-18%
Return on assets (ROA)	%	4.60	5.70	-19%	4.65	5.66	-18%
Return on capital employed (ROCE)	%	10.22	13.33	-13%	10.74	13.44	-20%
Interest cover	Times	7.66	6.72	14%	10.25	11.91	-14%
Financial Position Highlights and Ratios							
Shareholders' funds (Equity Holders of the Company)	Rs.'000	9,337,073	8,676,303	8%	6,334,393	5,965,757	6%
Gearing (Debt/(Equity+Debt)	%	22	21	3%	15	15	-1%
Working capital	Rs.'000	3,479,278	3,725,176	-7%	1,723,853	2,143,035	-20%
Current Ratio	Times	1.79	2.05	-13%	1.87	2.23	-16%
Dividend payout ratio	%	-	-	-	40	26.00	51%
Quick assets ratio	Times	1.37	1.52	-10%	1.60	1.60	-
Market capitalisation	Rs.'000	5,406,000	5,589,600	-3%	5,406,000	5,589,600	-3%
Capital expenditure	Rs.'000	1,055,800	1,005,552	5%	817,079	631,940	29%
Per share (Year End):							
Earnings	RS.	12.18	13.42	-9%	8.64	9.82	-12%
Dividend	RS.	-	-	-	3.45	2.60	33%
Market value	RS.	79.50	82.20	-3%	79.50	82.20	-3%
Net assets	RS.	135.82	126.15	8%	93.15	87.73	6%

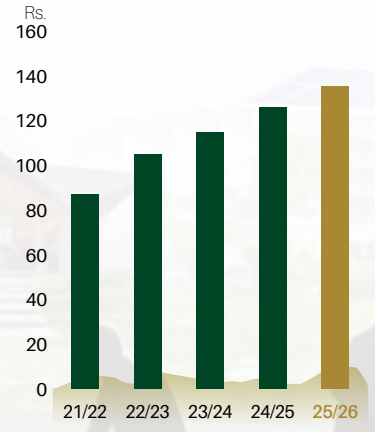
Group Turnover



Group Profit After Tax



Net Assets per Share



Rs.1.3 Bn
Direct and Indirect Taxes Paid to Government

1,535,537 USD
USD Revenue - Rubber

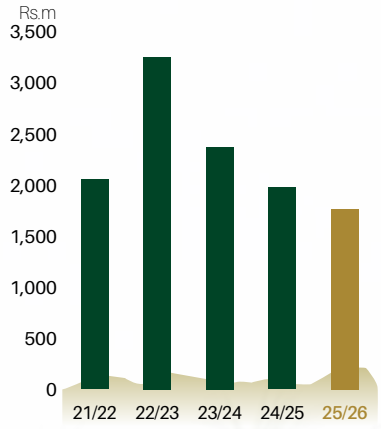
Rs.18.2 B
Total assets

Rs.234.6 m
Dividend Paid

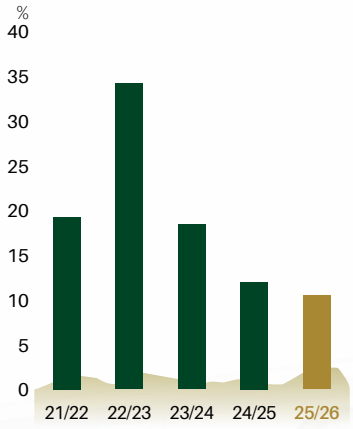
Rs.135.82
Net Assets per Share

Rs. 79.50
Market Value per share

EBITDA

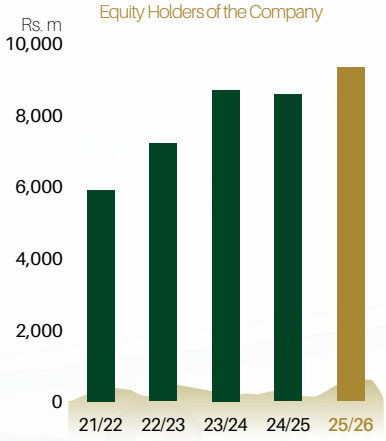


ROCE

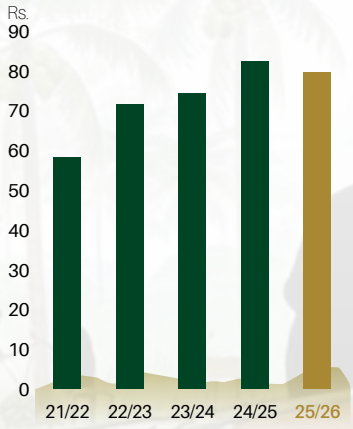


Shareholder Funds

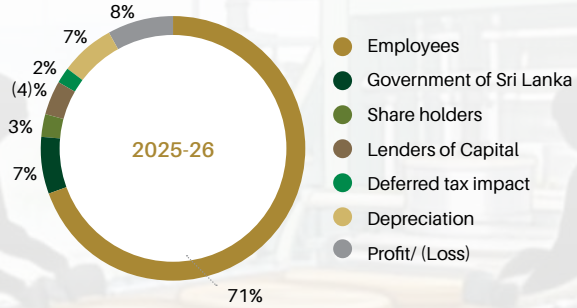
Equity Holders of the Company



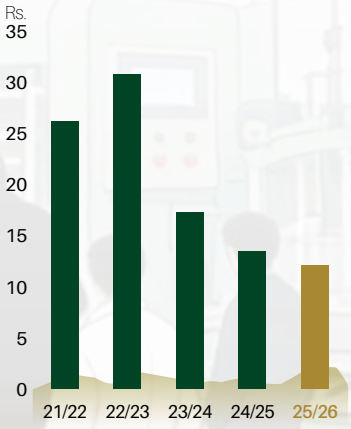
Market Price per Share



Distribution of Value Addition



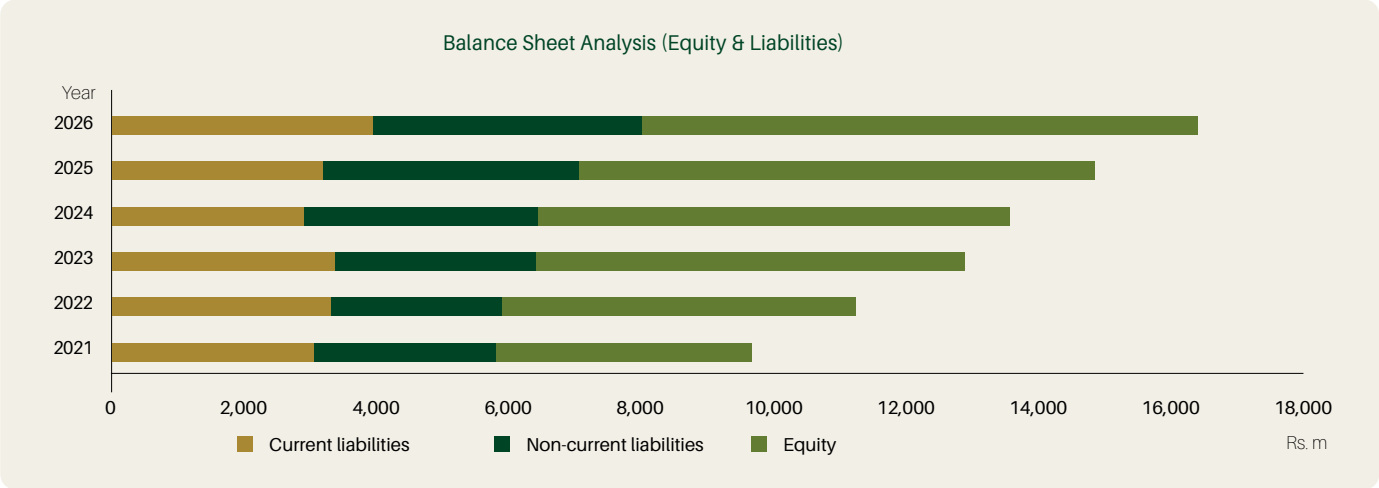
Earnings per Share



Horizontal Analysis

Statement of Financial Position

	31.03.2026 Rs.'000	26 Vs 25 %	31.03.2025 Rs.'000	25 Vs 24 %	31.03.2024 Rs.'000	24 Vs 23 %	31.03.2023 Rs.'000	23 Vs 22 %	31.03.2022 Rs.'000	22 Vs 21 %	31.03.2021 Rs.'000
ASSETS											
Non-current assets											
Right-of-use Assets	933,667	2.04	915,018	18.83	770,009	28.86	597,533	0.41	595,090	(4.76)	624,842
Freehold property, plant & equipment	3,288,616	5.15	3,127,462	11.43	2,806,635	8.48	2,587,345	22.82	2,106,696	4.21	2,021,491
Bearer biological assets	4,610,451	8.08	4,265,863	6.86	3,991,849	0.16	3,985,445	2.71	3,880,180	0.56	3,858,625
Biological assets - consumable	359,089	12.24	319,927	17.97	271,184	14.13	237,603	11.71	212,691	4.17	204,178
Investments in equity accounted investee	167,920	14.20	147,039	5.13	139,858		-		-		-
Other non-current financial assets	479,859	10.15	435,658	2.94	423,225	6.61	396,970	1.55	390,920	-	390,920
Other non-current subordinated trust	500,000	-	-	-	-	-	-	-	-	-	-
Intangible assets	37,426	5.89	35,345	(2.84)	36,377	(5.94)	38,673	(6.25)	41,251	1.80	40,521
Deferred tax assets	7,203	456.91	1,293	(43.21)	2,278	86.58	1,221	-	-	-	-
Total non-current assets	10,384,231	12.29	9,247,605	9.55	8,441,415	7.61	7,844,790	8.55	7,226,828	1.21	7,140,577
Current assets											
Produce on bearer biological assets	20,314	(19.45)	25,220	11.01	22,718	(20.73)	28,660	68.79	16,980	82.86	9,286
Inventories	1,877,106	0.77	1,862,776	(8.65)	2,039,119	(13.56)	2,359,023	27.15	1,855,248	37.81	1,346,248
Amounts due from other related companies	87,986	(14.51)	102,920	(11.77)	116,653	101.56	57,876	(74.26)	224,877	209.52	72,655
Trade and other receivables	4,351,035	63.43	2,662,365	10.58	2,407,619	4.48	2,304,369	(0.64)	2,319,105	28.48	1,804,972
Income tax recoverable	-	-	-	-	-	-	-	(100.00)	138	(67.33)	422
Short-term investment	1,314,072	(43.46)	2,324,002	34.34	1,729,947	12.37	1,539,471	210.34	496,060	976.33	46,088
Cash and cash equivalents	214,908	(27.47)	296,296	(14.81)	347,791	73.27	200,720	(46.03)	371,939	11.98	332,148
Total current assets	7,865,421	8.14	7,273,579	9.15	6,663,847	2.68	6,490,119	22.82	5,284,347	46.31	3,611,819
Total assets	18,249,652	10.46	16,521,184	9.37	15,105,262	5.37	14,334,909	14.58	12,511,175	16.36	10,752,396



	31.03.2026 Rs. '000	26 Vs 25 %	31.03.2025 Rs. '000	25 Vs 24 %	31.03.2024 Rs. '000	24 Vs 23 %	31.03.2023 Rs. '000	23 Vs 22 %	31.03.2022 Rs. '000	22 Vs 21 %	31.03.2021 Rs. '000
EQUITY AND LIABILITIES											
Equity											
Stated capital	340,000	-	340,000	-	340,000	-	340,000	-	340,000	-	340,000
Revenue reserves	8,896,023	7.99	8,238,141	9.49	7,523,982	10.40	6,815,218	22.73	5,552,995	42.05	3,909,055
Total equity attributable to equity holders of the company	9,236,023	7.67	8,578,141	9.08	7,863,982	9.91	7,155,218	21.42	5,892,995	38.69	4,249,055
Non-controlling interest	101,050	2.94	98,162	42.16	69,048	39.26	49,582	1.01	49,085	19.19	41,182
Total equity	9,337,073	7.62	8,676,303	9.37	7,933,030	10.11	7,204,800	21.25	5,942,080	38.50	4,290,237
Non-current liabilities											
Interest-bearing borrowings	-	(100.00)	12,365	(80.25)	62,604	258.65	17,456	(86.10)	125,574	(34.97)	193,108
Other financial liabilities		-	-	-	-	-	-	-	-	(100.00)	71,454
Amounts due to other related companies	-	-	-	-	-	-	-	-	-	-	-
Deferred income	594,187	(4.33)	621,090	(5.25)	655,491	0.34	653,266	(2.85)	672,440	0.75	667,443
Deferred tax liability	1,321,797	11.92	1,181,062	7.09	1,102,838	11.16	992,118	123.39	444,120	(3.90)	462,162
Retirement benefit obligations	1,511,508	4.96	1,440,058	13.97	1,263,546	17.31	1,077,144	4.14	1,034,290	(3.61)	1,073,035
Lease liability	1,098,945	5.47	1,041,904	21.87	854,897	35.30	631,871	5.32	599,964	0.14	599,096
Total non-current liabilities	4,526,437	5.35	4,296,479	9.06	3,939,376	16.83	3,371,855	17.23	2,876,388	(6.19)	3,066,298
Current liabilities											
Trade and other payables	2,632,954	26.63	2,079,220	18.33	1,757,152	(0.91)	1,773,310	27.45	1,391,394	71.00	813,673
Lease liability	14,094	21.77	11,573	40.48	8,239	(58.73)	19,963	18.13	16,899	14.30	14,785
Amounts due to other related companies	193,921	74.02	111,435	(14.50)	130,341	62.52	80,200	(3.09)	82,753	(8.25)	90,199
Income tax payable	55,327	(44.19)	99,130	(62.26)	262,652	26.83	207,087	113.68	96,915	125.40	42,997
Interest-bearing borrowings payable within one year	13,167	(73.38)	49,458	(7.48)	53,458	(51.44)	110,097	(20.14)	137,861	(13.54)	159,454
Other financial liabilities		-	-	-	-	-	-	(100.00)	92,081	(38.61)	150,000
Short-term interest bearing borrowings	1,470,501	22.79	1,197,585	17.32	1,020,781	(27.95)	1,416,682	(23.23)	1,845,270	(6.96)	1,983,276
Bank overdraft	6,178	541,387	1	(99.51)	233	(99.85)	150,915	411.00	29,534	(79.12)	141,477
Total current liabilities	4,386,142	23.61	3,548,402	9.76	3,232,856	(13.98)	3,758,254	1.78	3,692,707	8.74	3,395,861
Total liabilities	8,912,579	13.61	7,844,881	9.38	7,172,232	0.59	7,130,109	8.54	6,569,095	1.65	6,462,159
Total equity and liabilities	18,249,652	10.46	16,521,184	9.37	15,105,262	5.37	14,334,909	14.58	12,511,175	16.36	10,752,396

Vertical Analysis

Statement of Financial Position

	2025/26		2024/25		2023/24		2022/23		2021/22	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
ASSETS										
Non-current assets										
Right-of-use Assets	933,667	5.12	915,018	5.54	770,009	5.10	597,533	4.17	595,090	4.76
Freehold property, plant & equipment	3,288,616	18.02	3,127,462	18.93	2,806,635	18.58	2,587,345	18.05	2,106,696	16.84
Bearer biological assets	4,610,451	25.26	4,265,863	25.82	3,991,849	26.43	3,985,445	27.80	3,880,180	31.01
Biological assets - consumable	359,089	1.97	319,927	1.94	271,184	1.80	237,603	1.66	212,691	1.70
Investments in equity accounted investee	167,920	0.92	147,039	0.89	139,858	0.93	-	-	-	-
Other non-current financial assets	479,859	2.63	435,658	2.64	423,225	2.80	396,970	2.77	390,920	3.12
Other non-current subordinated trust	500,000	2.74	-	-	-		-	-	-	-
Intangible assets	37,426	0.21	35,345	0.21	36,377	0.24	38,673	0.27	41,251	0.33
Deferred tax assets	7,203	0.04	1,293	0.01	2,278	0.02	1,221	0.01	-	-
Total non-current assets	10,384,231	56.90	9,247,605	55.97	8,441,415	55.88	7,844,790	54.73	7,226,828	57.76
Current assets										
Produce on bearer biological assets	20,314	0.11	25,220	0.15	22,718	0.15	28,660	0.20	16,980	0.14
Inventories	1,877,106	10.29	1,862,776	11.28	2,039,119	13.50	2,359,023	16.46	1,855,248	14.83
Amounts due from other related companies	87,986	0.48	102,920	0.62	116,653	0.77	57,876	0.40	224,877	1.80
Amounts due from equity accounted investee	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	4,351,035	23.84	2,662,365	16.11	2,407,619	15.94	2,304,369	16.08	2,319,105	18.54
Income tax recoverable	-	-	-	-	-	-	-	-	138	0.001
Short-term investment	1,314,072	7.20	2,324,002	14.07	1,729,947	11.45	1,539,471	10.74	496,060	3.96
Cash and cash equivalents	214,908	1.18	296,296	1.79	347,791	2.30	200,720	1.40	371,939	2.97
Total current assets	7,865,421	43.10	7,273,579	44.03	6,663,847	44.12	6,490,119	45.27	5,284,346	42.24
Total assets	18,249,652	100.00	16,521,184	100.00	15,105,262	100.00	14,334,909	100.00	12,511,175	100.00
EQUITY AND LIABILITIES										
Equity										
Stated capital	340,000	1.86	340,000	2.06	340,000	2.25	340,000	2.37	340,000	2.72
Revenue reserves	8,896,023	48.75	8,238,141	49.86	7,523,982	49.81	6,815,218	47.54	5,552,995	44.38
Total equity attributable to equity holders of the company	`9,236,023	50.61	8,578,141	51.92	7,863,982	52.06	7,155,218	49.91	5,892,995	47.10
Non-controlling interest	101,050	0.55	98,162	0.59	69,048	0.46	49,582	0.35	49,085	0.39
Total equity	9,337,073	51.16	8,676,303	52.52	7,933,030	52.52	7,204,800	50.26	5,942,080	47.49
Non-current liabilities										
Interest-bearing borrowings	-	-	12,365	0.07	62,604	0.41	17,456	0.12	125,574	1.00
Other financial liabilities		-	-	-	-	-	-	-	-	-
Amounts due to other related companies	-	-	-	-	-	-	-	-	-	
Deferred income	594,187	3.26	621,090	3.76	655,491	4.34	653,266	4.56	672,440	5.37
Deferred tax liability	1,321,797	7.24	1,181,062	7.15	1,102,838	7.30	992,118	6.92	444,120	3.55
Retirement benefit obligations	1,511,508	8.28	1,440,058	8.72	1,263,546	8.36	1,077,144	7.51	1,034,290	8.27
Lease liability	1,098,945	6.02	1,041,904	6.31	854,897	5.66	631,871	4.41	599,964	4.80
Total non-current liabilities	4,526,437	24.80	4,296,479	26.01	3,939,376	26.08	3,371,855	23.52	2,876,388	22.99
Current liabilities										
Trade and other payables	2,632,954	14.43	2,079,220	12.59	1,757,152	11.63	1,773,310	12.37	1,391,394	11.12
Lease liability	14,094	0.08	11,573	0.07	8,239	0.05	19,963	0.14	16,899	0.14
Amounts due to other related companies	193,921	1.06	111,435	0.67	130,341	0.86	80,200	0.56	82,753	0.66
Income tax payable	55,327	0.30	99,130	0.60	262,652	1.74	207,087	1.44	96,915	0.77
Interest-bearing borrowings payable within one year	13,167	0.07	49,458	0.30	53,458	0.35	110,097	0.77	137,861	1.10
Other financial liabilities	-	-	-	-	-	-	-	-	92,081	0.74
Short-term interest bearing borrowings	1,470,501	8.06	1,197,585	7.25	1,020,781	6.76	1,416,682	9.88	1,845,270	14.75
Bank overdraft	6,178	0.03	1	0.00	233	0.00	150,915	1.05	29,534	0.24
Total current liabilities	4,386,142	24.03	3,548,402	21.48	3,232,856	21.40	3,758,254	26.22	3,692,707	29.52
Total liabilities	8,912,579	48.84	7,844,881	47.48	7,172,232	47.48	7,130,109	49.74	6,569,095	52.51
Total equity and liabilities	18,249,652	100.00	16,521,184	100.00	15,105,262	100.00	14,334,909	100.00	12,511,175	100.00

Horizontal and Vertical Analysis

Statement of Profit or Loss

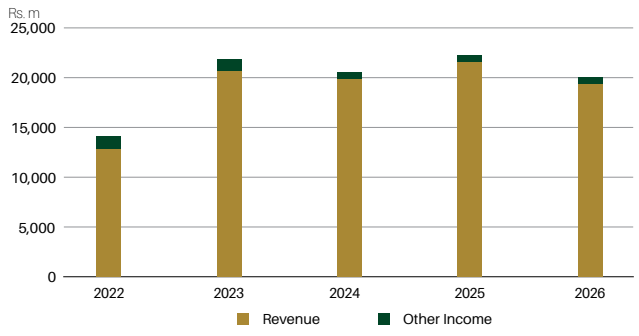
Horizontal Analysis

	2025/26 Rs. '000	25 Vs 26 %	2024/25 Rs. '000	24 Vs 25 %	2023/24 Rs. '000	24 Vs 23 %	2022/23 Rs. '000	23 Vs 22 %	2021/22 Rs. '000	22 Vs 21 %	2020/21 Rs. '000
Revenue	19,436,430	(10.19)	21,640,793	8.38	19,968,249	(3.55)	20,704,226	60.18	12,925,850	9.91	11,760,469
Cost of sales	(16,865,982)	(11.06)	(18,962,447)	12.04	(16,925,211)	(0.71)	(17,045,866)	59.89	(10,661,213)	6.57	(10,003,835)
Gross profit	2,570,448	(4.03)	2,678,346	(11.98)	3,043,038	(16.82)	3,658,360	61.54	2,264,637	28.92	1,756,634
Gain on change in fair value of biological assets	34,256	(54.62)	75,479	2,116.89	3,405	(90.70)	36,592	125.78	16,207	83.35	8,840
Other income	269,606	15.75	232,926	10.87	210,098	(1.39)	213,062	(35.75)	331,637	136.40	140,284
Administrative expenses	(1,533,495)	7.23	(1,430,067)	17.58	(1,216,213)	22.96	(989,099)	12.68	(877,826)	23.88	(708,587)
Distribution expenses	(131,028)	24.76	(105,024)	(34.07)	(159,294)	70.92	(93,200)	57.59	(59,139)	139.08	(24,737)
Results from operating activities	1,209,787	(16.66)	1,451,660	(22.83)	1,881,034	(33.43)	2,825,715	68.65	1,675,516	42.91	1,172,434
Finance income	354,264	(1.04)	357,985	(23.14)	465,762	(50.74)	945,493	(1.60)	960,908	443.78	176,711
Finance expenses	(193,485)	(32.62)	(287,148)	(25.15)	(383,641)	(40.12)	(640,686)	8.93	(588,140)	83.47	(320,568)
Interest paid to Government on lease	(157,557)	5.81	(148,908)	22.21	(121,851)	35.61	(89,852)	8.11	(83,113)	2.54	(81,056)
Net finance income/(cost)	3,222	(104.13)	(78,071)	96.50	(39,730)	(118.48)	214,955	(25.79)	289,655	(228.79)	(224,913)
Share of profit from equity accounted investee	20,881	190.78	7,181	(11.75)	8,137	100.00	-		-		-
Deemed disposal gain on equity accounted investee	-		-		-		-		-		-
Profit/(loss) before tax	1,233,890	(10.64)	1,380,770	(25.34)	1,849,441	(39.18)	3,040,670	54.73	1,965,171	107.40	947,521
Tax expense	(395,250)	(9.96)	(438,984)	(34.15)	(666,609)	(30.04)	(952,826)	407.61	(187,707)	29.15	(145,336)
Profit/(loss) for the year	838,640	(10.95)	941,786	(20.38)	1,182,832	(43.35)	2,087,844	17.46	1,777,464	121.58	802,185

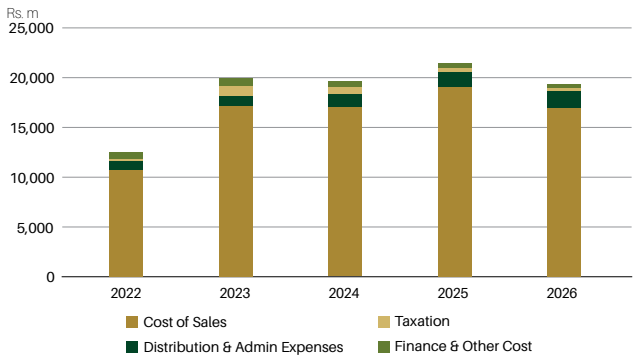
Vertical Analysis

	2025/26 Rs. '000	%	2024/25 Rs. '000	%	2023/24 Rs. '000	%	2022/23 Rs. '000	%	2021/22 Rs. '000	%
Revenue	19,436,430	100.00	21,640,793	100.00	19,968,249	100.00	20,704,226	100.00	12,925,850	100.00
Cost of sales	(16,865,982)	(86.78)	(18,962,447)	(87.62)	(16,925,211)	(84.76)	(17,045,866)	(82.33)	(10,661,213)	(82.48)
Gross profit	2,570,448	13.22	2,678,346	12.38	3,043,038	15.24	3,658,360	17.67	2,264,637	17.52
Gain on change in fair value of biological assets	34,256	0.18	75,479	0.35	3,405	0.02	36,592	0.18	16,207	0.13
Other income	269,606	1.39	232,926	1.08	210,098	1.05	213,062	1.03	331,637	2.57
Administrative expenses	(1,533,495)	(7.89)	(1,430,067)	(6.61)	(1,216,213)	(6.09)	(989,099)	(4.78)	(877,826)	(6.79)
Distribution expenses	(131,028)	(0.67)	(105,024)	(0.49)	(159,294)	(0.80)	(93,200)	(0.45)	(59,139)	(0.46)
Results from operating activities	1,209,787	6.22	1,451,660	6.71	1,881,034	9.42	2,825,715	13.65	1,675,516	12.96
Finance income	354,264	1.82	357,985	1.65	465,762	2.33	945,493	4.57	960,908	7.43
Finance expenses	(193,485)	(1.00)	(287,148)	(1.33)	(383,641)	(1.92)	(640,686)	(3.09)	(588,140)	(4.55)
Interest paid to Government on lease	(157,557)	(0.81)	(148,908)	(0.69)	(121,851)	(0.61)	(89,852)	(0.43)	(83,113)	(0.64)
Net finance income/(cost)	3,222	0.02	(78,071)	(0.36)	(39,730)	(0.20)	214,955	1.04	289,655	2.24
Share of profit from equity accounted investee	20,881	0.11	7,181	0.03	8,137	0.04	-	-	-	-
Deemed disposal gain on equity accounted investee	-	-	-	-		-	-	-	-	-
Profit/(loss) before tax	1,233,890	6.35	1,380,770	6.38	1,849,441	9.26	3,040,670	14.69	1,965,171	15.20
Tax expense	(395,250)	(2.03)	(438,984)	(2.03)	(666,609)	(3.34)	(952,826)	(4.60)	(187,707)	(1.45)
Profit/(loss) for the year	838,640	4.31	941,786	4.35	1,182,832	5.92	2,087,844	10.08	1,777,464	13.75

Profit or Loss Analysis (Income)



Profit or Loss Analysis (Expenses)



Non Financial Highlights

Economic Performance

Employees (Rs. m)	Government of Sri Lanka (Rs. m)	Shareholders (Rs. m)	Lenders of capital (Rs. m)	Lenders of capital (Rs. m)
25/26 5, 025	25/26 256	25/26 235	25/26 182	25/26 182
24/25 4,666	24/25 380	24/25 177	24/25 194	24/25 194

Natural Capital

GHG Emission (tCO2e)	Solar Power (kWh)	Water treatment (m^3)	Hydropower generation (kWh)
25/26 9,303	25/26 375,420	25/26 74,688	25/26 11,528,746
24/25 9,061	24/25 122,173	24/25 46,303	24/25 12,587,837

Electrical intensity- Tea (kWh/kg)	Electrical intensity- Rubber (kWh/kg)	Tree Planting (Native)	Tree Planting (Commercial)
25/26 0.98	25/26 0.35	25/26 60,442	25/26 8,681
24/25 0.94	24/25 0.36	24/25 53,417	24/25 7,165

Conservation Area (Ha)	Discharge water throughout the sokage pit (L)
25/26 2,048	25/26 8,435,689
24/25 2,048	24/25 53,439,535

Human Capital

Total New Employee Hires	Training Head Count	Training Hours	Training investment (Rs.000)
25/26 1,970	25/26 81,235	25/26 110,319	25/26 15,105
24/25 1,690	24/25 66,016	24/25 91,038	24/25 9,013

Social Capital

Upgraded houses (# units)

25/26 **17**

24/25 6

Water schemes (# units)

25/26 **56**

24/25 35

Sanitation - toilets (# units)

25/26 **16**

24/25 34

Community centers (# units)

25/26 **6**

24/25 271

Electrification (# housing units)

25/26 **51**

24/25 25

Field rest room (# units)

25/26 **6**

24/25 38

Factory rest room (# units)

25/26 **7**

24/25 4

Eye care operations - Cataract

25/26 **9**

24/25 13

Supplementary feeding program (# Children)

25/26 **324**

24/25 244

Gender based awareness programs (Number)

25/26 **181**

24/25 54

Health & hygiene monitoring & intervention (# program)

25/26 **339**

24/25 231

Training for Small business Management (Number)

25/26 **139**

24/25 34

Intellectual Capital

New Products Launched (Number)

25/26 **27**

24/25 19

Number of Containers Exported (Number)

25/26 **23**

24/25 16

Certified Rubber Sale Volume (Mt)

25/26 **794.09**

24/25 611.13

Board of Directors



Mohan Pandithage
Chairman



Dr. Roshan Rajadurai
Managing Director/ Executive Director



Senaka Alawattegama
Chief Executive Officer/Executive Director

Mohan Pandithage

Chairman

Appointed to the Board on 1 January 2007

Skills and Experience

Since assuming the role of Chairman and Chief Executive of Hayleys PLC in 2009, Mr. Pandithage's strategic vision has redefined the growth trajectory of Hayleys, transforming the Group to one of Sri Lanka's most diversified, sustainable and socio-economically impactful enterprises. His foresight in capturing emerging opportunities and driving strategic investments in key industries have significantly enhanced the Group's earnings potential and long-term resilience and he was named as 'Business Leader for the Year 2025' by LMD.

Mr.Pandithage is an accomplished industry veteran and respected leader in the field of transportation and logistics, having led the Group's Transportation Sector prior to this appointment as Chairman of the Hayleys Group. He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport and has been honoured with the prestigious "Best Shipping Personality" Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. He was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association.

He is a Fellow of the Chartered Institute of Logistics and Transport (UK) and a Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA). He also serves as a Council Member of the Employers' Federation of Ceylon.

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

Other Appointments

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

Dr. Roshan Rajadurai

Managing Director/ Executive Director

Appointed to the Board on 1 January 2013

Skills and Experience

An industry veteran with over 42 years of experience in the plantations sector, Dr. Rajadurai currently serves as the Managing Director of Hayleys Plantation Sector comprising Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC and Horana Plantations PLC. He joined the Hayleys Group in 2013, prior to which was Director /CEO of Kahawatta Plantations PLC. He was also formerly the Chairman of the Planters' Association of Ceylon, Board Member of the Sri Lanka Tea Board, Tea Research Institute, Rubber Research Board, Tea Small Holdings Development Authority and the Tea Council of Sri Lanka.

He holds a PhD in Management, DSc in Agriculture, MBA and MSc in Agriculture and Plantation Crops from the Postgraduate Institute of Agriculture and a MSc in Organisational Behaviour. He also holds a BSc Honors in Plantation Management.

Other Appointments

Chairman of the Sustainability Working Group, serves on the "Standing Committee on Agriculture of the University Grants Commission," Member of Public Expenditure Review Committee (PERC) for Ministry of Plantations.

Senaka Alawattegama

Chief Executive Officer/Executive Director

Appointed to the Board on 1 August 2025

Skills and Experience

Mr. Alawattegama has over 40 years of experience in the Plantation Sector. He joined Sri Lanka State Plantations Corporation as an Assistant Superintendent and after privatization of the Estates, has been with Talawakelle Tea Estates PLC from its inception and held several managerial positions.

He was the Director/CEO of Talawakelle Tea Estates PLC prior to joining Kelani Valley Plantations PLC as Director/CEO on 01 August 2025.



Sarath Ganegoda
Non-Executive Director



Nandana Ekanayake
Senior Independent Director

Board subcommittee membership

- AC Audit Committee
- RPTRC Related Party Transactions Review Committee
- RC Remuneration Committee
- NGC Nominations and Governance Committee

He holds a MBA from the London Metropolitan University, UK and also, a Fellow Member of the National Institute of Plantation Management.

Other Appointments

He serves as Director of DPL Plantation Services (Pvt) Ltd. , Director of Kalupahana Power Company (Private) Limited. , Director of Mabroc Teas (Private) Limited. and Director of Kelani Valley Resorts (Private) Limited.

He also serves as;

- Deputy Chairman of - Colombo Tea Traders Association
- Member of the Committee of Ceylon Tea Road Map 2030
- Member of the Executive & Finance Committee of The Planters' Association
- Member of the GI Management Committee of Sri Lanka Tea Board
- He is the immediate past Chairman of the Planters' Association of Ceylon
- Former Board Member of Sri Lanka Tea Board and Rubber Research Institute
- Former Committee Member of Management of Estate Staffs' Provident Society

Sarath Ganegoda

Non-Executive Director
Appointed to the Board on 1 September 2009

Skills and Experience

Mr. Sarath Ganegoda is an accomplished corporate leader counting over 30 years of multifaceted experience across diverse industries. He has held several senior leadership positions in large private sector organisations in Sri Lanka and overseas. Having served the Hayleys Group between 1987 and 2002, he rejoined in 2007 and was appointed to the Group Management Committee the same year. Mr. Ganegoda was appointed to the Board of Hayleys PLC on 24 September 2009. He is currently responsible for the Strategic Business Development Unit and Group Information Technology of Hayleys PLC. He is also the Deputy Chairman of Alumex PLC.

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

Other Appointments

Mr. Ganegoda is an Executive Director of Hayleys PLC and Non-Executive Director of Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Dipped Products PLC, Horana Plantations PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC and Hayleys Leisure PLC. He serves on the Boards of several private and unlisted public companies in the Hayleys Group.

Nandana Ekanayake AC RPTRC RC NGC

Senior Independent Director
Appointed to the Board on 29 June 2022

Skills and Experience

Mr. Ekanayake is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA), possessing over 30 years of post qualifying experience at different management levels. He is also 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.

He has also completed his executive education at London Business School in the UK and leadership education at the International Institute for Management Development (IMD) in Switzerland, both of which are world-renowned business schools.

He previously served as Vice President – Finance, IT, and Procurement of Holcim Lanka Ltd – Colombo and as the General Manager of Ruhunu Cement Co. Ltd, Colombo. He also served as the Finance Director of Holcim (Vietnam) Ltd, in Ho Chi Minh City for a period of 10 years.

He also served as an Independent Board Member of Biodiversity Sri Lanka for a two year term from 2020 to 2022.



Faiz Mohideen
Non -Executive Director



Sujeewa Peiris
Non-Executive Director



Malaka Talwatte
Independent Non-Executive Director

Other Appointments
Chairman/CEO of Siam City Cement (Lanka) Ltd, Chairman/CEO of both Mahaweli Marine (Pvt) Ltd (a 90% owned subsidiary of Siam City Cement (Lanka) Ltd) and Insee Ecocycle Lanka (Pvt) Ltd (a fully owned subsidiary of Siam City Cement (Lanka) Ltd). Senior Independent Director of Talawakelle Tea Estates PLC and Hayleys Fabric PLC.

Faiz Mohideen AC RPTRC RC NGC
Non - Executive Director
Appointed to the Board on 30 October 2008

Skills and Experience
Mr. Mohideen holds a B.Sc. in Mathematics from the University of London and a M.Sc. in Econometrics, from the London School of Economics. He is a Former Deputy Secretary to the Treasury and Director General, External Resources Department, Ministry of Finance and Planning.

Sujeewa Peiris
Non-Executive Director
Appointed to the Board on 3 January 2024

Skills and Experience
Mr. Peiris brings over three decades of extensive experience in the capital markets industry. Throughout his career, he has been instrumental in introducing a wide network of high-net-worth individuals and institutional investors to Bartleet Religare Securities (Pvt) Ltd (BRS) and the broader Sri Lankan stock market. His strategic contributions have supported numerous high-value transactions, including acquisitions, takeovers, and the sale of significant equity stakes. Mr. Peiris has also built and led a robust investment advisory team operating across key strategic and commercial districts in Sri Lanka.

As the current Chief Executive Officer of BRS, Mr. Peiris oversees the company's overall operations. He is a respected and widely recognized stockbroker and investment advisor, licensed by the Securities and Exchange Commission of Sri Lanka. In addition to his executive responsibilities, he has previously served as an Independent Non-Executive Director on the Board of Dipped Products PLC.

Other Appointments
He currently serves as the Chief Executive Officer of Bartleet Religare Securities (Pvt) Ltd, a role he has held since 2020 alongside his tenure on the company's Board of Directors since 2008. Additionally, he is an elected Non-Executive Director on the Board of the Colombo Stock Exchange.

Malaka Talwatte AC RPTRC RC NGC
Independent Non-Executive Director
Appointed to the Board on 3 January 2024

Skills and Experience
Mr. Talwatte is a long-standing business professional and holds a BEng (Hons) in Manufacturing Systems Engineering and an MSc in Engineering Business Management from the University of Warwick, UK.

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

Formerly, he served as the Chairman of the Sri Lanka Broadcasting Corporation and currently serves as the Chair of the George Keyt Foundation, drawing on his extensive knowledge of Sri Lankan art to support the development of the arts in Sri Lanka.



Saumya Amarasekera, PC
Independent Non-Executive Director



Milinda Hewagama
Non-Executive Director

Board subcommittee membership

- AC Audit Committee
- RPTRC Related Party Transactions Review Committee
- RC Remuneration Committee
- NGC Nominations and Governance Committee

Other Appointments
Independent Non-Executive Director of Horana Plantations PLC and Talawakelle Tea Estates PLC. Executive Director of Saffron Leisure (Pvt) Ltd, Saffron Solutions (Pvt) Ltd and Saffron Investments (Pvt) Ltd.

Saumya Amarasekera, PC
Independent Non-Executive Director
Appointed to the Board on 3 January 2024

Skills and Experience
Mrs. Amarasekera is an Attorney-at-Law and has over 38 years in active legal practice, mainly in Civil Law, practicing in the Original, Appellate, and the Supreme Court. Her extensive knowledge and practice center around the areas of Property Law, Family Law, Testamentary Law, Trust and Condominium Law. In addition, she has a wide exposure and practice in handling litigation on behalf of Finance Companies, Banks, etc., in respect of money recovery cases. She has also participated in many arbitrations, both local and international, as a Counsel as well as an Arbitrator.

She holds a Master of Laws (LLM) from the University of Pennsylvania, with particular emphasis on Insurance Law and the Law of Defamation and Privacy. Mrs. Amarasekera was appointed President's Counsel in 2018.

She served as an Independent Non-Executive Director on the Board of Sampath Bank PLC and was thereafter appointed as its Deputy Chairperson,and served as such until her retirement from Sampath Bank PLC in June 2020.

Other Appointments
She currently serves as an Independent Non-Executive Director on the Boards of Hayleys Fibre PLC and Windforce PLC and is also a Director of Manson Investments (Pvt) Ltd, Leisure Holdings (Pvt) Ltd, and Leisure Lines Lanka (Pvt) Ltd.

Milinda Hewagama
Non-Executive Director
Appointed to the Board on 15 September 2025

Skills and Experience
Mr. Hewagama is a highly skilled finance professional with nearly two decades of diverse experience spanning Financial Management, Reporting, Budgeting and Financial Planning & Analysis. He currently serves as the Group Chief Financial Officer of Hayleys PLC, with responsibility for the Group's Finance & Reporting, Environmental, Social and Governance (ESG), Tax, Risk & Safety and Corporate Secretarial functions among others. Since joining Hayleys PLC in 2010, he has progressed steadily within the Group, assuming increasingly senior roles and building extensive experience across a broad spectrum of finance disciplines. He has also played a pivotal role in driving the Group's ESG agenda and has been instrumental in advancing the Group's corporate reporting practices, helping to ensure that the Hayleys PLC's Annual Report continues to set benchmarks in corporate and sustainability reporting. Since his appointment to the GMC in 2023, he has contributed actively to the organisation's strategic direction and growth aspirations. Milinda is also currently spearheading the Group's foray into the Retail Sector, providing strategic direction in driving operational execution and positioning the sector for sustainable long-term growth.

He is a Member of the CA Sri Lanka and holds an MBA and BBA (Special) in Finance from the University of Colombo. He is a Director of several fully-owned subsidiaries of the Group.

Other Appointments
He currently serves as Director of Talawakelle Tea Estates PLC, The Kingsbury PLC, Hayleys Leisure PLC and Director of several fully-owned subsidiaries of the Hayleys Group. He is also a Board Member of the United Nations Global Compact and Served as a Member of the Corporate Governance Committee of CA Sri Lanka.

BOARD OF DIRECTORS

Kelani Valley Plantations PLC

Tea & Rubber Plantations
Incorporated in 1992 in Sri Lanka
Stated capital - Rs. 340 m

Directors:

- Mr. Mohan Pandithage - Chairman*
- Dr. Roshan Rajadurai - Managing Director*
- Mr. Senaka Alawattegama - Chief Executive Officer* *(appointed w.e.f. 1 August 2025)*
- Mr. Sarath Ganegoda**
- Mr. Faiz Mohideen**
- Mr. Nandana Ekanayake - Senior independent Director***
- Mr. Malaka Talwatte***
- Mrs. Saumya Amarasekera, PC***
- Mr. Sujeewa Peiris**
- Mr. Milinda Hewagama** *(appointed w.e.f 15 September 2025)*
- Mr. Anura Weerakoon - Chief Executive Officer* *(resigned w.e.f 31 July 2025 due to his retirement)*
- Mr. Chatura Cabraal** *(resigned w.e.f 15 September 2025)*

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

DPL Plantations (Pvt) Ltd

Plantation Management, Managing Agent
Incorporated in 1992 in Sri Lanka
Stated capital - Rs. 550 m

Directors:

- Mr. Mohan Pandithage - Chairman
- Dr. Roshan Rajadurai
- Mr. Sarath Ganegoda
- Mr. Anura Weerakoon
- Mr. Senaka Alawattegama (appointed w.e.f. 1 September 2025)

Kalupahana Power Company (Private) Limited

Generates Hydro Power
Incorporated in 2003 in Sri Lanka
Stated capital - Rs. 30 m
Group interest - 60%

Directors:

- Mr. Mohan Pandithage – Chairman (appointed w.e.f. 1 September 2025)
- Dr. Roshan Rajadurai
- Mr. Firdowsy Mohamed Ismail
- Mr. Lionel Fernando
- Mr. Senaka Alawattegama (appointed w.e.f. 1 September 2025)
- Mr. Anura Weerakoon (Resigned w.e.f. 31 August 2025)

Mabroc Teas (Private) Limited

Exports Bulk & Retail Packed Tea
Incorporated in 1988 in Sri Lanka
Stated capital - Rs. 590 m
Group interest - 100%

Directors:

- Mr. Mohan Pandithage - Chairman
- Mr. Niran Ranatunga - Deputy Chairman
- Mr. Rajeev Samarasinghe - Managing Director
- Mr. Sarath Ganegoda
- Dr. Roshan Rajadurai
- Mr. Anura Weerakoon
- Mr. Sanjeeva Hikkaduwage
- Mr. Senaka Alawattegama (appointed w.e.f. 1 August 2025)
- Mr. Milinda Hewaga (appointed w.e.f. 1 September 2025)

Kelani Valley Resorts (Private) Limited

Operates Boutique Bungalow
Incorporated in 2017 in Sri Lanka
Stated capital - Rs. 50 m
Group interest - 100%

Directors:

- Mr. Mohan Pandithage - Chaiman
- Dr. Roshan Rajadurai
- Mr. Anura Weerakoon
- Mr. Rohan Karunarajah
- Mr. Senaka Alawattegama (appointed w.e.f. 1 August 2025)

Kelani Valley Plantations PLC

Board of Directors:

Mohan Pandithage	-	Chairman
Dr. Roshan Rajadurai	-	Managing Director
Senaka Alawattegama	-	Director/Chief Executive Officer

Operational Directors:

Vidura Weerabahu	-	Director Finance
Dilum Pathirana	-	Director Plantations Up Country
Viren Ruberu	-	Director Plantations Low Country
Ranil Fernando	-	Director Rubber Marketing and Admin.
Indra Gallearachchi	-	Director Up Country Crop Diversification

General Managers:

Dr. Anuruddha Gamage	-	HR & Corporate Sustainability
Madhawa Wickramaratne	-	Marketing

Regional General Managers:

Senaka Fernando	-	Dewalakande
Anura Senanayake	-	Crop Diversification & Export Agriculture

Senior Deputy General Managers:

Eranda Welikala	-	Ederapola
Buddika Attanayake	-	Annfield

Deputy General Managers:

Udeni Wanigathunge	-	Edinburgh
Senaka Dayananda	-	Engineering
Chandana Wanniarachchi	-	Rubber Processing and Marketing

Assistant General Managers:

Susantha Wijesinghe	-	Information Technology
Kenneth Alles	-	Corporate Affairs
Chandana Senevirathne	-	Finance
Yasith Hettiarachchi	-	Fordyce
Rajith Gnanasekeram	-	Glassaugh
Eroshan Peiris	-	Pedro

Group Managers:

Shashika Bulumulla	-	We-Oya
Desmond Augustine	-	Ingestre
Udara Jayasundara	-	Panawatte
Chanaka Gunathilake	-	Halgolla

Senior Managers:

Lasantha Prabath	-	Finance
Manoj Wijayawardane	-	Uda Radella
Kalidas Murugadas	-	Crop Diversification & Export Agriculture
Roshindra Senawiratne	-	Kitulgala
Thushan Benthota	-	Tillyrie
Senarath Nawarathne	-	Lavant

Managers:

Hemamali Paranawithana	-	HRD & Health
Niluka Amarasena	-	Regional Administration
Sivanu Kathirgamanathan	-	Regional Administration
Sasith Kottahachchi	-	Marketing
Tharaka Wijerathne	-	Projects

Estate Managers:

Up Country (Nuwara Eliya & Hatton Group)

Hasthika Peiris	-	Robgill
Amila Ranasinghe	-	Nuwara Eliya
Asantha Perera	-	Oliphant
Neuman Dilan	-	Battalgalla
NS Abilash**	-	Invery

Low Country (Tea & Rubber Group)

Shamila Jayasundara	-	Kelani
Suneth Hewagama	-	Ganepalla
Avishka Mallawa**	-	Kalupahana
Chathuranga Athauda	-	Kiriporuwa
Wijith Wickramaarachchi**	-	Urumiwella

** Deputy Estate Manager in charge

Mabroc Teas (Private) Limited

Directors:

Niran Ranatunga	-	Executive Deputy Chairman
Rajeev Samarasinghe	-	Managing Director
Sanjeeva Hikkaduwage	-	Finance

General Managers:

Lalantha Peris	-	International Marketing
Upuli Kulasiri	-	Internal Trade
Menaka Perera	-	Operations
Vidusha Wakista	-	Tea Department

Deputy General Managers:

Daminda Perera	-	Factory

Managers:

Yasith Rupasinghe	-	Tea Department
Anuradha Samarasinghe	-	Finance
Malinda Peiris	-	Finance
Sheranil Fernandopulle	-	Quality Assurance
Manoj Madhusanka	-	Maintenance
Alex Antony	-	Information Technology
Nilanga Mohottige	-	Procurement
Mahilal Aravinda	-	Factory
Ruwan Sampath	-	Factory
Sajith Upawansa	-	Factory

Corporate Management



Vidura Weerabahu
Director – Finance



Dilum Pathirana
Director Plantations - Up Country



Viren Ruberu
Director Plantations - Low Country



Anura Senanayake
Regional General Manager - Crop Diversification & Export Agriculture



Senaka Dayananda
Deputy General Manager – Engineering



Chandana Wanniarachchi
Deputy General Manager – Rubber Processing & Marketing



Kalidas Murugadas
Senior Manager - Crop Diversification & Export Agriculture



Lasantha Prabath
Senior Manager – Finance



Sasith Kottahachchi
Manager – Marketing



Ranil Fernando
Director – Rubber Marketing & Administration



Dr. Anuruddha Gamage
General Manager - HR & Corporate Sustainability



Madhawa Wickramaratne
General Manager - Marketing



Susantha Wijesinghe
Assistant General Manager - Information Technology



Kenneth Alles
Assistant General Manager – Corporate Affairs



Chandana Senevirathne
Assistant General Manager – Finance

Estate Managers
Up Country



Indra Gallearachchi
Director - Up Country
Crop Diversification



Buddika Attanayake
Senior Deputy General Manager
Annfield Estate



Udeni Wanigathunge
Deputy General Manager
Edinburgh Estate



Yasith Hettiarachchi
Assistant General Manager
Fordyce Estate



Rajith Gnanasekeram
Assistant General Manager
Glassaugh Estate



Eroshan Peiris
Assistant General Manager
Pedro Estate



Desmond Augustine
Estate Group Manager
Ingestre Estate



Thushan Benthota
Senior Estate Manager
Tillyrie Estate



Manoj Wijayawardane
Senior Estate Manager
Uda Radella Estate



Hasthika Peiris
Estate Manager
Robgill Estate



Amila Ranasinghe
Estate Manager
Nuwara Eliya Estate



Asantha Perera
Estate Manager
Oliphant Estate



Neuman Dilan
Estate Manager
Battalgalla Estate



NS Abilash
Deputy Estate Manager In charge
Invery Estate

Low Country



Senaka Fernando
Regional General Manager
Dewalakande Estate



Eranda Welikala
Senior Deputy General Manager
Ederapola Estate



Udara Jayasundara
Estate Group Manager
Panawatte Estate



Shashika Bulumulla
Estate Group Manager
We Oya Estate



Chanaka Gunathilake
Estate Group Manager
Halgolla Estate



Senarath Nawarathne
Senior Estate Manager
Lavant Estate



Roshindra Senawiratne
Senior Estate Manager
Kitulgala Estate



Chathuranga Athauda
Estate Manager
Kiriporuwa Estate



Shamila Jayasundara
Estate Manager
Kelani Estate



Suneth Hewagama
Estate Manager
Ganepalla Estate



Wijith Wickramaarachchi
Deputy Estate Manager In charge
Urumiwella Estate

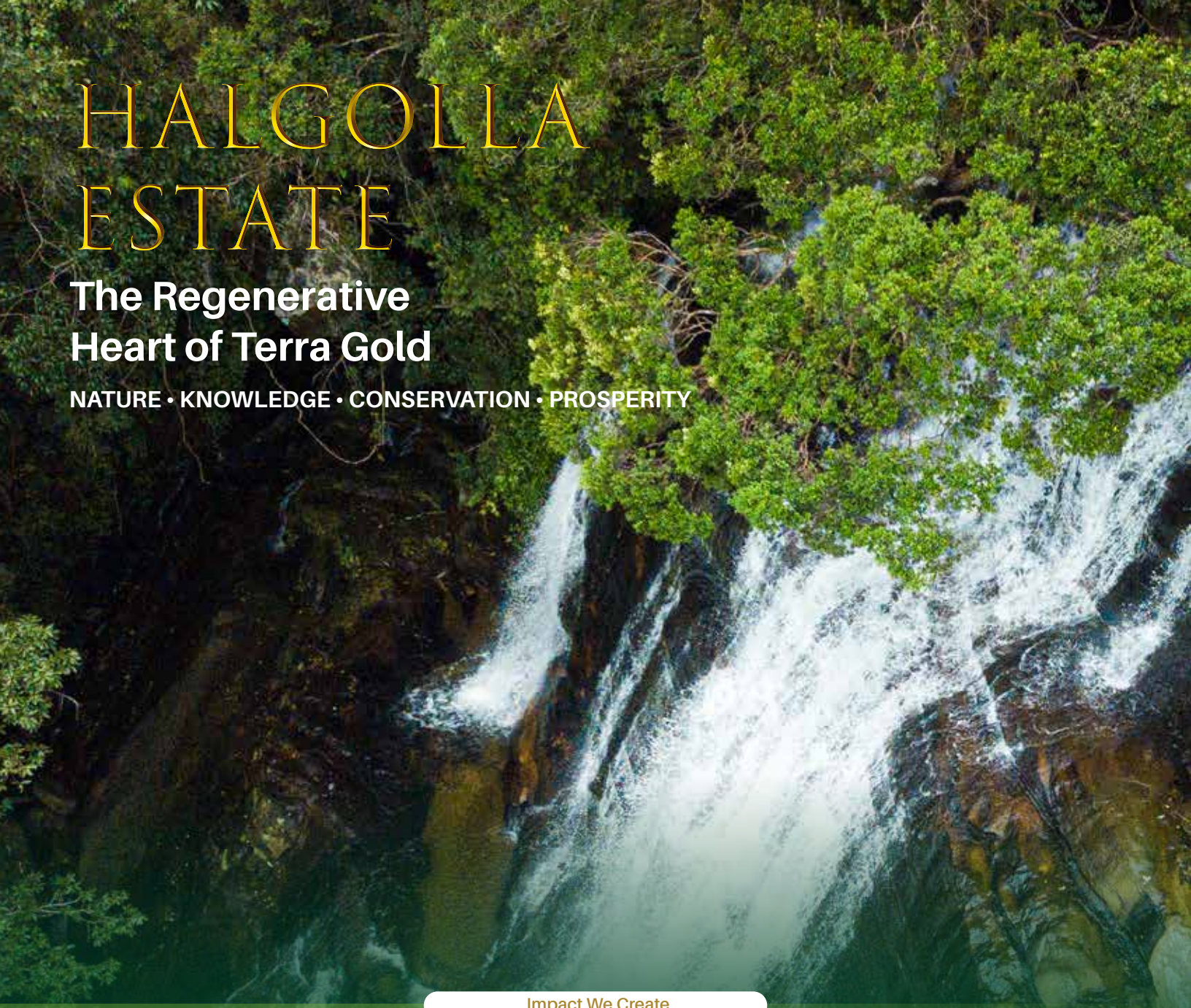


Avishka Mallawa
Deputy Estate Manager In charge
Kalupahana Estate

HALGOLLA ESTATE

The Regenerative Heart of Terra Gold

NATURE • KNOWLEDGE • CONSERVATION • PROSPERITY



Impact We Create

- Stronger ecosystems & biodiversity protection
- Clean water for communities & landscapes
- Climate resilience & carbon storage
- Sustainable agricultural productivity
- Knowledge leadership & research innovation
- Shared prosperity for people & nature

Halgolla Estate is more than a plantation – it is a living landscape where biodiversity, water, forests and sustainable cultivation coexist in harmony. A place where we protect what matters, learn from nature, and create enduring value for generations to come.

A Living Ecosystem Within KVPL's Heartland

1,196 Ha
Total Extent

185 Ha
Tea Cultivation Area

500 ft – 2,000 ft
Elevation Range

Olu Ella
Sri Lanka's 5th Tallest Waterfall

Historic Cave
A Cultural & Natural Heritage

Why Halgolla Matters

- Biodiversity Hotspot
- Water Tower Landscape
- Regenerative Agriculture
- Research & Knowledge Hub
- Climate Resilience
- Responsible Livelihoods



Key Highlights

- World's 1st Regenagri Certified Tea Estate
- Biodiversity assessments with IUCN Sri Lanka since 2008
- Monitoring repeated every 4–5 years
- Regenerative Agribusiness Hub for future-ready sustainability

Landscape Overview

Only 19% of Halgolla is used for tea cultivation. The remaining 81% is conserved nature, forests, biodiversity habitats and water systems.

Journey of Stewardship & Discovery

2008 – Partnership with IUCN Sri Lanka for Biodiversity Assessments

2013 – Ecosystem Mapping & Long-term Monitoring Commenced

2019 – Agroforestry Pilots & Regenerative Practices Initiated and Long-term research with IUCN

2024 – World's 1st Regenagri Certified Tea Estate

2025 & Beyond – Research Tourism & Knowledge Hub for Global Learning

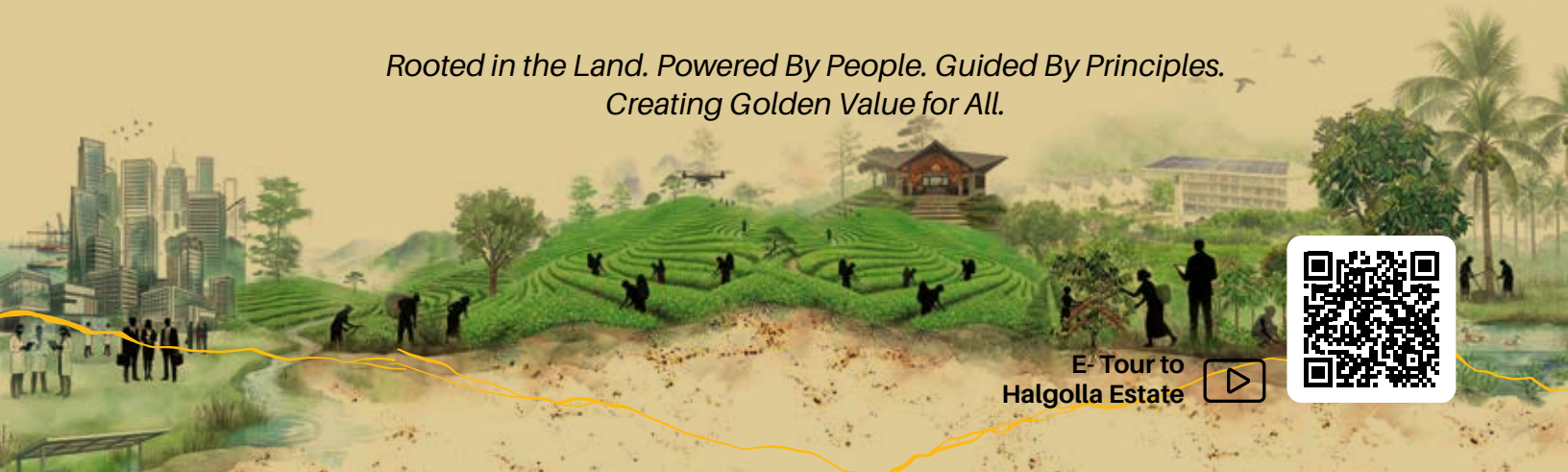
Halgolla – A Model for the Future

- Science-driven Conservation
- University & Research Collaborations
- Agroforestry Pilot Initiatives
- Sustainable Tea & Rubber Production
- Research Tourism & Eco-Experiences
- Knowledge Sharing & Capacity Building

Our Commitment

We are committed to protecting the integrity of Halgolla's ecosystems through responsible land management, continuous learning, and innovation.

Rooted in the Land. Powered By People. Guided By Principles.
Creating Golden Value for All.



E- Tour to Halgolla Estate

Chairman's Message

GRI 2-22

> "Enduring Value, Rooted in the Land We Steward - KVPL's enduring value is rooted in the land it stewards and the responsibility with which it manages it."



Dear Stakeholder,

It gives me great pleasure to present the Annual Report and audited financial statements of Kelani Valley Plantations PLC for the financial year ended 31st March 2026, a year that reflected KVPL's continued ability to navigate evolving industry dynamics while maintaining a strong focus on sustainable growth, operational resilience, and stakeholder value creation.

Operating Context

Sri Lanka's economic recovery gathered momentum in 2025 despite a challenging global and domestic environment. External pressures, including geo-economic conflict, ongoing geopolitical tensions, and volatile commodity prices continued to pose risks. Despite the challenges posed by Cyclone Ditwah, the country's economy recorded a growth of 5% during the year, reflecting a broad-based recovery across all major sectors supported by policy stability and more conducive interest and exchange rates. The three main sectors of the economy - Agriculture, Industry and Services expanded by 1.4 %, 7.8 % and 3.3 % respectively.

The Agricultural sector recorded modest growth of 1.4%, improving from 0.6% in 2024, driven primarily by gains in plant propagation, animal production, and increased output of Coconut and Rice.

Sri Lanka's Tea production increased marginally, by 0.54% year-on-year whilst average prices at the Colombo Auctions declined slightly in both US Dollar and Rupee terms, by 0.18 US cents and by Rs. 57.45 respectively, reflecting continued price pressures in global markets.

Sri Lanka's Rubber production recorded a year-on-year decline of 5% during the year, reflecting persistent productivity challenges whilst export earnings fell approximately 5%, largely due to reduced demand from the United States, Sri Lanka's single largest Rubber export destination, following the impact of tariffs.

Performance Overview

The Group recorded a 10% decline in Revenue during the year, despite achieving a 7.2% increase in revenue from KVPL's Tea, Rubber and other agricultural crops. While Tea and Rubber sales volumes increased by 7% and 8% respectively, the Group's Consolidated Revenue decline represents lower contributions from its subsidiaries with Mabroc and Hydropower recording revenue decreases of 20% and 11% respectively.

Mabroc, the Group's marketing arm, remained the largest contributor to the Tea segment, contributing 66% to total Revenue. Notably, despite a 20% decline in Revenue owing to a drop in bulk exports, Mabroc delivered strong profitability growth, with Profit Before Tax and Profit After Tax increasing by 15% and 11% respectively. This performance reflects disciplined cost management and a strategic shift towards higher margin, value added premium Tea products.

Dividend

KVPL continued to deliver superior value to shareholders, declaring three interim dividends totaling Rs. 3.45 per share, during the year.

Accolades & Recognition

KVPL continues to be inspired by recognition that reflects both what we produce and how we operate, spanning operational excellence, governance, sustainability and reporting.

It is most heartening that the Company was recognised as a "Great Place to Work" for the fifth consecutive year, remaining the only Regional Plantation Company (RPC) to achieve this distinction for five consecutive years.

KVPL also secured the Gold Award for the Plantation Sector (turnover above Rs 5 bn) at the CA Sri Lanka TAGS Annual Report Awards 2025, for the sixth consecutive year, reaffirming its commitment to Transparency, Accountability, Governance, Sustainability and excellence in corporate reporting.

Our Tea and estate operations also continued to receive significant external recognition. Some of the key awards during the year included a Special Gold and Gold Awards at the *10th Asia Pacific Tea Competition* in China, and the Platinum Award for best SDG report of Asia Sustainability Reports Award (ASRA), Singapore.

"Aligning" Every Aspect of the Business to Create *"Enduring Value"*:

Long before ESG became a global imperative, our actions reflected an intrinsic understanding that sustainable value creation is inseparable from environmental stewardship and social well-being.

The year under review marked a significant transition in our integrated value creation journey, as initiatives that were strategically developed and consistently implemented over the years began to deliver tangible outcomes, aligned with our strategic objectives. These include enhanced cost efficiencies, climate risk mitigation and expanded market access, upward movement along the value chain, enhanced brand equity, and strengthened investor confidence, collectively contributing to Revenue growth, margin improvement, and risk mitigation.

A key milestone during the year was the extension of "regenagri" certification across the entire Company, following the historic achievement of Halgolla Estate becoming the World's first private tea plantation Company to achieve this certification in 2024.

The Group achieved further progress in strengthening direct export capabilities and premium market access across both Tea and Rubber segments. Mabroc became the first tea exporter in Sri Lanka to implement QR enabled digital traceability at package level, facilitating end to end verification from "bush to cup", a critical enabler for access to premium EU markets. In the Rubber segment, similar field level traceability technology was introduced, strengthening customer trust, transparency, and ESG assurance.

Technology continues to be a key enabler of transformation. During the year, KVPL expanded its digital capabilities through AI enabled plantation data systems, introduction of facial recognition for estate workforce management, expanded digital weighing systems, and drone based applications for fertiliser, foliar spraying, and real-time agronomic monitoring. These investments are improving efficiency, reducing environmental impact, and addressing structural labour challenges.

For long-term sustainability, KVPL continues to reposition its operations beyond traditional monoculture plantation systems towards a more diversified agribusiness model. Through agroforestry initiatives and the productive utilisation of under-utilised land, crops such as Coconut and Cinnamon made increasing contributions to Revenue during the year, while the Group also continued to explore new market opportunities for its Cinnamon and Coffee products.

Climate change remains one of the most significant long-term challenges to global agriculture, impacting productivity, resource availability, biodiversity, and overall operational resilience. Against this backdrop, KVPL has continued to strengthen its commitment to climate

> "KVPL also secured the Gold Award for the Plantation Sector (turnover above Rs. 5 bn) at the CA Sri Lanka TAGS Annual Report Awards 2025, for the sixth consecutive year"

action through both mitigation and adaptation initiatives. Having pledged its support to the "Science Based Targets initiative (SBTi)" in 2024, KVPL embarked on a clear pathway towards becoming a carbon conscious and climate resilient organisation, with a long-term ambition of achieving net zero emissions by 2049. During the year under review, the Company further strengthened this commitment by achieving validation of "SBTi FLAG (Forest, Land and Agriculture) Targets", reinforcing its leadership in integrating science-based climate action into plantation operations and land management practices.

The Company's flagship social upliftment initiative, "A Home for Every Plantation Worker," launched in 2006, celebrates 20 years of excellence in Corporate Sustainability & Responsibility and continues to uplift the lives of estate communities through improved housing, community development, and social empowerment programmes, creating sustained social impact and reinforcing long term community well-being.

Commitment to Global Sustainability Commitments and Stewardship Leadership

KVPL has been among the pioneers in the plantation sector in committing to globally recognised sustainability frameworks. As a longstanding participant of the United Nations Global Compact (UNGC), KVPL aligns its strategies and operations with the United Nations Sustainable Development Goals (SDGs), embedding responsible business practices across its value chain.

Reinforcing its leadership in water stewardship, KVPL is a signatory to the "CEO Water Mandate" since 2007. The Company was also appointed Chair and Patron of the UNGC Water and Ocean Stewardship Working Group in 2024, underscoring its commitment to sustainable water resource management and collective action on shared water challenges at both local and global levels.

Leadership & Governance

At KVPL, we hold firm to the belief that robust governance mechanisms form the foundation of sustained value creation. As a member of Hayleys Group, the Boards of both Hayleys and KVPL set the tone at the top by promoting professional standards and corporate values that cascade down to senior management and other employees of the Company. We also recognize that embracing best practices in governance is a dynamic process, one that necessitates constant evaluation, benchmarking, and enhancement to adapt to evolving needs.

KVPL's Board comprises individuals with diverse professional backgrounds, industry expertise, and extensive boardroom experience across multiple sectors. The breadth of perspectives, knowledge, and strategic insight they bring to Board deliberations serves as a key enabler of effective governance, long-term value creation, and sustainable growth.

From the perspective of Hayleys PLC, Kelani Valley Plantations PLC holds a uniquely important role within the Group's sustainability and stewardship agenda. As custodians of vast extents of land, including some of Sri Lanka's most ecologically sensitive and biodiversity rich landscapes, KVPL is uniquely positioned to create a meaningful and lasting impact on environmental conservation, ecosystem protection, and the preservation of the country's rich flora and fauna. Accordingly, ESG performance is today a key strategic priority that is driven and monitored at Board level, reflecting the Group's recognition that long term value creation is intrinsically linked to responsible environmental and social stewardship.

Board Changes

I warmly welcome two new Directors who joined the Board during the year. Senaka Alawattegama, who assumed office as Executive Director and Chief Executive Officer of KVPL on 1 August 2025, and Milinda Hewagama, who joined the Board as a Non-Executive Director on 15 September 2025. We look forward to the valuable perspectives and contributions that their extensive knowledge, experience, and expertise in their respective fields will undoubtedly bring to the Board's deliberations and the Company's future strategic direction.

I also wish to place on record my sincere appreciation for the exemplary leadership and significant contributions of Anura Weerakoon, who served as Chief Executive

Officer of KVPL since December 2018 and retired with effect from 31 July 2025. His dedication and leadership have made a lasting contribution to the Company's growth and transformation journey.

In addition, I extend my appreciation to C. V. Cabraal, who resigned from the Board with effect from 15 September 2025, for his valuable guidance and service to the Company. On behalf of the Board, I wish them both every success in their future endeavors.

Outlook

Although Sri Lanka's economy demonstrated a strong recovery in 2025, supported by structural reforms and improved macroeconomic stability, the outlook for 2026 remains exposed to downside risks, including rising global energy prices, inflationary pressures, geopolitical tensions, and potential disruptions to trade, tourism, and foreign exchange earnings.

Global tea industry dynamics continue to reflect expanding production in China, recovery in Kenya, and persistent structural challenges in Sri Lanka, resulting in increasingly competitive conditions among major producing nations. Against this backdrop, KVPL remains focused on strengthening its premium positioning through sustainability, traceability, value addition, and operational innovation.

The rubber sector is expected to remain challenging due to rising production costs, labour shortages, climate-related vulnerabilities, and structural constraints. In response, KVPL continues to move further up the value chain while enhancing land productivity through crop diversification, expanding exports of higher-value branded products and increasing cultivation of crops such as Pepper, Cinnamon, Coconut, and Coffee. The Company is also exploring opportunities for Oil palm cultivation, subject to regulatory approvals.

The EU Deforestation Regulation (EUDR), effective end-2026, introduces additional compliance requirements while also creating opportunities for premium market access. Supported by investments in digital traceability systems and sustainability certifications, KVPL is well positioned to benefit from these evolving market expectations.

KVPL's long-standing ESG journey continues to underpin long-term commercial value creation and agribusiness resilience. During the year, the Company fully aligned its sustainability-related financial disclosures with SLFRS S1 and S2 and voluntarily obtained independent assurance for these disclosures, reinforcing its commitment to best-practice sustainability reporting.

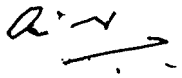
While external uncertainties, including geopolitical tensions and input cost volatility, may persist, KVPL remains confident that its strategic focus on sustainability, innovation, value addition, and operational excellence will support long-term growth and competitiveness. Proposed initiatives such as the Biodiversity Conservation Centre at Halgolla Estate and the intellectual tourism concept further reflect the Company's commitment to sustainability-led innovation.

In an increasingly complex global environment shaped by climate change, evolving consumer expectations, sustainability driven market access, technological disruption, and heightened stakeholder expectations, KVPL remains firmly anchored in its "Terra Gold" philosophy; recognising that enduring value is rooted in the land we steward and the responsibility with which we manage it. Guided by this principle, we will continue to strengthen resilience, embrace innovation, and align every aspect of our business with long-term sustainability to consistently deliver value the right way, for all stakeholders.

Appreciation

As we step into another year, I wish to express my sincere gratitude to my colleagues on the Board for their invaluable contributions and unwavering support in guiding the Company towards a commendable performance across all fronts. I extend my heartfelt appreciation to the entire team of dedicated employees, under the exceptional leadership of the Group Managing Director, whose talents, relentless efforts, and steadfast commitment consistently expand the horizons for the Company.

I would also like to express my sincere appreciation to our customers and all stakeholders, whose trust and confidence are indispensable to our journey of value creation. This trust forms the foundation of our continued progress, and we remain deeply committed to upholding it by consistently doing things the right way, as we move forward in pursuit of enduring value and sustainable growth.



A.M. Pandithage
Chairman

11 May 2026

Managing Director's Review

Dear Stakeholder,

The KVPL Group delivered a commendable performance amidst a challenging operating environment during the year under review. The Group's strategic foresight in pursuing diversification and strengthening the resilience of its earnings profile enabled Kelani Valley Plantations PLC to continue delivering stakeholder value despite ongoing volatilities stemming from the external environment.

Financial Performance

Group revenue declined by 10%, despite a 7.1% growth in KVPL's Tea, Rubber, and other Agri crop revenues, primarily due to lower contributions from subsidiaries; Mabroc Teas, Kalupahana Power Company, and Kelani Valley Resorts.

The Tea segment remained the Group's principal revenue driver, contributing 85% of total revenue, while the Rubber segment accounted for 14%, with the balance derived from the "Other" segment comprising Hydropower and KV Resorts. Within the Tea segment, KVPL contributed 34% of segment revenue, while Mabroc Teas contributed 66%. The Tea segment also accounted for 82% of Group Gross Profit, with Rubber and Other segments contributing 15% and 3% respectively. Mabroc continued to be the Group's largest contributor to Gross Profit, accounting for 67%.

Group Net Profit amounted to Rs. 882 million, representing a 7% decline year-on-year, primarily due to higher production costs arising from the mandated 15% wage increase, which added Rs. 200 per worker per day, together with increased gratuity provisions effective from January 2026.

Despite these pressures, KVPL maintained its position as a price leader in the Colombo Tea Auction, recording the second highest Gross Sales Average (GSA) among Regional Plantation Companies for the eighth consecutive year, reaffirming the Company's unwavering commitment to quality and premium positioning within Sri Lanka's tea sector.

Subsidiary Performance

Our marketing subsidiary Mabroc Teas, recorded a 20% decline in Revenue due to a decline in bulk tea exports, but achieved strong profitability growth, with Profit Before Tax and Profit After Tax increasing by 15% and 11% respectively. This performance reflects prudent management of overheads and a shift towards higher value added higher margin premium tea products.

Mabroc retained its position as Sri Lanka's largest tea exporter to China and Taiwan whilst emerging as the second largest exporter to Japan, during the year.

Mabroc continued to build on the inroads it made over the past few years to further advance in its strategy of geographical diversification as well as customer diversification. Following the milestone of establishing a dedicated office Mombasa, Kenya in 2024; , during the year, Mabroc further strengthened its distribution and global sourcing capabilities by expanding its Kenyan operations, to extend imports across all East African tea producing countries whilst its re-export volumes to existing and new customers also increased. Since dispatching its first tea consignment from Africa in January 2024, the Company continues to steadily broaden its reach, further reinforcing its position as a dynamic globally integrated Tea exporter.

Building on its FMCG investments in Poland in the previous year, Mabroc emerged as the leading tea supplier to three major supermarket chains in the country, further strengthening its European retail footprint. The introduction of a ready to drink Bubble tea range in selected European markets marked another step-in product innovation and consumer diversification.

Further advancing the Company's strategy of increasing the share of value added exports, Mabroc commenced construction of a new packaging facility at its premises during the year, funded by KVPL. The facility, which is currently under development and expected to commence operations in January next year, will further strengthen the Group's value addition capabilities, operational efficiency, and export market competitiveness.

Mabroc's R&D capabilities continue to be served as key driver of sustainable value creation and product differentiation. It continued to strengthen its focus on value added product innovation during the year through ongoing investments in research and development aligned with evolving global consumer preferences towards health, wellness, and functional beverages. As part of these efforts, the Company developed several specialty tea blends across three key product categories: Herbal Tea, Vitamin Tea, and Women's Wellness Tea ranges.

During the year, Mabroc Teas established "TeaForward 2030" as its dedicated ESG framework to support sustainable growth and long-term value creation, focusing on Environmental Stewardship, Social Responsibility and Strong Governance in alignment with globally recognised sustainability priorities and Group frameworks.

Strategic Strides the Right Way

The year under review represents a defining phase in KVPL's ESG journey, with the Group beginning to realise tangible outcomes from its sustainability led strategic direction. These outcomes include enhanced market access, stronger brand equity, improved operational efficiencies, strengthened investor confidence, and greater resilience, collectively contributing towards long term value creation.

Transforming towards a Sustainable Agribusiness

KVPL continues to strategically reposition its operations beyond traditional monoculture plantation systems towards a more resilient and diversified agribusiness model. This transition is aimed at enhancing land productivity, strengthening revenue resilience, unlocking higher-value market opportunities, and improving long-term environmental sustainability.

During the year, KVPL further expanded its multi-cropping and crop diversification initiatives across underutilized estate lands, maintaining Cinnamon and Coconut cultivation of 200 hectares and 225 hectares respectively while Coffee cultivation increased from 246 hectares to 300 hectares.

> In 2025/26, KVPL took a progressive step forward by fully adopting SLFRS S1 and S2 under a 'climate-first' approach, aimed at providing investors and other primary users with clear, decision useful information.

Building on the milestone achieved in the previous year, where Halgolla Estate became the world's first tea estate to receive "regenagri" certification, KVPL successfully extended this certification across the entire Company during the year under review. This achievement reflects the strength of the Company's Intellectual Capital, particularly its ability to combine agronomic expertise, data-driven practices, and integrated sustainability frameworks to deliver outcomes the "Right Way."

For many years, KVPL's environmental strategy has remained firmly grounded in the principles of sustainability and circularity. Through the systematic application of the 7Rs Refuse, Reduce, Reuse, Reclaim, Recycle, Repair, and Replace the Group continues to minimise its ecological footprint while enhancing resource efficiency across operations. KVPL introduced an innovative upcycling initiative converting electronic waste into decorative and wearable jewellery, demonstrating the Company's ability to transform waste into value through creativity and applied knowledge.



Towards Higher Value, Driven by Higher Values

Escalating production costs, mounting pressure on margins, and declining land productivity continue to reshape the long-term sustainability dynamics of the plantation sector. Against this backdrop, KVPL recognised early the imperative of moving beyond commodity driven models towards higher value and more resilient market positioning.

The Company's pioneering strategies, implemented well ahead of industry peers, together with its achievement of several global first accreditations, comprehensive value chain certifications, and sustainability led innovations, now stand as evidence of long term strategic foresight and

preparedness. What were once viewed as progressive sustainability investments are increasingly translating into tangible commercial value through stronger customer trust, enhanced premium market access, greater brand equity, and strategic progression up the value chain.

The successful harvest of Coffee and Tea cultivated within agroforestry systems at Halgolla Estate, marketed as Rare Coffee and Rare Tea, exemplifies KVPL's ability to generate premium value added exports while simultaneously preserving biodiversity and long term land productivity.

KVPL continues to invest in factory modernization to enhance production capacity and improve product quality.

During the year, implementation of the TerRax digital traceability platform marked a major advancement in KVPL's traceability capabilities, enabling end-to-end tracking across the Rubber supply chain from field to finished latex product. This initiative enhances transparency, data accuracy, real time visibility, and EUDR compliance readiness, while strengthening confidence among international buyers increasingly demanding verifiable and responsibly sourced products.

Similarly, Mabroc became the first tea exporter in Sri Lanka to equip every retail tea pack with a QR-based traceability platform, "TeaTrace," enabling consumers to trace products down to the tea bush level. This innovation marks a significant advancement in digital transparency within Sri Lanka's tea sector, strengthening consumer trust, ESG assurance, and premium market competitiveness.

KVPL also completed polygon mapping across its plantations during the year, establishing precise geolocation data to support compliance and monitoring requirements. This was complemented by strengthened documentation systems and enhanced internal audit processes, improving governance, traceability, and data integrity across operations.

The previous year marked a significant milestone for KVPL as it became the first plantation Company in Sri Lanka to achieve "ISO/IEC 27001:2022 Certification", the leading international standard for Information Security Management Systems (ISMS). The certification was successfully renewed during the year.

Driving Smart Plantation Stewardship Through Digital Transformation

We continued to invest in integrated technology platforms and data driven capabilities as a strategic priority during the year. Key initiatives included the implementation of the OLAX ERP system for centralised data management and an AI enabled solution to manage large scale plantation data, while the Oracle system further streamlined human resource management.

Climate monitoring tools incorporating weather alerts and climate data strengthened data informed decision-making, while digital weighing scales introduced in the tea sector were extended to rubber harvesting operations. In the rubber segment, integrated digital traceability software enhanced traceability from end product to field level.

The continued deployment of drones improved the precision application of foliar nutrients and fertiliser, while enabling real time agricultural monitoring. These technologies supported the assessment of tea bush health, plant stress, nutrient deficiencies, soil conditions, water requirements and early pest detection, enabling timely interventions to improve productivity and crop resilience. In addition, the introduction of a vehicle GPS tracking system enhanced operational oversight across estates.

Building Climate Smart, Regenerative Agribusiness Systems

Regenerative agriculture has increasingly become a central pillar of KVPL's long term strategy, reflecting the Group's commitment to future ready agricultural systems that enhance ecosystem health and strengthen resilience against climate change.

Within just four years, the Halgolla Agroforestry Project has evolved into a recognised best practice model and was selected as a case study by global leading organisations during the year. The project's diversified high value crops now under harvest include Coffee, Areca Nut, Pepper, Avocado, Durian, and Kithul.

Having validated to the "Science Based Targets initiative (SBTi)" in 2024, KVPL has embarked on a long-term pathway towards becoming a carbon conscious and climate friendly organisation, with a commitment to achieving net zero emissions by 2049. During the year, KVPL further strengthened this commitment by achieving validation of SBTi FLAG (Forest, Land and Agriculture) targets.

Alongside mitigation efforts, the Group also continues to prioritise climate adaptation initiatives in partnership with the Tea Research Institute (TRI), supporting the development of climate resilient plant varieties to enhance long term agricultural adaptability.

Stewardship of Water, Biodiversity and Eco Systems

KVPL has progressively integrated biodiversity conservation into its business model as a natural extension of its commitment to protecting the rich ecosystems within and surrounding its estates.

During the year, KVPL further strengthened its Leopard conservation and ecosystem connectivity initiatives including the Elbedda Ridge Corridor, through its ongoing partnership with the Wilderness and Wildlife Conservation Trust (WWCT) .

We continued our active engagement in conservation of water and eco systems through the "Kelani Valley Protectors Initiative" (KVPI), implemented in partnership with the International Union for Conservation of Nature and other State & private sector stakeholders, Launched in 2022 in support of the Government's Surakimu Ganga programme within the Kelani River Basin, KVPI plays a critical role in safeguarding the We Oya catchment area and strengthening watershed protection.

Embedding Sustainability into Global Product Positioning

As early as 2006, KVPL pioneered "A Home for Every Plantation Worker," directly linking product consumption with measurable social impact. Under this initiative, each product pack carrying the logo contributes Rs. 1.50 towards a dedicated "A Home for Every Plantation Worker" charity fund , representing one of the plantation sector's earliest sustainability linked product models.

Our People

At KVPL, we recognise that the long term strength and resilience of our business are ultimately shaped by the capability, adaptability, and commitment of our people.

As the plantation sector continues to evolve amidst changing stakeholder expectations, climate challenges, technological transformation, and sustainability imperatives, building a future ready workforce remains a strategic priority. We therefore continue to invest in talent development, leadership capabilities, digital competencies, and structured career pathways that empower our people to grow alongside the transformation of the business.

We are deeply honoured to have been recognised as a "Great Place to Work" for the fifth consecutive year, remaining the only RPC to achieve this distinction.

The plantation sector represents a unique context where estates are not only workplaces but also homes for employees and their families. This reinforces KVPL's responsibility beyond employment, extending to the broader well-being and development of entire communities. KVPL's operations encompass over 7,000 direct employees and a wider plantation community exceeding 58,000 individuals.

During the year, the Company continued advancing digitally enabled workforce management systems, becoming the first RPC to introduce Digital Facial Recognition technology for field employees, enabling greater transparency and accuracy in employee data management.

Looking Ahead

The ongoing geopolitical tensions and military conflict in the Middle East continue to pose significant downside risks to global economic growth and trade. For Sri Lanka's agriculture sector, the most immediate impact is expected to arise from sharply higher fertiliser and freight costs, which continue to place considerable pressure on industry margins. These developments reinforce the importance of operational agility, cost discipline, and productivity enhancement across the Group's operations.

At the same time, evolving global market expectations continue to place increasing emphasis on sustainability, traceability, ethical sourcing, and responsible environmental stewardship. As one of Sri Lanka's most certified Regional Plantation Companies and a pioneer in many sustainability led initiatives, KVPL remains strategically positioned to respond to these changing dynamics.

Against the backdrop of structural challenges facing the Rubber sector, including declining price competitiveness and subdued demand, the Group will continue pursuing direct exports of higher value-added products whilst also focusing on enhancing land productivity and resource efficiency through diversification and multi cropping.

KVPL will also continue to advance the "Revenue Sharing Model" as a strategic win-win solution that empowers daily wage earners in the Tea sector to improve productivity and earnings while strengthening operational sustainability and shared value creation.

The year's performance further demonstrates how KVPL's integrated approach, where business strategy and ESG priorities increasingly converge, continues to strengthen resilience, competitiveness, and long-term value creation. Above all, the Group remains guided by its enduring belief that "Terra is Gold" that land is not merely a productive asset, but a precious and enduring source of livelihood, prosperity, biodiversity, and ecological balance. Guided by this philosophy, KVPL will continue strengthening its contribution towards climate resilience, regenerative agriculture, biodiversity conservation, and responsible environmental stewardship while creating sustainable value for all stakeholders.

Progress on SLFRS S1 & S2

In 2025/26, KVPL took a progressive step forward by fully adopting SLFRS S1 and S2 under a 'climate-first' approach, aimed at providing investors and other primary users with clear, decision useful information. Strengthening our corporate reporting suite, this year's report presents comprehensive sustainability related financial disclosures, supported by limited external assurance that positions KVPL as a pioneer in advancing corporate transparency within the plantation sector.

Appreciation

I wish to convey my heartfelt appreciation to our chairman and my colleagues on the Board for their invaluable guidance, unwavering support, and continued confidence in me. My sincere appreciation also extends to the Senior Management Team and the 7,266 individuals who together embody our "One Team" spirit, whose dedication, resilience, and shared commitment continue to drive KVPL forward.

I wish to place on record my sincere appreciation for the exemplary leadership and significant contributions of Anura Weerakoon, who served as Chief Executive Officer of KVPL since December 2018 and retired with effect from 31 July 2025. His dedication and leadership have made a lasting contribution to the Company's growth and transformation journey.

I also extend my sincere gratitude to our customers, value creation partners, shareholders, and all other stakeholders for the trust and confidence they continue to place in us. Your steadfast support inspires us to create enduring value The Right Way, guided by integrity, sustainability, and our enduring belief that "Terra is Gold." Together, we remain committed to taking meaningful steps towards growth, and a more resilient, responsible, and sustainable future.



Roshan Rajadurai PhD, D.Sc.
Managing Director

11 May 2026

Strategic Introduction

Transforming the Value of the Earth into Sustainable Competitive Advantage

KVPL's strategic direction is founded on the belief that long-term value creation begins with responsible stewardship of land and natural capital, and our approach reflects our philosophy that "Terra is Gold". Over the decades, the Group has made significant investments in its estates, sustainability frameworks, community development, certifications, agronomic expertise, and operational capabilities, which are now increasingly being harnessed as sources of competitive advantage and commercial value creation. As a plantation company deeply connected to the environment and rural communities, KVPL recognises that sustainable land management, strengthened by ESG intelligence and traceability, enhances stakeholder confidence, builds market trust, and ultimately translates into sustainable financial value.

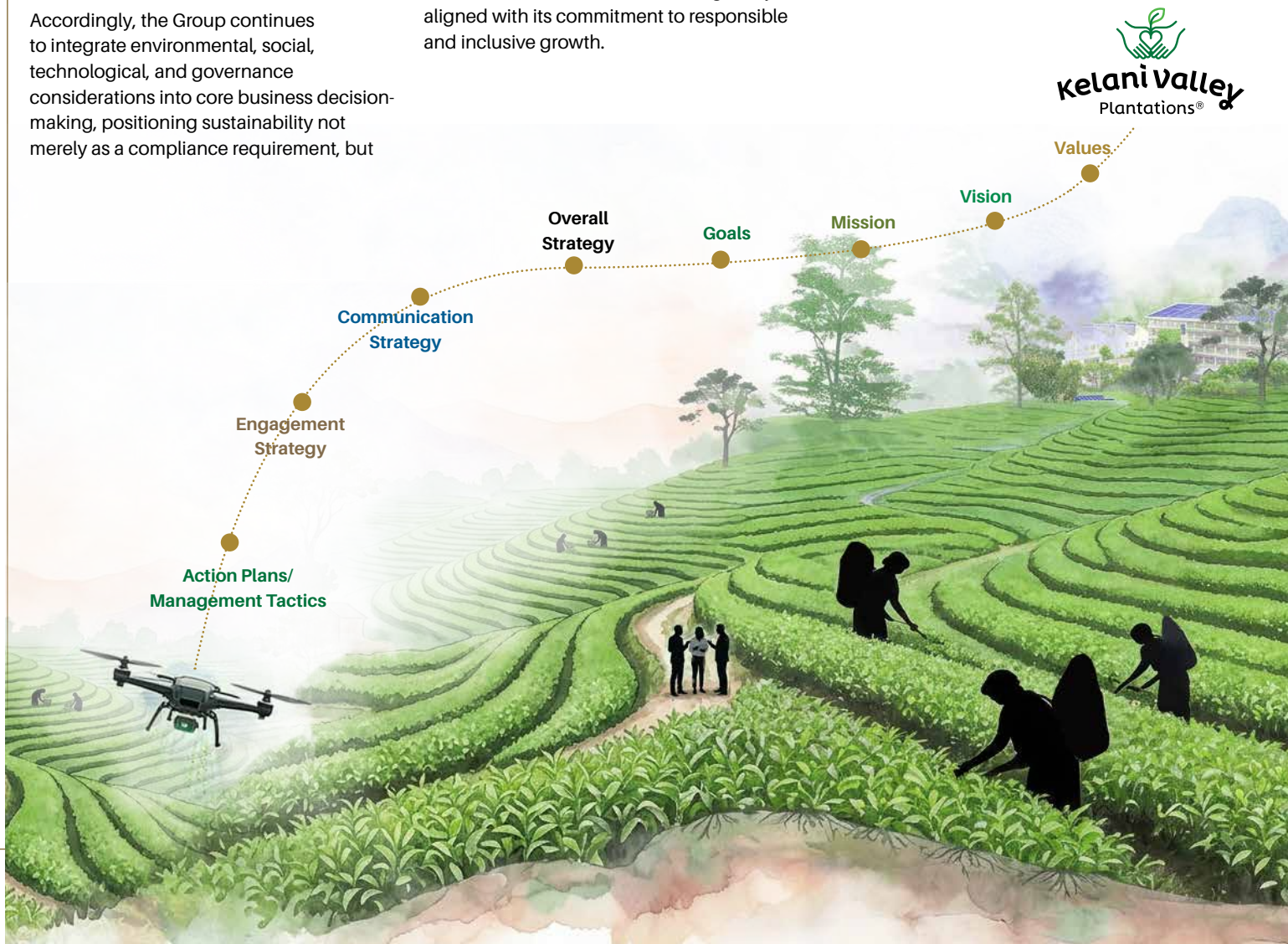
Accordingly, the Group continues to integrate environmental, social, technological, and governance considerations into core business decision-making, positioning sustainability not merely as a compliance requirement, but as a strategic driver of commercialization, differentiation, and long-term competitive advantage. This includes leveraging its globally recognised certifications, regenerative agriculture leadership, climate commitments, and traceability systems to access premium markets and strengthen customer trust.

In line with this strategic evolution, KVPL is progressively transforming from a traditional plantation management company into a diversified and future-ready agribusiness ecosystem leader. The Group's focus now extends beyond primary commodity production towards value-added exports, regenerative agriculture, agroforestry, climate resilience, sustainable innovation, and technology-enabled supply chain transparency. Through this integrated approach, KVPL aims to unlock new revenue streams, enhance land productivity, strengthen global market positioning, and create enduring value for all stakeholders while remaining firmly aligned with its commitment to responsible and inclusive growth.

In an increasingly complex global environment shaped by climate change, evolving consumer expectations, sustainability-linked market access, technological disruption, and stakeholder accountability, KVPL continues to strengthen its position as a future-ready agribusiness enterprise.

This integrated philosophy enables KVPL to balance productivity with sustainability, commercial growth with responsible stewardship, and present performance with future readiness.

Under the Terra Gold philosophy, every strategic decision is measured not only by immediate outcomes, but by its contribution to creating sustainable value across all capitals over the short, medium, and long term.



OPERATING ENVIRONMENT
Navigating a Dynamic Agribusiness Landscape

We operate in a rapidly evolving external environment. Our strategic agility and integrated approach enable us to translate challenges into opportunities for sustainable value creation.

1. Political

Impact on KVPL
Stronger regulatory oversight and sustainability expectations create both compliance imperatives and leadership opportunities.

Our Response
Embed ESG leadership, proactive compliance and engage in policy dialogues.

2. Economic

Impact on KVPL
Price volatility and cost pressures affect margins and competitiveness.

Our Response
Enhance operational efficiency, diversify markets and develop value-added products.

3. Social

Impact on KVPL
Rising expectations from workers, communities and consumers demand responsible and inclusive operations.

Our Response
Invest in people, community development and uphold ethical practices across our value chain.



4.Technological

Impact on KVPL
Technology is reshaping operations, customer engagement and competitive positioning.

Our Response
Invest in digital capability, data-driven decision making and agri-tech innovation.

5. Environmental

Impact on KVPL
Environmental risks can affect yields, resources and long-term resilience.

Our Response
Advance climate resilience, conserve biodiversity, manage water responsibly and pursue net zero emissions by 2049.

6. Legal

Impact on KVPL
Stricter regulations increase compliance requirements but strengthen market access.

Our Response
Maintain robust governance, ensure compliance and adopt best practices.

Turning Complexity into Competitive Advantage

Terra Gold's strategic response transforms external pressures into enduring strengths through four pillars:

Integrated Stewardship	Resilient Operations	Sustainable Value Creation	Global Competitiveness
Integrated stewardship of land, people and natural resources	Resilient operations and agile strategic response	Sustainable value creation for stakeholders and future generations	Strengthening global competitiveness and market leadership

Terra Gold Mindset

We embrace change, manage risks responsibly and convert emerging trends into opportunities that create enduring value for all stakeholders.

Stakeholder Engagement

GRI 2-29

Building Value through Responsible Relationships

At KVPL, stakeholder engagement is not treated as a reporting exercise, but as an essential component of integrated value creation. Through continuous engagement, collaboration, and responsiveness, we strengthen trust, identify emerging expectations, and align strategic priorities with the evolving needs of stakeholders.

Our stakeholder engagement approach supports:

- Better decision-making
- Responsible risk management
- ESG integration
- Innovation and value creation
- Long-term business sustainability

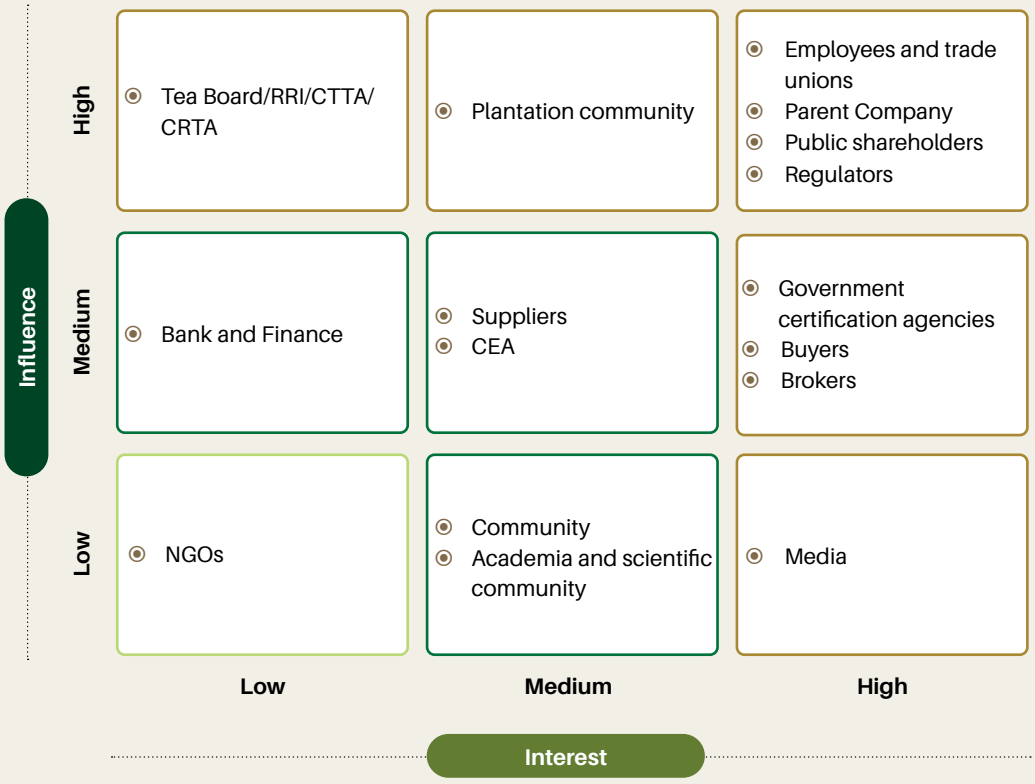
LIST OF STAKEHOLDER GROUPs

Stakeholder Group	Who They Are	Primary Expectations	KVPL Engagement Approach
Investors & Shareholders	Hayleys PLC, institutional & minority investors	Sustainable returns, governance, ESG performance	ARs, investor forums, disclosures
Employees	Estate workers, All staff Categories, executive and management	Safety, wellbeing, fair wages, development	Training, engagement forums
Customers & Buyers	Global tea/rubber buyers, ethical sourcing partners	Quality, traceability, ESG compliance	Buyer engagement, certifications
Communities	Estate communities, local residents	Social wellbeing, livelihoods	CSR, housing, community projects
Regulators	Government bodies, environmental authorities	Compliance and responsible operations	Formal reporting and engagement
Academia & Research Partners	Universities and research institutions	Innovation and knowledge collaboration	Joint R&D and research partnerships
Suppliers & Service Providers	Operational partners	Fair procurement and partnerships	Sustainable sourcing practices

GRI 2-30

Collective Bargaining Agreements

Considering KVPL's workforce, collective bargaining agreements cover 99% of manual and non-executive employees (excluding executives), ensuring transparent, fair representation and protection for the majority of personnel.



GRI 2-29

Identifying and Selecting Stakeholders

Stakeholder groups are prioritized according to their level of influence on KVPL and their level of interest in the company.

Creating Meaningful Relationship with Stakeholders

At Kelani Valley Plantations PLC, meaningful stakeholder relationships are fundamental to long-term value creation and sustainable business success. Guided by the Terra Gold philosophy, we engage with our stakeholders through continuous dialogue, transparency, collaboration, and responsible action to better understand their evolving expectations and strengthen mutual trust.

Our stakeholder engagement approach enables us to integrate diverse perspectives into strategic decision-making, enhance operational resilience, manage emerging risks and opportunities, and create shared value across our business ecosystem. By maintaining open and constructive relationships with investors, employees, customers, communities, regulators, research institutions, and industry partners, we continue to build a responsible and future-ready agribusiness model grounded in stewardship, accountability, and sustainable prosperity.

Approach to Stakeholder Engagement GRI 2-29

KVPL's INNOVATIVE STAKEHOLDER ENGAGEMENT MODEL

THE KVPL RELATIONSHIP VALUE LOOP

Listening with Purpose | Acting with Responsibility |Creating Shared Value



Our Stakeholders

Investors & Shareholders
Capital providers and long-term value partners.

Employees
Our workforce and leadership.

Communities
Estate communities and local residents.

Customers & Buyers
Global buyers and ethical sourcing partners.

Regulators & Government
Policy makers and regulatory authorities.

Suppliers & Partners
Suppliers, contractors and service partners.

Academia & Research Partners
Universities and research institutions.

NGOs & Civil Society
Development and environment partners.

Enabled By

Digital Engagement Platform	Data & Analytics	ESG Intelligence	Collaborative Leadership	Governance & Accountability

Stakeholder Value Drivers

Better Decisions | **Risk Mitigation** | **Innovation & Growth** | **ESG Performance**

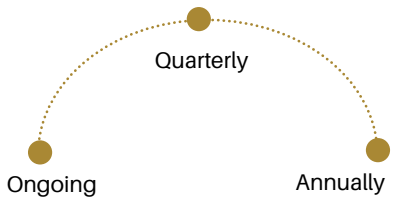
Our Engagement Principles

- **Respect & Inclusivity** We value every voice.
- **Transparency** We communicate openly.
- **Responsiveness** We act on what matters.
- **Accountability** We own our commitments.
- **Partnership** We grow together.
- **Sustainability** We create lasting impact.

Engagement Channels

- Face to Face Engagements
- Digital Platforms & Social Media
- Surveys & Polls
- Industry Forums & Partnerships
- Community Meetings & Programs
- Reports & Disclosures

Engagement Frequency



Timely | Relevant | Meaningful

Our Commitment

We are committed to listening with empathy, acting with integrity, and partnering for a better tomorrow.

Operational Excellence **Long-term Value Creation**

GRI 2-2

Entities Included in the Consolidated Financial Statements & Non Financial Statements

A list of all entities included in the organization's consolidated financial statements and Non financial equivalent documents are included in this report.

a. Kelani Valley Plantations PLC
b. Kelani Valley Resort (Private) Limited
c. Mabroc Teas (Private) Limited
d. Kalupahana Power Company (Private) Limited

Materiality Assessment

GRI 3-1

Identifying What Matters Most

KVPL adopts a dynamic materiality assessment process to identify and prioritize the environmental, social, governance, and economic matters that significantly influence long-term value creation and stakeholder decision-making.

Our materiality process integrates:

- Stakeholder expectations
- Industry developments
- ESG risks and opportunities
- Strategic priorities
- Global sustainability trends
- Financial and operational impacts

Defining Report Content and Topic Boundaries

The selection of material topics and the establishment of topic boundaries were carefully considered, taking into account the discosure requirements outlined in various frameworks and regulations, including:

1. The GRI Universal Standards 2021 and GRI 13 Sector Standards
2. The International Integrated Reporting (IR) framework of 2013
3. United Nations Global Compact (UNGC) Communication of Progress (COP) requirements
4. United Nations Sustainable Development Goals (UNSDGs)
5. The Companies Act of 2007
6. Listing rules of the CSE
7. The Code of Best Practice on Corporate Governance for public listed companies, jointly issued by The Institute of Chartered Accountants of Sri Lanka, The Securities and Exchange Commission of Sri Lanka and The Colombo Stock Exchange.
8. SLFRS Sustainability Standards
9. Sustainability Accounting Standards Board (SASB)

Complying With Reporting Principles

In line with established sustainability reporting frameworks and regulatory requirements, this report integrates sustainability context across its content. Topics have been carefully selected based on their materiality to both the Company and its key stakeholders, with an emphasis on presenting comprehensive and balanced information wherever feasible.

To ensure adherence to quality principles, the Company's financial statements have been independently audited by Chartered Accountants, while internal audits are conducted regularly throughout the year. All other non-financial disclosures have been reviewed and approved by the respective senior management to uphold the accuracy and reliability of reported information. Where applicable, two years of comparative quantitative data have been included in alignment with the Global Reporting Initiative (GRI) Standards.

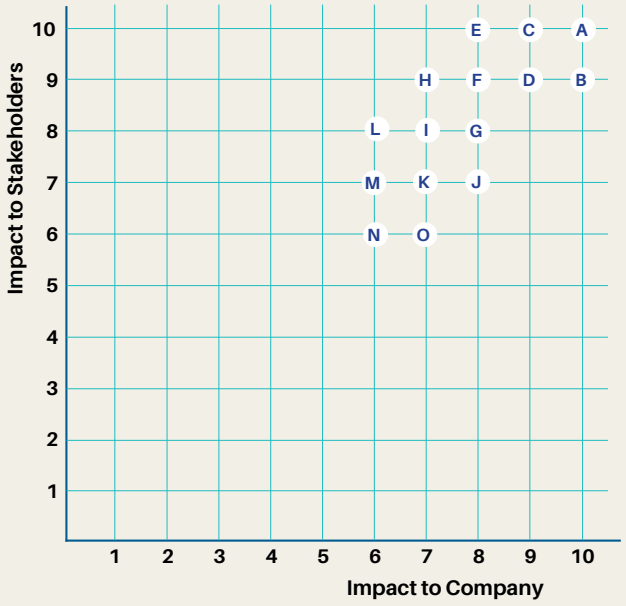
GRI 3-1

Process of Determining Material Matters

In alignment with sustainability reporting frameworks and regulatory requirements, this report integrates the sustainability context throughout its content. Topics Impact to Company Impact to Stakeholders have been carefully identified and selected based on their relevance and significance to both the Company and its key stakeholders, with a commitment to presenting information as comprehensively as possible.

To uphold quality principles, the Company's financial statements are subject to independent audits conducted by Chartered Accountants, complemented by regular internal audits throughout the year. All other disclosed information is reviewed and approved by relevant senior management to ensure accuracy, consistency, and reliability.

In accordance with the GRI Standards, we have provided two years of comparative quantitative data wherever applicable, enhancing the report's transparency and enabling year-over-year performance tracking.



Our Material Matters

- A Energy consumption
- B Emissions & Air quality
- C Environmental impacts in supply chain
- D Employee wellbeing
- E Water stress
- F Supplier social assessment
- G Environmental and social issues along supply chain
- H Product responsibility
- I Genetically modified organism
- J Climate change adaptation
- K Product Quality
- L Operational safety and emergency preparedness
- M Biodiversity
- N Ecological impacts
- O Regulations and compliance

The following section outlines the transparent and systematic process used to identify material topics that reflect our most significant economic, environmental, and social impacts, and that influence the decisions of our stakeholders. Transparent process employed in selecting topics material to the Company and stakeholders:

GRI 3-2

Our Material Matters

Materiality themes: For better clarity we have grouped the identified material topics into four themes aligned to our EESG framework, as listed below:

- Economic Topics
- Environment Topics
- Social (People & Community) Topics
- Government Topics

A list of relevant material issues has been selected as process parameters towards conducting the materiality assessment by the Company's ESG- Sustainability Division based on regular discussions with Company's leadership, Corporate and Estate management teams, analysing the strategic direction given by the ESG framework (KVPL's Corporate DNA) and guidelines recommended by local and international corporate reporting frameworks including the IR framework and GRI standards.

GRI 2-4

Restatements of Information

GHG Emission Data has been re-stated as the scope is expanded and the calculation method is changed.

The GHG emission data for FY 2025/26 has been restated to reflect an expanded organizational boundary, incorporating emissions from the Head Office and Sub Office facilities into the calculation scope; as a result, Scope 1 and Scope 2 emissions have increased accordingly.

Emission Category	25/26 Emission) tCO2e)	24/25 Emission) tCO2e)	Difference
Scope 1	6,366.00	5,732	+634
Scope 2	2,367.86	2,259	+108.86

GRI 2-28

Membership of Associations

- Planters' Association
- Ceylon Chamber of Commerce
- United Nation Global Compact
- Biodiversity Sri Lanka
- Wild Life and Nature Protection Society of Sri Lanka



List of Material Topics GRI and Management Approach

Material Topic Table

Material Themes	Material Topics	GRI Topics	
Economic	Financial stability and economic value sharing	201, 202,203	
	Innovations, Capacity development and future readiness	203	
	Taxation and Cost Management	203	
Environmental	Climate Action and Responses	201	
	Carbon footprint (Energy and Emissions)	302, 305 FB-AG-110a FB-AG-130a	
	Water and Biodiversity	303, 101, 13.4, 13.5, 13.13 FB-AG-140a	
	Effluent and Waste	306, 13.6, 13.9	
Social (People and Community)	Attraction of top talent, upskilling and retention	401, 402, 404,405, 406	
	Health, Safety and Well-being	403, 416 FB-AG-250a FB-AG-320a	
	Community engagement and stakeholder networking	413, 13.23 FB-AG-430a	
Governance	Resource Utilizations and Material consumption	301 FB-AG-440a	
	Ethics, Good Governance and Compliances	407, 408, 409, 415, 416	
	Business values and brand reputation	408, 409, 417, 418	
	Responsible Business and Procurement Process	407, 416, 301	
	Anti-corruption and Anti-competitive behaviour	205, 13.25	

	Management of material Topics	UN SDGs
	◉ KVPL has adopted a crop and business diversification strategy to reduce reliance on Tea and Rubber, rebalance its risk portfolio, and develop alternative revenue streams beyond core agricultural operations. Diversificaiton of supply chain to ensure supply chain resilience and market expansion and increasing value added products.	
	◉ Innovation is key to sustaining our competitive edge and remaining relevant to evolving market and environmental dynamics.	
	◉ Cost management strategies and change management framework helped to reduce the impacts of a unplanned wage hike mandated by Government in September 2024; diminished employee morale, business uncertainty and other significant risks to PBT.	
	◉ A clear cut path of commitment with targets for reduction- our approach was strengthened by securing SBTi+FLAG approval for emission reduction targets with long term objective to become net zero by 2049; the renewable energy portfolio and Bio diversity conservation projects and commitments to UNSDGs, CEO Water Mandate and UNGC. ◉ 1st plantation Company in the world to certifiy with "regenagri" Certificate	
	◉ Energy remains a critical factor due to concerns over supply reliability and rising energy costs. ◉ Our approach to energy consumption was strengthened by the focus on developing renewable energy and the SBTi approved targets to reduce our emissions.	
	◉ Commitment to water stewardship as one of the earliest signatories to CEO Water Mandate. Was recgonised for its commitment with the appointment as Chair of the Working Group under UNGC Sri Lanka and Patron of the ocean and water stewardship working group. ◉ An approach that goes beyond mere commitment to proactive initiatives. We have pledged to comply with UN SDG and UNGC principles.	
	◉ KVPL's 3R policy Reduce, Reuse, Recycle aims to minimise the use of material inputs and ensure waste is managed through environmentally responsible methods.	
	◉ The only plantation Company to be "Great Place to Work" certified for the 5th consecutive year. ◉ Winner of Gold award for People Development at the Sri Lanka Institute of Training and Development (SLITAD) People Development Awards 2023/24.	
	◉ Committed to National OHS & Well-being policies and all products and processes are fully compliant with ISO 22000:2018 HACCP and GMP (Good Manufacturing Practices) Certification	
	◉ UN accreditation, KVPL's flagship Corporate Sustainability (Strategic CSR) framework, "A Home For Every Plantation Worker", since 2006 is a key pathway for holistic, effective community engagement.	
	◉ Our approach focuses on conserving limited resources by promoting the Reuse-Reduce-Recycle (3R) concept to ensure the optimal use of material inputs.	
	◉ KVPL complies fully with national regulations on freedom of association, collective bargaining, child labour and forced labour. Therefore, the company refrains from dealing with any suppliers who may not be compliant. ◉ Voluntary commitments to Mother & Child Friendly Seal initiative; 1st Plantation Company to have a Child Policy	
	◉ KVPL has a policy of compliance with all universal and national laws and regulations	
	◉ KVPL's procurement policies meet all national and universal laws and regulations.	
	◉ KVPL's commitment to UNGC principles and Hayleys Anti-corruption policy. KVPL is the 1st plantation Company in the country for signatory to UNGC 10 principles of Human rights, Anti-Corruption, Labour standards and environment in 2007	

GRI 2-6

KVPL'S ENHANCED

CONTINUOUS VALUE CREATION MODEL

At KVPL, value begins with the land. Guided by our Terra Gold philosophy, we steward our plantations responsibly, operate with excellence, and create sustainable value for all stakeholders today and for generations to come.

INPUT CAPITALS

Natural Capital
- 25 Estates in Sri Lanka
- 13,128 ha managed land
- 2,048 ha conserved forests
- Forest Cover: 16%
- Water Recycled: 84%

Human Capital
- 7,000+ employees
- 51% women workforce
- 58,000+ estate community members benefited
- 110,319 training hours
- Employee Engagement Index: 98%

Intellectual Capital
- ESG Knowledge & R&D
- Digital expansion systems
- Partnerships with 12+ universities & research institutions
- Drone operation enhancement
- Active Research Projects: 3

Social & Relationship Capital
- Long-term buyer partnerships
- Certified ethical supply chains
- Strong community trust
- Strategic global ESG credibility
- Buyer CSI: 92%
- Supplier Code Compliance: 100%

Manufactured Capital
- 26 Factories (Tea & Rubber)
- Mini-Hydro & Solar Plants
- Modern machinery & Infrastructure
- Installed Renewable Capacity: 8.7 MW
- Factory Efficiency Improvement: +14%

Financial Capital
- Strong capital base
- Prudent financial management
- Access to sustainable finance
- Consistent profitability
- Equity: LKR 9.3 Bn
- Net Debt / Equity: 0.28

GOVERNANCE FOUNDATION

- Board Leadership & Oversight
- ESG Governance Architecture
- Enterprise Risk Management
- Ethical Conduct & Compliance
- Stakeholder Accountability
- Transparent Reporting & Disclosure
- Integrated Decision-Making

OUR CORPORATE PURPOSE

Creating Sustainable Prosperity through Responsible Stewardship of the Earth

STEWARDSHIP	SUSTAINABILITY	RESPONSIBILITY
Protecting the integrity of natural ecosystems	Balancing economic, environmental and social value	Doing business the right way

OUR GLOBAL PARTNERSHIPS

- UNGC Signatory since 2007
- UN CEO Water Mandate Pledge since 2008
- Chair - UNGC Sri Lanka Water & Ocean Stewardship Working Group

OUR GLOBAL LEADERSHIP & COMMITMENTS

- ESG Integration
- Climate & Nature Resilience
- Operational Excellence
- Innovation & Knowledge Partnerships

OUR BUSINESS ACTIVITIES



Sustainable Tea Operations
- Regenerative agriculture
- Ethical sourcing
- Quality & traceability



Rubber & Diversified Crops
- Natural rubber
- Cinnamon
- Coffee



Value-Added Branding
- Leopard Tea Series
- Circular Economy product lines



Eco & Research Tourism
- Eco-tourism experiences
- Research & education tourism

OUTCOMES - DELIVERING SUSTAINABLE VALUE OVER TIME

Short Term (1-2 Years)
- Improved yields & productivity
- Operational efficiency gains
- Market growth & diversification
- Enhanced ESG compliance
- Strong cost management
- Yield Improvement: +7.6%
- Cost per kg (Tea): -8.3%
- Market Reach: 72 Countries

Medium Term (3-5 Years)
- Competitive advantage in global markets
- Strong brand equity & premium positioning
- Deepened stakeholder trust & partnerships
- Resilient operations & climate adaptation
- Sustainable livelihood creation
- Brand Equity Index: 78%
- Premiumisation (vs Industry): +18.5%
- Community Impact: 58,000+ lives

OUR CULTURE - THE KVPL WAY

INTEGRITY	STEWARDSHIP	RESPECT	INNOVATION
We do the right thing	We protect the earth responsibly	We value people & communities	We continuously improve & transform

Rooted in the land. Powered by people. Guided by principles.

INNOVATION

Transforming agribusiness through knowledge and ESG intelligence

VALUE

Delivering enduring prosperity for all our stakeholders

Patronship - UNGC Sri Lanka Water & Ocean Stewardship Working Group

WORLD'S 1st regenagri Certified Tea Estate & RPC

1st in Plantation Industry aligned with SBTi + FLAG

Market Leadership & Diversification

Renewable Energy Transition

Governance & Management

People & Community Empowerment



Renewable Energy

- Mini-Hydro
- Solar Power
- Energy efficiency



Biodiversity Stewardship

- Leopard conservation
- Habitat restoration
- Biodiversity monitoring



Intellectual Agribusiness Management

- Data-driven decisions
- AI & analytics
- Smart operations

Long Term (5+ Years)

- Sustainable value creation & industry leadership
- Nature-positive & Net Zero readiness
- Intergenerational financial resilience
- Strengthened national contribution
- Regenerative & climate-resilient agribusiness
- Net Zero Pathway by 2049
- GHG Net Reduction Target by 2033: -43%
- ROIC (Return on Invested Capital): >16%

EXCELLENCE
We create world-class outcomes

COLLABORATION
We create shared success together

CONTINUOUS IMPROVEMENT
Through learning, measurement, innovation and adaptation, we continuously enhance our value creation journey.

Creating golden value for all

OUR OUTPUTS (FY 2025/26)

Financial Performance
- Operating Income Ratio: 21.6%
- ROE (Return on Equity): 9.08%
- Total Revenue: LKR 19.4 Bn

LKR 19.4 Bn Total Revenue

Climate Action
- GHG Emissions (Scope 1 & 2): 8,734 tCO2e
- Emission Increase vs 2020: 8%
- Renewable Energy Share: 72%

72% Renewable Energy Share

People & Social Impact
- Women in Leadership: 2.3%
- Employee Training Hours: 110,319
- Lost Time Injury Frequency Rate (LTIFR): 1.6%

2.3% Women in Leadership

Environmental Stewardship
- Forest Conservation Area: 2,048 ha
- Water Recycled / Reused: 84%

2,048 ha Forest Conservation Area

Product & Market Impact
- % Revenue from Certified Sustainable Products: 80%
- Premium Tea Price Realisation vs Industry Average: +18.5%

80% % Revenue from Certified Sustainable Products

Governance & Ethics
- Board ESG Oversight Meetings: 100%
- Code of Conduct Training Coverage: 100%
- Zero material breaches: 0

100% Board ESG Oversight Meetings

VALUE CREATED FOR

INVESTORS
Sustainable returns, long-term growth & ESG leadership

EMPLOYEES
Safe, inclusive, rewarding & future-ready workplace

COMMUNITIES
Improved quality of life & shared prosperity

CUSTOMERS
Quality, traceable, ethical & sustainable products

ENVIRONMENT
Healthy ecosystems, biodiversity & climate action

NATION
Economic contribution, exports, rural development & responsible stewardship

STRATEGIC PARTNERS

IUCN National Committee of The Netherlands
United Nations Global Compact
Solidaridad

Environemntal, Social & Governance Framework at KVPL



CREATING GLOBAL FOOTPRINTS

IN ESG SUSTAINABILITY AND IMPACTING AT GROUND LEVEL

At Kelani Valley Plantations PLC, ESG is not a choice, it is our DNA, our strategy and our way of doing business. Rooted in the Terra Gold philosophy, we have transformed sustainability from a commitment into a competitive advantage, delivering value for people, nature and future generations.

Our ESG Success Pathway - From Commitment To Global Impact (2019 - 2025/26)

2019

LAUNCH OF ESG FRAMEWORK

Launched KVPL's ESG Framework – "Corporate DNA". Setting the foundation towards a responsible and resilient future.

2020

INTEGRATION & GOVERNANCE

ESG elevated to Board level. Established ESG Governance, policies and target alignment towards 2030.

2021

TARGETS & MEI FRAMEWORK

Defined measurable ESG targets with MEI Framework. Enhanced tracking, accountability and periodic reviews.

2022

ESG INNOVATION & PARTNERSHIPS

Strengthened partnerships with universities, research institutions and experts. Driving ESG innovations, R&D and knowledge value creation.

2023

BRANDING & MARKET IMPACT

ESG integrated into marketing & branding. Launched purpose-driven product series

Our ESG Impact - Delivering Value That Matters

BIODIVERSITY & CLIMATE ACTION
Conserving ecosystems, driving reforestation, water stewardship & climate resilience.

PEOPLE & COMMUNITIES
Improving quality of life, health, education and livelihoods. Empowering women & youth.

RESPONSIBLE OPERATIONS
Resource efficiency, renewable energy, innovation & circular solutions.

ETHICAL & STRONG GOVERNANCE
Integrity, transparency and compliance embedded across our value chain.

FINANCIAL & BUSINESS VALUE
Stronger resilience, enhanced brand value, buyer confidence and sustainable growth.

The Sustainability Voice

"Terra Gold reflects our belief that the true value of the earth is realised not by what we extract from it, but by how responsibly we manage it. At KVPL, sustainability has evolved beyond compliance and commitments to become an integral part of our agribusiness model, influencing every decision from the Boardroom to the field.

Through our Environmental, Social and Governance DNA, we continue to transform traditional plantation management into a future-ready, climate-resilient and responsible agribusiness ecosystem. By integrating stewardship, innovation, accountability and stakeholder value into our operations, we are creating measurable impacts for people, nature and business a like."



Dr. Anuruddha Gamage
General Manager
HR & Sustainability

Our ESG Framework – KVPL's Corporate DNA

ENVIRONMENT
Regenerating nature and building climate resilience

SOCIAL
Empowering people and strengthening communities

GOVERNANCE
Driving ethical leadership and responsible business

Guided by Hayleys Plantations Sector ESG Framework "REGENERATE" and Group Level Framework "HAYLEYS LIFE CODE"

2024

GROUND LEVEL TRANSFORMATION

ESG cascaded to 25 estates, factories & regional offices. Impacting communities, strengthening livelihoods and driving operational excellence.livelihoods and driving operational excellence.

2025/26

GLOBAL FOOTPRINTS & FUTURE READY

Strong ESG recognition, buyer preference and global credibility. SBTi + FLAG cascading to SBUs, setting a new benchmark in ESG leadership. (Leopard Tea, e-Waste).

OUR ESG VISION

To be a global benchmark in sustainable plantation management, creating shared value through responsible stewardship, innovation and people empowerment – delivering sustainable prosperity for all.

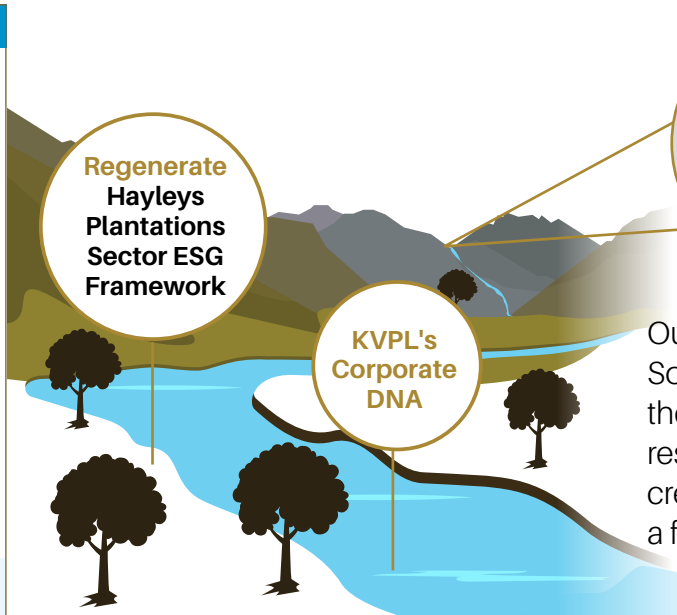
20 Years CELEBRATION
A HOME FOR EVERY PLANTATION WORKER

A HOME FOR EVERY PLANTATION WORKER (2006 - 2026)

Our UN accredited flagship CSR programme creating dignity, hope and a better future for generations

Our Recognitions & Achievements

- Winner CA Sri Lanka TAGS Award For 6th Consecutive Years
- SBTi + Flag Recognition Aligning With Global Best Practices
- Strategic Advisory Partner Control Union For Esg Transformation
- Recognised By Global Buyers For Responsible Sourcing & Traceability





The Hayleys Life Code

Our strategic vision is to integrate Environmental, Social, and Governance (ESG) principles at the core of our business to ensure long-term resilience, responsible growth, and value creation for all stakeholders. We aim to become a future-fit organization by:

From Commitment to Commercial Value: Embedding ESG into the DNA of Agribusiness Excellence"

Over the past six years, Kelani Valley Plantations PLC has transformed ESG from a compliance-driven agenda into a core business philosophy embedded at Board level and integrated across the organisation. The financial year 2025/26 represents a defining phase in this journey, where ESG has evolved beyond a standalone initiative into a strategic value creation framework influencing market access, operational resilience, profitability, and long-term competitiveness.

Aligned with the Hayleys Plantations sector framework, "Regenerate," and guided by the Group-wide Hayleys Life Code, KVPL has successfully embedded sustainability into strategic decision-making, operational execution, and stakeholder engagement practices.

This transformation is further reinforced through science-based climate commitments under the Science Based Targets initiative (SBTi + FLAG) framework, positioning KVPL among the few plantation companies globally to operationalise forest, land, and agriculture-linked climate targets at scale.

E Environmental DNA

KVPL's Environmental DNA embodies our commitment to ethical and sustainable environmental stewardship. Through initiatives like the Agroforestry Programme, we enhance Biodiversity and promote sustainable agriculture. Our Environmental Management System focuses on resource optimization, waste reduction, and carbon footprint management, aiming for carbon neutrality. These efforts are integral to our ESG MOSAIC Design, ensuring a harmonious balance between business growth and environmental responsibility.

S Social DNA

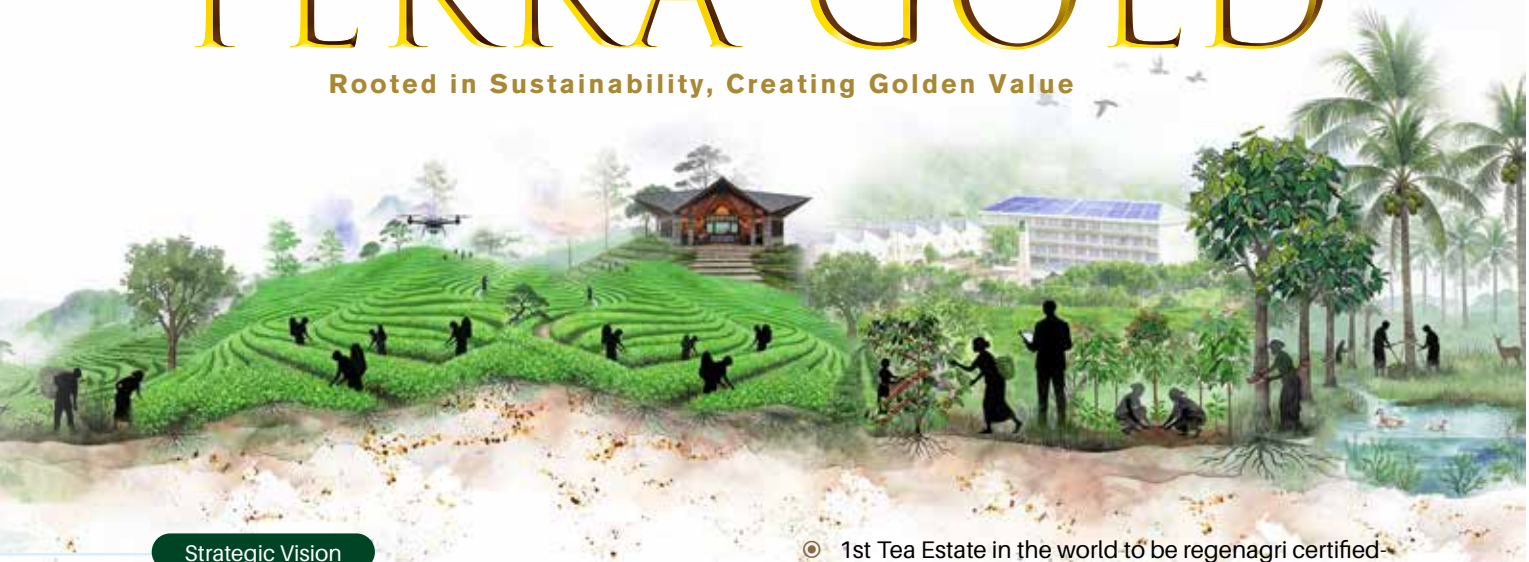
At the heart of KVPL's Social DNA is the "Home for Every Plantation Worker" programme, a flagship CSR initiative launched in 2006. This programme underscores our dedication to improving the quality of life for our 58,000-strong workforce and their communities. By fostering a familial culture and investing in social infrastructure, we aim to uplift socio-economic conditions and promote inclusive growth, aligning with the social pillars of our ESG MOSAIC Design.

G Governance DNA

KVPL's Governance DNA is rooted in transparency, accountability, and ethical leadership. We adhere to rigorous standards, including ISO Certifications and Fair Rubber Certification, to ensure compliance and integrity in our operations. Our governance framework is designed to uphold stakeholder trust and drive sustainable business practices, reflecting the governance principles of our ESG MOSAIC Design.

TERRA GOLD

Rooted in Sustainability, Creating Golden Value



Strategic Vision

Leading the transition toward low-carbon and resource-efficient operations, while embedding climate resilience and circular economy practices into our value chain towards Innovations in sustainable technologies to reduce our environmental impact.

- 1st Tea Estate in the world to be regenagri certified- Halgolla Estate. As KVPL - 1st Private Plantation Company in the world.
- Obtained SBTi target validation to foster Net Zero journey of KVPL.
- Home to the first on-location Center for Biodiversity Research and Sustainable Knowledge Management.
- Embraced advanced technologies through adopting Drone Technology for fertilizer application.

Strategic Vision

Fostering a people-first culture that champions diversity, equity, and inclusion, while empowering communities and enhancing social value through collaboration and impact-driven initiatives, in order to ensure health, safety, and continuous learning for a future-ready workforce.

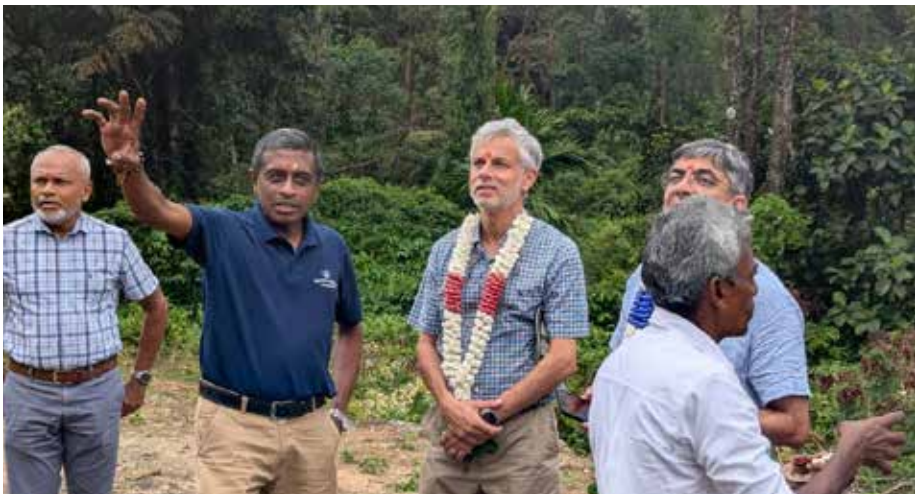
- 1st plantation Company to be endorsed by Great Place to Work for the 5th consecutive year.
- LMD's most Awarded Organisation - Overall Rank No. 3
- The Gold award winner at SLITAD People Development Awards for 3rd consecutive time.
- The 1st Plantation Company to hold a Plantation Staff symposium in 2nd time during this year.

Strategic Vision

Upholding transparency, accountability, and ethical decision-making across all levels, while strengthening board oversight of ESG risks and opportunities, in order to embedding ESG performance into leadership accountability and risk management systems.

- Achieves global first with ISO/IEC 27001:2022 certifications in the plantation sector
- Incorporated sustainability and climate disclosure standards such as SASB and SLFRS S1 and S2 in our integrated reporting.
- Gold Award winner in CA Sri Lanka TAGS 2025 - Group Turnover above 5 B.
- Winner of Bizz Awards 2024 - World Confederation of Business, USA (Recognition for Excellence in Business Management).

Our ESG Journey: Continued evolution from early stewardship to structured strategy, and now to measurable impact, positioning ESG as a driver of long-term value creation.



KVPL's commitment to enhancing the value of its Social and Natural capital spans several decades, rooted in a deeply held belief that growth must be responsible, inclusive, and future-focused. Long before ESG became a global imperative, our actions reflected an intrinsic understanding that sustainable value creation is inseparable from environmental stewardship and social well-being.

This forward-looking mindset has enabled KVPL to anticipate industry trends and act proactively, often ahead of peers. Our leadership is evidenced by the achievement of several global-first accreditations and the implementation of pioneering sustainability initiatives. Today, these efforts position us to translate ESG commitments into tangible business outcomes meeting the evolving expectations of stakeholders while strengthening long-term resilience and competitiveness. The implementation and progress of these initiatives are detailed in the ensuing Capitals Reports.

Prior to 2019/20, KVPL's environmental and social initiatives were implemented as individual programmes, without formal categorization under a unified ESG framework.

In 2019: these initiatives were consolidated into distinct Environmental and Social pillars, supported by extensive dialogue between estate management and ground-level employees. This marked the beginning of a more structured and strategic approach to ESG.

In 2020/21: our focus shifted to building awareness at the operational level, laying the foundation for internalising ESG principles across the organisation. Institutional structures were formalised, and capacities strengthened to support a more integrated, "steadfast" and scalable approach.

This evolution culminated in 2021/22 with the launch of a comprehensive ESG framework, internally branded as "KVPL's Corporate DNA." This framework defines our strategic priorities, action plans, and targets through to 2025, while aligning with the United Nations Sustainable Development Goals (UN SDGs) for 2030. It also aligns closely with the ESG framework of our parent, Hayleys PLC, as articulated in the "Hayleys Life Code."

Recognising that "Sustainability is everyone's responsibility," 2022/23 focused on embedding ESG across all levels of the organisation. Awareness and accountability were cascaded from leadership to ground-level employees, ensuring that strategic commitments translated into meaningful action on the ground, driven by the belief that "excellence is not an Act but a Habit".

In 2023/24: KVPL prioritised building a strong ESG knowledge base. This phase was underpinned by a comprehensive knowledge acquisition and management strategy, marking a transition towards a more adaptive and learning-driven organisational culture. Strategic partnerships with leading international and local, academic, governmental, and non-governmental institutions became central to this effort.

These collaborations, designed for mutual value creation, have generated significant synergies bringing in external expertise, strengthening research and development, and bridging the gap between strategic intent and operational execution. Today, such partnerships form a cornerstone of KVPL's ESG advancement model.

In 2024/25: KVPL began to realise the full benefits of its organisational transformation. The integration and practical application of knowledge across the five capitals unlocked powerful synergies, driving operational excellence while supporting the expansion of our global footprint. This progress, marked by a "triple crown" of global-first achievements, reflects a deeply embedded organisational ethos "We Can, We Should, and We Will foster harmonious co existence" which continues to guide our ambition and execution.

The year 2025/26 represents a defining phase in our ESG journey. We have begun to deliver tangible outcomes aligned with our ESG strategic objectives. These include expanded market access, enhanced brand equity, improved cost efficiencies, and strengthened investor confidence, ultimately contributing to Revenue growth, margin improvement, and risk mitigation.

KVPL continues to innovate at the intersection of sustainability and business. The successful harvest of Coffee and Tea from agroforestry systems in Halgolla, marketed as Rare Coffee and Rare Tea, demonstrates our ability to generate premium, value-added exports as a means to preserving land productivity as well as biodiversity.

This approach builds on KVPL's early leadership in sustainability-linked products. As far back as 2006, the Company pioneered its flagship initiative, "A Home for Every Plantation Worker," which directly connected consumers to social impact. Through this initiative, each product pack bearing the logo contributes Rs. 1.50 to a dedicated housing fund, marking the first instances of a sustainability-linked product within the plantation sector, where commercial activity was directly tied to measurable social outcomes.

Building on this legacy, KVPL has now extended the model to environmental sustainability through a conservation-linked product approach, embedding environmental value directly into product identity. A notable example is the launch of a Leopard conservation-themed tea range, where individually identified leopards are featured, enabling consumers globally, to actively participate in conservation outcomes. A defined contribution per pack, in US cents, will be directed to a dedicated Leopard Conservation Fund supporting ongoing protection efforts in collaboration with the Wilderness and Wildlife Conservation Trust; on an entire belt of 7 of our estates in Hatton Region .

This pioneering approach advances our biodiversity strategy beyond operational integration into brand positioning, linking commercial success with measurable environmental impact.

As part of the Hayleys Group, KVPL aligns its ESG strategy with Group-wide priorities. During the year, a sector-wide ESG framework internally branded "Regenerate was formalised across the three plantation companies of Hayleys Group, fostering collaboration and shared value creation.

ESG led Agribusiness Excellence Impacting Across the Capitals -Highlights of 2025/26

ESG remains integral to KVPL's Agri Business Excellence, driving innovation and performance across all capitals. Key highlights for 2025/26 include the following:

- Following KVPL's Halgolla Estate achieving the historic distinction of becoming the first tea plantation estate globally to receive ReGenAgri certification, the Company further strengthened this milestone during the year by extending the certification across all its estates and operations.
- Commitment to Science Based Targets initiative (SBTi) + FLAG targets, becoming the first Regional Plantation Company to do so.
- Deployment of digital innovations, including facial recognition systems for estate employees and digital weighing for rubber harvesting.
- Continued ISO/IEC 27001:2022 certification, ensuring global standards in data security.
- Implementation of AI-enabled ERP systems for advanced data management.
- Ongoing capacity building on climate and social sustainability challenges.
- Advancing our biodiversity strategy beyond operational integration to brand positioning by introducing a conservation-linked product approach. A Leopard conservation-themed tea pack was launched during the year, enabling consumers to actively participate in our conservation efforts.
- Implementation of the OLAX ERP system for centralized data management, including the deployment of an AI-enabled solution to efficiently manage large-scale plantation data.
- ESG now clearly transitions to financial value creation, impacting our Revenue Streams, margin enhancement, Risk Mitigation and Investor Confidence.

Strengthening Partnerships and Global Alignment

Strategic partnerships remain integral to our ESG journey. Collaborations with international and local universities, research institutions, development agencies, governmental and non-governmental organisations, and private sector institutions enable us to leverage specialised expertise, adopt science-based solutions, and continuously enhance community well-being while strengthening environmental outcomes. These partnerships serve as important drivers of ESG innovation, knowledge-based sustainability, and next-generation agribusiness solutions.

KVPL and Hayleys PLC have also been among the early leaders in the plantation sector to commit to globally recognised sustainability initiatives. Our partnership with the Science Based Targets initiative (SBTi) plays a critical role in strengthening our contribution toward climate change mitigation through science-based emissions reduction targets. As a long-standing participant of the United Nations Global Compact, KVPL aligns its strategies and operations with key United Nations Sustainable Development Goals (SDGs), including Zero Hunger, Good Health and Well-Being, Gender Equality, Clean Water and Sanitation, and Decent Work and Economic Growth.

Further reinforcing our commitment to responsible water stewardship, KVPL is also a signatory to the CEO Water Mandate. This reflects our continued focus on sustainable water resource management across operations and catchment areas, while supporting collective action to address shared water challenges at both local and global levels.



ENVIRONMENTAL DNA

Strategic Vision

Leading the transition towards low-carbon and resource -efficient operations, while embedding climate resilience and circular economy practices into our value chain towards innovations in sustainable technologies to reduce our environmental impact.

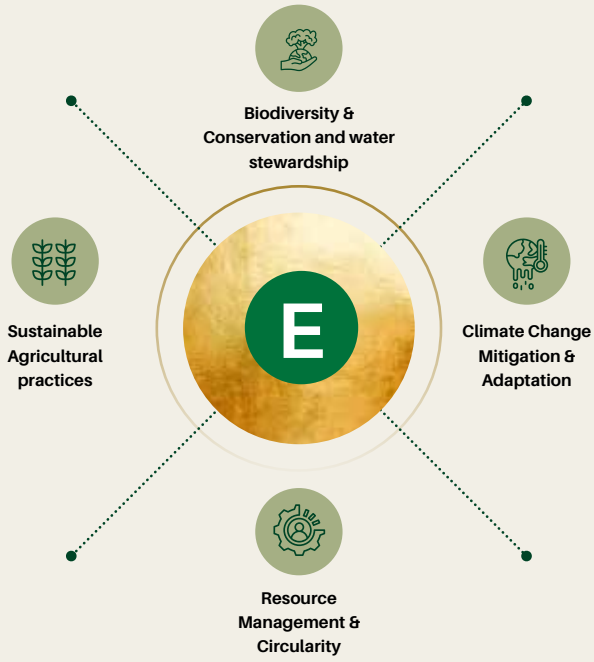
We action our environmental commitment through four distinct and critical focus areas, each guided by a targeted approach, as depicted in summary below:

Biodiversity & Conservation and water stewardship

- Corridors of Coservation
- Linking conservation to Business lanch of a Leopard conservation linked Tea pack range.
- Partnership with KVPI
- Water Stewardship under CEO Water Mandate.
- Halgolla Biodiversity Research Centre.
- KVPL's 2025/26 Forestry Plan, High Conservation Value (HCV) area management strategies

Sustainable Agricultural practices

- regenagri Certification for entire Company.
- Multi Cropping
- Deployment of Drones for enhanced resource efficiency and data analysis.



Climate Change Mitigation & Adaptation

- Commitment to reduce absolute Scope 1 and 3 FLAG GHG emissions by 72%
- Partnership for expertise with Control Union.
- Development of Renewawable Energy- Hydro & Solar and use of Biomass at factory

Resource Management & Circularity

- Commitment to CEo Water Mandate and leadership in working Group under
- Implementation of the 7R's- Refuse, Reduce, Reuse, Reclaim, Recycle, Repair amd Replace.
- Initaitive to convert E waste to Jewellery
- Waste reduction initiatives.

A comprehensive overview of the above initiatives is presented in the Natural Capital Report (pages 194 to 211).

With over 13,000 hectares of land under our stewardship, much of it situated within ecologically sensitive and high-biodiversity landscapes, KVPL is deeply committed to the responsible management and conservation of Natural Capital across our estates. As an agri-enterprise, we operate within a fundamentally symbiotic relationship with nature, where ecosystem health underpins long-term productivity, and our land-use practices directly influence environmental resilience and regeneration.

We recognise that the sustainable management of these natural assets is not only fundamental to KVPL's long-term value creation, but also critical to the integrity of national ecosystems and the well-being of communities. Reflecting this responsibility, four of our six strategic imperatives are explicitly focused on safeguarding natural capital, enhancing climate resilience, and embedding sustainable practices across our operations underscoring our commitment to integrating environmental stewardship into core business strategy while contributing to broader climate and biodiversity goals.

Our environmental strategy is anchored in alignment with global priorities, including climate action, biodiversity conservation, and responsible resource stewardship. While our focus has consistently centered on these core areas, we continue to refine and strengthen our approach in response to evolving stakeholder expectations and emerging global challenges.

Regenerative Agriculture

In recent years, regenerative agriculture has become a key pillar of our strategy, reflecting our commitment to future-ready agricultural systems. This approach enhances ecosystem health while addressing the increasingly tangible impacts of climate change now a central strategic priority for the Company. It is thus noteworthy that the ReGen Agri Certification which we earned for Halgolla estate in the previous year was extended to the entire Company during the year under review.

Climate Action: Mitigation and Adaptation

Our response to climate change is both proactive and guided by globally recognized frameworks. Through our partnership with the Science Based Targets initiative (SBTi), we have formalized our commitment to reducing greenhouse gas emissions in line with climate science, with a clear pathway to achieving net-zero emissions by 2049. This ensures that our targets are credible, measurable, and aligned with international best practices.

In a significant milestone, KVPL became the first Regional Plantation Company in Sri Lanka to commit to SBTi FLAG (Forest, Land, and Agriculture) targets, reinforcing our leadership in climate-aligned land stewardship and emissions reduction within the sector.

In addition, KVPL strengthens its climate resilience by implementing adaptation strategies such as the adoption of climate-resilient plant varieties developed by the Tea Research Institute (TRI).

Agronomic Resilience: Adoption of TRI climate-resilient plant varieties, active replanting, and crop diversification with Rs. 124 million invested in coffee, cinnamon, and coconut cultivation during FY2025/26 reduces dependency on tea and rubber and strengthens long-term agricultural resilience.

Land and Water Stewardship: Soil conservation, drainage rehabilitation, and water management programmes are systematically implemented across climate-vulnerable estates, alongside biodiversity conservation initiatives in partnership with IUCN, achieving 5.43% progress against a 5% annual target.

Energy Transition: Renewable energy now accounts for 78% of total energy consumption (up from 76%), with generation rising to 11.7 Mn kWh from 7.3 Mn kWh, driven by the Glassaugh hydropower facility and the Panawatte Rooftop Solar Project supporting a target of 95% renewable energy reliance by 2030.

Precision Agriculture and Risk Preparedness: Drone-assisted fertilizer application, AI-enabled plantation management systems, and a 15% increase in insurance coverage strengthen both operational efficiency and financial resilience against climate-related disruptions.

Together, these initiatives reflect a comprehensive, Board-oversee climate adaptation framework aligned with KVPL's ESG strategy and long-term sustainability commitments.

Water Stewardship and Ecosystem Conservation

Water stewardship remains a key pillar of our environmental strategy. Through our partnership with the Kelani Valley Protectors' Initiative (KVPI), we continue to advance the Surakimu Ganga project, contributing to the protection and restoration of critical freshwater ecosystems. Our efforts are further aligned with global frameworks such as the CEO Water Mandate, reinforcing our commitment to sustainable water management across our operations and catchment areas.

Within the Surakimu Ganga initiative, private sector partners actively support the restoration of the We Oya area through the planting of native tree species, contributing to biodiversity conservation, watershed protection, and long-term ecosystem health.

Further strengthening our leadership in water stewardship, KVPL was appointed Chair of the Water and Ocean Stewardship Working Group of the United Nations Global Compact (UNGC), while also serving as Patron of the Working Group. These appointments underscore the Company's long-standing and consistent commitment to responsible water stewardship since becoming one of the early signatories to the CEO Water Mandate in 2008.

Partnerships: Our Ecosystem for ESG Knowledge, Innovation and Impact

Our environmental and sustainability achievements are underpinned by a strong ecosystem of partnerships built on shared value, collaboration, and mutual benefit. These partnerships range from academia-driven research and development initiatives to Kaizen-based continuous improvement programmes, data-driven sustainability solutions, and cross-border knowledge exchanges.

Long-standing collaborations with organisations such as the International Union for Conservation of Nature, Control Union, Wildlife and Wilderness Conservation Trust, Science Based Targets initiative, Sri Lanka Climate Fund, University of Peradeniya, Wageningen University & Research, Jagiellonian University, Rubber Research Institute of Sri Lanka, and the Tea Research Institute of Sri Lanka continue to play an instrumental role in strengthening our sustainability outcomes through specialised expertise, scientific guidance, and technical collaboration.

The Science Based Targets initiative (SBTi) guides KVPL's pathway towards achieving net zero emissions by 2049, while the Tea Research Institute's technical expertise supports the development of climate-resilient plant varieties, enhancing agricultural adaptability in the face of evolving climatic conditions.

Collectively, these partnerships enable KVPL to leverage scientific knowledge, adopt evidence-based solutions, and create meaningful synergies that extend beyond individual contributions. They also ensure that our ESG impacts remain dynamic, scalable, commercially viable, and aligned with emerging global sustainability expectations. Through these collaborative ecosystems, KVPL continues to strengthen its ability to deliver lasting environmental and social impact while enhancing long-term resilience and responsible growth.

SOCIAL DNA

Strategic Vision

Fostering a People first culture that champions diversity, equity and inclusion, while empowering communities and enhancing social value through collaboration and impact-driven initiatives, in order to ensure health, safety and continuous learning for a future-ready workforce.

KVPL's Social DNA encompasses the communities surrounding our estates, our value chain partners, including customers and suppliers and our broader external stakeholders. It reflects a long-term, forward-looking approach where relationships extend well beyond transactional engagement and are grounded in a deep understanding of evolving stakeholder expectations.

We continue to strengthen and sustain the four key dimensions of our Social Capital through a range of focused and impactful initiatives, as summarized below. Collectively, these efforts reinforce KVPL's commitment to building resilient, inclusive, and empowered communities.

A comprehensive overview of these initiatives is presented in the Social Capital Report (pages 172 to 193).

Employee Development & Wellbeing

- 1st RPC to incorporate Oracle Fusion HCM
- 1st RPC to introduce digital face recognition for field level employees.
- Leadership training and ESG capacity building.
- "Great Place to Work for the 5th Consecutive year"
- DEI Frameworks
- Employee Health, Safety & Wellbeing.
- Initiatives related to Education, Healthcare, and infrastructure development.
- Digital literacy programmes.
- Livelihood developmen programmes.

Stakeholder Engagement

- Customer Surveys
- Supplier Surveys
- Shareholder AGM's



Community Development & Engagement

- Flagship Initiative -A Home for Every Plantation Worker- a holistic and comprehensive initiative impacting every facet of our community.
- Youth empowerment through education and universally accepted skills qualification.
- Launch of Hybrid nurseries- combining creches with pre schools in one premises.
- Fostering environmental stewardship amongst school children.

Fair Labour Practices & Human Rights

- Policies including a dedicated Child Policy -being the 1st RPC to have one.
- Mother & Child Friendly Seal

Our Plantation Communities

The plantation sector presents a unique context of social and relational capital, where estates are not only places of work but also homes for our employees and their families. This reinforces KVPL's responsibility beyond employment, extending to the well-being and development of entire communities.

KVPL's operations encompass 7,088 direct employees and a broader plantation community of over 58,000 individuals. This scale underscores the importance of our Social DNA in ensuring inclusive growth and the long-term sustainability of our enterprise.

Flagship Community Initiative

2026 marks 20 years of transformative impact through KVPL's flagship CSR initiative, "A Home for Every Plantation Worker," which continues to drive the holistic development of estate communities, including employees and their families. Over the past two decades, the programme has contributed significantly towards improving living standards across estates, strengthening workforce stability, and enhancing productivity and social well-being.

The initiative delivers a range of impactful interventions aimed at improving housing conditions, community welfare, and long-term social empowerment. Uniquely, the programme is financed through KVPL's premium single-origin tea products, embedding social value directly into the product value chain. Every pack carrying the "A Home for Every Plantation Worker" logo contributes Rs. 1.50 per kilogram towards a dedicated housing fund that supports estate community development initiatives.

The programme is now strategically linked with the Company's premium single-origin tea branding under Mabroc, strengthening ethical sourcing narratives in global markets while reinforcing KVPL's commitment to inclusive and sustainable value creation.

Partnerships for Sustainable Growth

Our long-standing partnerships, many of which span decades, are founded on trust, shared purpose, and a commitment to mutual value creation. These relationships are designed to unlock win-win outcomes by combining complementary strengths, expertise, and resources. This collaborative approach enables KVPL not only to address current needs but also to anticipate emerging expectations across markets, customers, employees, and the natural environment.

As highlighted under our Environmental DNA, KVPL's social sustainability strategy is strongly aligned with Sustainable Development Goal 17 Partnerships for the Goals. Many of our initiatives to enhance social capital are built on a partnership-driven model that leverages collaboration to generate shared value and long-term impact.

Over the years, KVPL has cultivated strong relationships with a diverse network of global and local partners. These include organizations such as the Save the Children, World Health Organization, World University Services of Canada, Sri Lanka Red Cross Society, United Nations Development Programme, Food and Agriculture Organization, and UNICEF. These partnerships have played a vital role in enhancing the quality of life of our plantation communities and strengthening social resilience.

Our People

Aligned with the Group's strategic imperatives, KVPL's Human Capital initiatives are guided by a strong commitment to global standards, a clear mandate to enhance quality of life, business sustainability and the Company's and strategic priorities. These include capacity building in sustainable agriculture, strengthening climate change awareness and response mechanisms, advancing digital empowerment, and addressing key sector challenges such as talent acquisition and retention within plantation agriculture.

Throughout the year, KVPL continued to deepen its focus on building a future-ready workforce, supported by technology-driven transformation and a strong emphasis on capability development.

A key milestone during the year was KVPL becoming the first Regional Plantation Company in Sri Lanka to introduce facial recognition-based employee identification systems across its estates. This initiative not only streamlines daily operational processes but also enhances transparency, accuracy, and the integrity of employee data management.

In parallel, as the first RPC to implement Oracle Fusion Cloud HCM, KVPL has established a robust digital backbone for Human Capital Management. This integrated platform enables structured performance management, training and development tracking, and succession planning. During the year, the system was further embedded across recruitment and performance management workflows, supporting digital onboarding and enabling more structured career progression pathways, particularly for Executive and Management cadres.

Together, these initiatives reflect KVPL's commitment to strengthening its Human Capital base through digital transformation, capability enhancement, and alignment with long-term sustainability objectives.

GOVERNANCE DNA

Strategic Vision

Upholding transparency, accountability and ethical decision-making across all level, while strengthening board oversight of ESG risks and opportunities, in order to embedding ESG performance into leadership accountability and risk management systems.

Structure of Corporate Governance

- The governance structure at KVPL is designed to uphold the highest standards of ethical conduct, while fostering agility, resilience, and innovation in an evolving business environment.
- Our Board of Directors plays a pivotal role in overseeing corporate strategy, risk management, and compliance, supported by a well-established system of Board Committees and executive leadership. This integrated approach enables clear delineation of responsibilities, balanced decision-making, and effective monitoring mechanisms.



Transparency & Accountability

- Transparency and accountability form the cornerstone of our governance philosophy. As part of our governance DNA, these principles are deeply embedded in how we operate, communicate, and make decisions ensuring that we build and maintain the trust of our stakeholders.
- Our governance framework is designed to provide timely, accurate, and comprehensive information to shareholders, regulators, employees, and the broader community, reflecting our unwavering commitment to integrity and ethical leadership.
- Accountability at KVPL is reinforced through clearly defined roles and responsibilities, rigorous oversight by the Board of Directors and its Committees, and strong performance management systems. This ensures that decision-making is not only aligned with our strategic goals but also held to the highest standards of responsibility and fairness.
- Commitment to transparency in reporting, in line with international standards such as the Global Reporting Initiative (GRI), Sustainability Financial Disclosure Standard (SLFRS), Sustainable Development Goals (SDGs), and integrated reporting frameworks

Ethics & Anti Corruption

- Ethical conduct is not just a compliance requirement it is a core element of our corporate identity and governance DNA.
- Our anti-corruption framework is built on a zero-tolerance policy towards bribery, fraud, and any form of unethical behavior. We have instituted clear codes of conduct, rigorous internal controls, and regular awareness programs to ensure all employees and business partners adhere to the highest ethical standards.
- KVPL's governance mechanisms are designed to proactively identify and mitigate risks related to corruption and misconduct. These are supported by whistleblower channels and grievance redressal systems that provide safe, confidential avenues for reporting concerns without fear of retaliation.

Community Development & Engagement

- Ensuring that the organization remains resilient, agile, and future-ready in a dynamic operating environment. We recognize that proactive risk oversight is essential to safeguarding stakeholder value, supporting strategic objectives, and driving sustainable performance.
- This is to ensure a strong internal control system designed to uphold compliance, ensure financial accuracy, and promote efficiency. These controls are continuously reviewed and enhanced to reflect changes in the business landscape, regulatory environment, and stakeholder expectations.
- Oversight by the Board and Audit Committee, supported by internal audit functions and risk champions across business units, ensures transparency, accountability, and continuous improvement. Through this integrated approach, KVPL maintains a strong control environment that reinforces our commitment to ethical governance, operational excellence, and long-term sustainability.

KVPL recognizes that strong governance is a sine qua non for sustaining an enterprise and advancing its sustainability goals. Stakeholder trust our license to operate, is fundamentally anchored in the integrity, transparency, and ethical conduct of our business. Accordingly, our governance approach is aligned with global best practices, emphasizing ethical conduct, enhanced disclosure, and the integration of sustainability into strategic decision-making.

In recent years, KVPL's governance focus has evolved to centre on embedding ESG into the DNA of Agri Business Excellence, ensuring that environmental and social considerations are guided by robust governance structures and processes.

Transparency and accountability form the cornerstones of our governance philosophy. These principles are deeply embedded in how we operate, communicate, and make decisions, enabling us to build and sustain the confidence of our shareholders and broader stakeholders.

Governance Framework and Approach

Key elements of KVPL's governance approach to sustainability include:

- Board-level oversight of sustainability-related risks, opportunities, and performance
- Clearly defined policies and Codes of Conduct covering business ethics, anti-corruption, human rights, and environmental responsibility
- Structured stakeholder engagement processes that enable inclusive decision-making and responsiveness to stakeholder expectations
- Commitment to transparent reporting, aligned with globally recognised frameworks such as the Global Reporting Initiative, International Financial Reporting Standards Foundation, the United Nations Sustainable Development Goals (SDGs), and integrated reporting principles

As a publicly listed entity, KVPL produces quarterly financial statements and annual reports that go beyond statutory requirements, reflecting our commitment to comprehensive disclosure. Oversight of related party transactions through a dedicated Board committee further reinforces fairness, accountability, and objectivity in reporting.

Strengthening Governance for Sustainability

To deepen the integration of governance and sustainability, KVPL continues to focus on:

- Enhancing data-driven decision-making through ESG performance indicators.
- Conducting materiality assessments to identify key ESG risks and opportunities
- Strengthening supply chain governance to ensure responsible sourcing and third-party compliance
- Fostering a culture of integrity, accountability, and continuous improvement across all levels of the organization
- Embedding governance into the foundation of sustainability efforts to ensure effective implementation, rigorous monitoring, and transparent communication

During the year, the Group further strengthened its governance framework by enhancing awareness of climate change impacts and the urgency of mitigation and adaptation across all levels of the organization from Board members to estate-level employees.

Embedding Sustainability Across the Organisation: From Boardroom to Bush and Bush to Boardroom

Sustainability governance at KVPL is structured to ensure alignment across all levels of the organization:

Environemntal, Social & Governance Framework at KVPL

Board Level Oversight

GRI 2-14

Since 2024, KVPL's Board has formally reviewed ESG performance against the Company's strategic objective of embedding ESG into Agri Business Excellence. ESG performance indicators are presented at each quarterly Board meeting, enabling oversight, guidance, and strategic direction.

The approval protocols have been developed up to the board of directors' approval through the management review committee.

Management Level

The ESG Steering Committee, established in 2022 and chaired by the Head of Sustainability (a member of senior management), plays a central role in driving the Company's sustainability agenda. The Committee meets monthly to review progress against ESG objectives and alignment with the United Nations Sustainable Development Goals.

Annual sustainability budgets under "KVPL's Corporate DNA" are linked to clearly defined ESG KPIs, which are tracked and disclosed in the Integrated Annual Report in alignment with global standards. Continuous exposure to international best practices further strengthens management capability in sustainable and responsible agroforestry.

Estate and Operational Level:

At the operational level, sustainability is embedded through six key value drivers, supported by targeted awareness programmes, employee training, and community engagement initiatives. This ensures that strategic priorities are translated into meaningful on-the-ground action.

Monitoring and Evaluating ESG Performance

Robust monitoring and evaluation are central to KVPL's governance approach. The Company adopts a continuous improvement model Monitor, Evaluate, and Improve, to drive performance and accountability across ESG initiatives.

Performance is assessed through:

- Key Performance Indicators (KPIs): Quantitative tracking of ESG metrics against defined targets
- Progress Against Prior Commitments: Evaluation of achievements relative to previously set ESG goals
- Future Targets and Priorities: Establishment of clear, time-bound ESG objectives aligned with strategic priorities

This structured approach to governance has contributed to the success of several award-winning practices and remains a key enabler of KVPL's ongoing ESG journey.

Looking Ahead

KVPL stands today not merely as a plantation company, but as a future-ready agribusiness model where ESG serves as the central driver of long-term value creation. What began as a structured sustainability journey has evolved into a fully integrated, performance-driven ESG ecosystem that delivers measurable impact across environmental stewardship, social progress, governance excellence, and financial resilience.

As the Company advances into its next phase of transformation, KVPL remains committed to strengthening climate resilience, accelerating innovation, and embedding sustainability deeper into operational and strategic decision-making processes. The Company's ESG agenda will continue to evolve in line with emerging global expectations, stakeholder priorities, and science-based sustainability pathways.

Strategic Focus Areas: 2025–2030

- Full cascading and operational integration of SBTi + FLAG targets across all Strategic Business Units (SBUs).
- Development of climate-resilient plantation systems.
- Expansion of digital ESG monitoring and data management platforms.
- Strengthening circular economy and resource efficiency models.
- Deepening stakeholder engagement and integrated value creation initiatives.

Through these strategic priorities, KVPL aims to further strengthen its position as a resilient, responsible, and globally competitive plantation enterprise committed to creating sustainable value for all stakeholders.

Compliance with Product and Service Labelling

GRI 417-1, 417-2, 417-3, 418-1

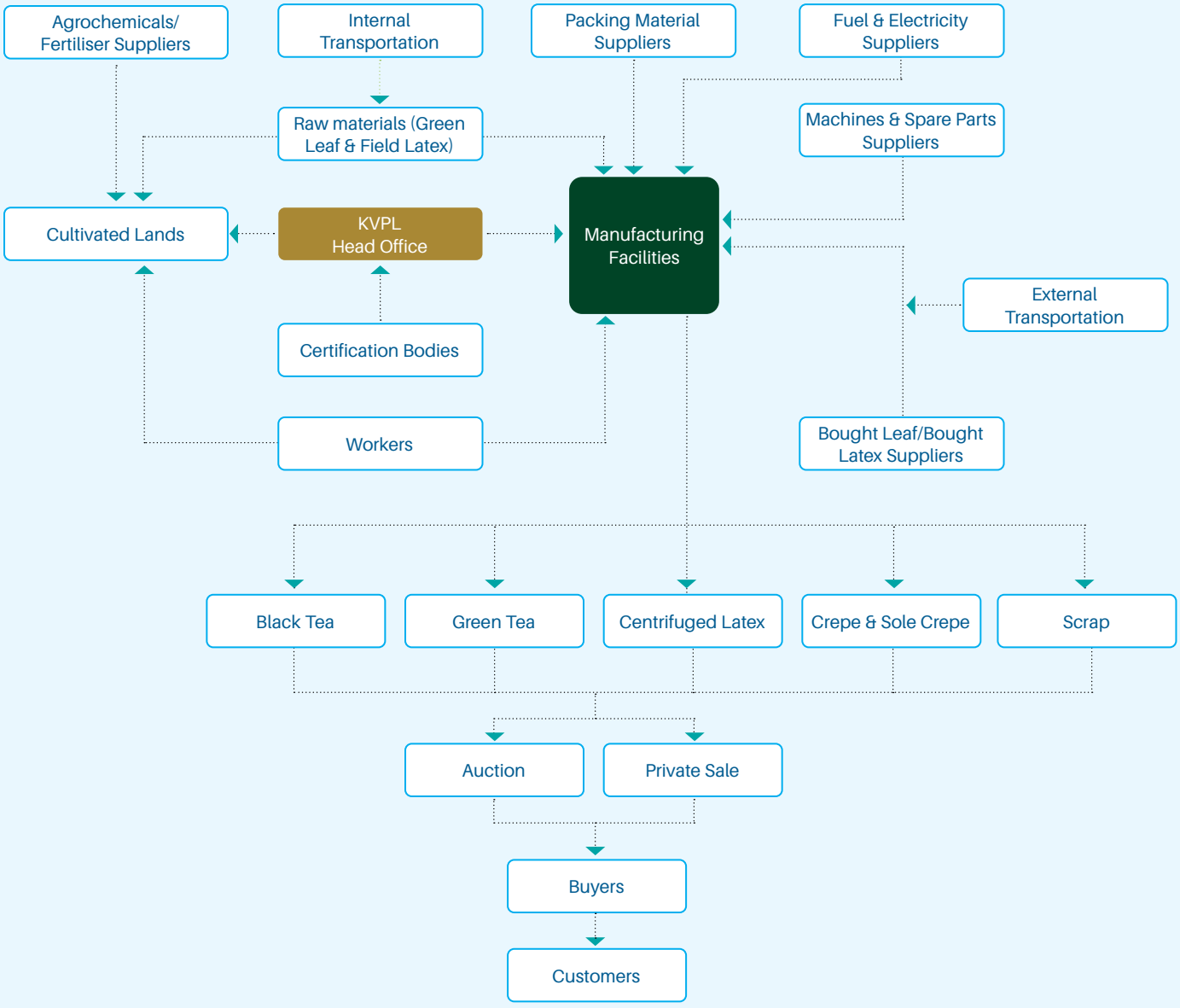
For Tea, KVPL upholds the labelling standards prescribed by the Ceylon Tea Traders Association (CTTA) and the Ceylon Tea Board. Every package bears the following mandatory details:

- Garden Mark
- Invoice No
- Net Weight
- Gross Weight
- Serial Number of Package
- MF No.
- Grade
- Company Name

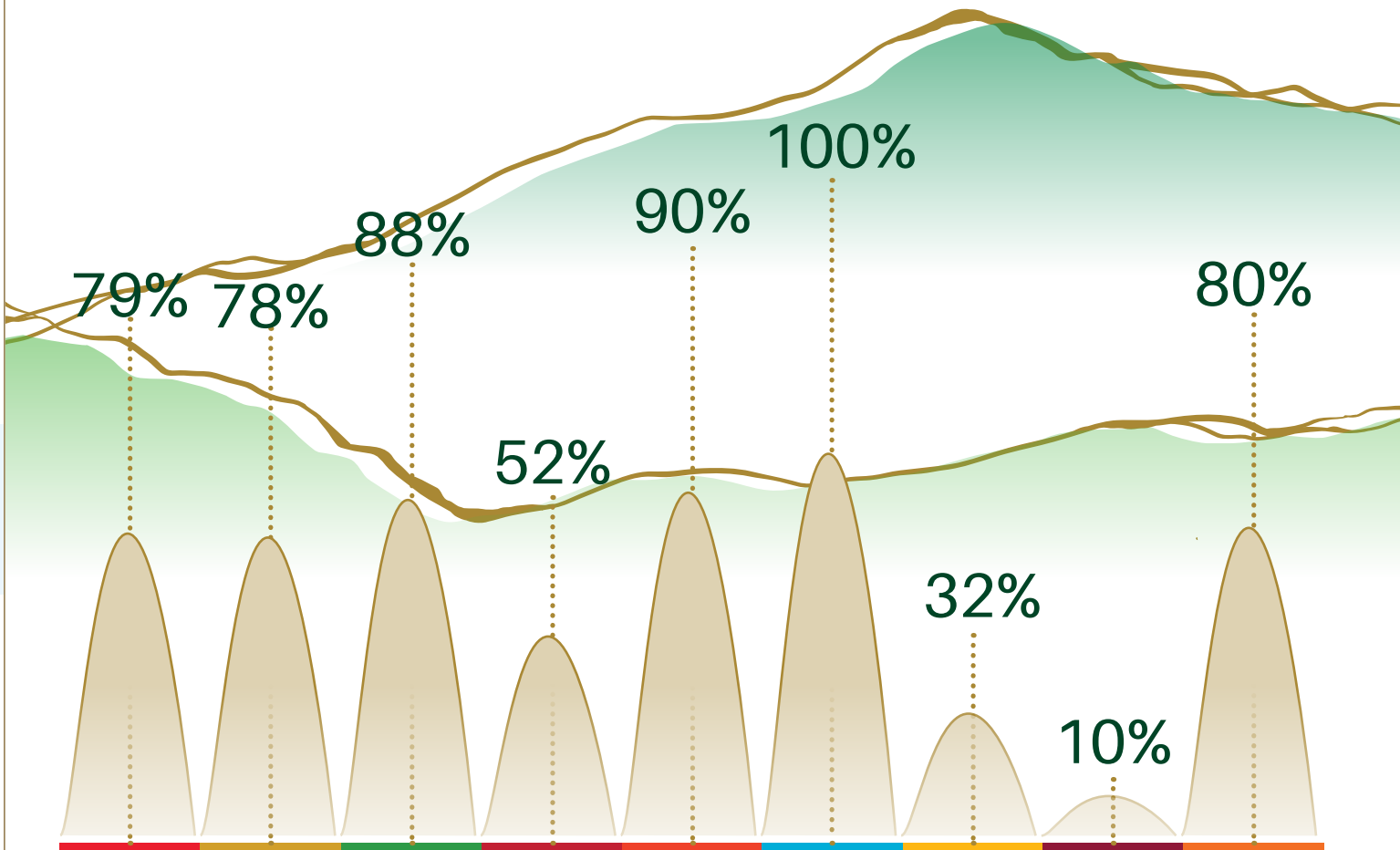
Maintaining rigorous regulatory and internal compliance frameworks, KVPL recorded zero incidents of non-compliance with product labelling laws during the 2025/26 reporting period. Additionally, no complaints were received relating to breaches of customer privacy.

Reinforcing our steadfast commitment to data security, KVPL retained its accreditation to ISO/IEC 27001:2022, the globally recognised benchmark for Information Security Management. This certification continues to validate the strength of our systems and our dedication to protecting customer information and maintaining privacy.

- Zero incidents of non-compliance with product and service information and labelling requirements were recorded throughout the 2025/26 reporting year.
- No instances of non-compliance in relation to marketing communications were identified during the reporting year.
- No complaints pertaining to breaches of customer privacy or losses of customer data were received during the year.



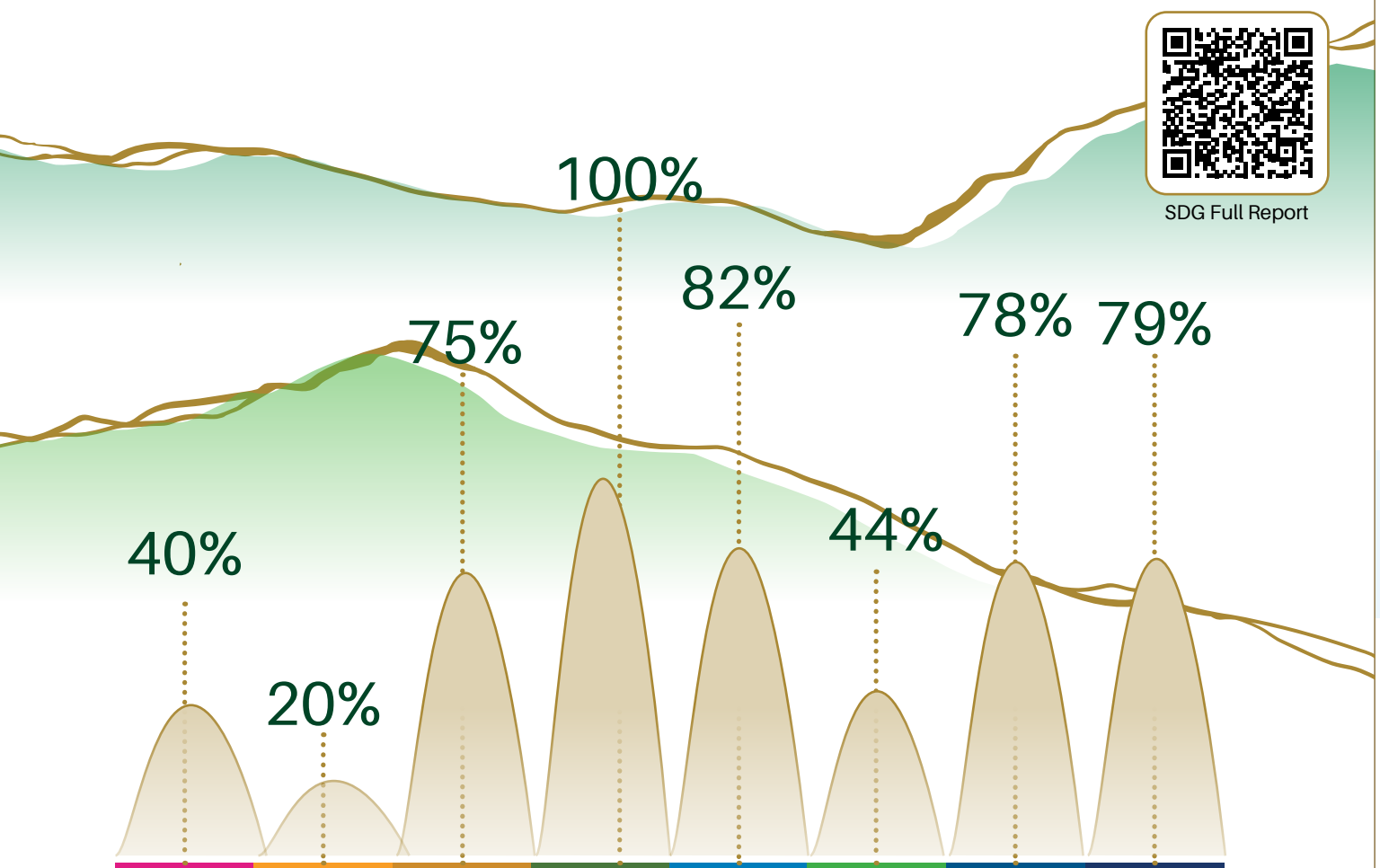
SDG Summary



1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
1.1	2.1	3.1	3.a	4.1	4.a	5.1	6.1	7.1	8.1	8.8	9.1
1.2	2.2	3.2	3.b	4.2	4.b	5.2	6.2	7.2	8.2	8.9	9.2
1.3	2.3	3.3	3.c	4.3	4.c	5.3	6.3	7.3	8.3	8.1	9.3
1.4	2.4	3.4	3.d	4.4		5.4	6.4	7.a	8.4	8.a	9.4
1.5	2.5	3.5		4.5		5.5	6.5	7.b	8.5	8.b	9.5
1.a	2.a	3.6		4.6		5.6	6.6		8.6		9.a
1.b	2.b	3.7		4.7		5.a	6.a		8.7		9.b
	2.c	3.8				5.b	6.b				9.c
		3.9				5.c					

Reached
In Progress
Not yet Implemented

SDG Full Report





10	11	12	13	14	15	16	17
10.1	11.1	12.1	12.7	13.1	14.1	15.1	15.8	16.1	16.8	17.1	17.11
10.2	11.2	12.2	12.8	13.2	14.2	15.2	15.9	16.2	16.9	17.2	17.12
10.3	11.3	12.3	12.a	13.3	14.3	15.3	15.a	16.3	16.1	17.3	17.13
10.4	11.4	12.4	12.b	13.a	14.4	15.4	15.b	16.4	16.a	17.4	17.14
10.5	11.5	12.5	12.c	13.b	14.5	15.5	15.c	16.5	16.b	17.5	17.15
10.6	11.6	12.6			14.6	15.6		16.6		17.6	17.16
10.7	11.7				14.7	15.7		16.7		17.7	17.17
10.a	11.a				14.a					17.8	17.18
10.b	11.b				14.b					17.9	17.19
10.c	11.c				14.c					17.10	

GRI 2-5

Independent practitioner's Assurance Report to the Board of Directors of Kelani Valley Plantations PLC on the SLFRS Sustainability-related Financial Disclosures presented in the Integrated Annual Report 2025/26

Shape the future with confidence

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ey.com

Scope

We have been engaged by Kelani Valley Plantations PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Kelani Valley Plantations PLC's SLFRS Sustainability-related Financial Disclosures (the "Subject Matter") contained in Kelani Valley Plantations PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Kelani Valley Plantations PLC

In preparing the Subject Matter, Kelani Valley Plantations PLC applied the Sri Lanka Sustainability Disclosure Standards, SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 – Climate-related Disclosures ("Criteria").

Such Criteria were specifically designed for the disclosure of material information on sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity; As a result, the subject matter information may not be suitable for another purpose.

Kelani Valley Plantations PLC's responsibilities

Kelani Valley Plantations PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with Kelani Valley Plantations PLC on 6 May 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

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

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

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

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

Emphasis of matter

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

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to SLFRS Sustainability-related Financial Disclosures for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.

Restricted Use

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

Chartered Accountants
01 June 2026
Colombo

SLFRS Sustainability-Related Financial Disclosures

This section provides an overview of the structure of Kelani Valley Plantations PLC's sustainability-related financial disclosures in accordance with Sri Lanka Financial Reporting Standards (SLFRS) S1 and S2. It articulates how the Company integrates Sustainability-Related Risks and Opportunities (SRROs) into its core business model and value chain, aligning these factors with governance, strategy, risk management and metrics & targets.

1. BASIS OF PREPARATION

1.1 Reporting Entity, Organization Boundary and Value Chain

Kelani Valley Plantations PLC was incorporated on 18th June, 1992 under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government-Owned Business Undertakings into Public Companies under Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No 400, Deans Road, Colombo 10, and Plantations are situated in the planting districts of Nuwara Eliya, Hatton and Yatiyantota.

During the year, the principal activities of the Company were the producing and processing of Tea and Rubber.

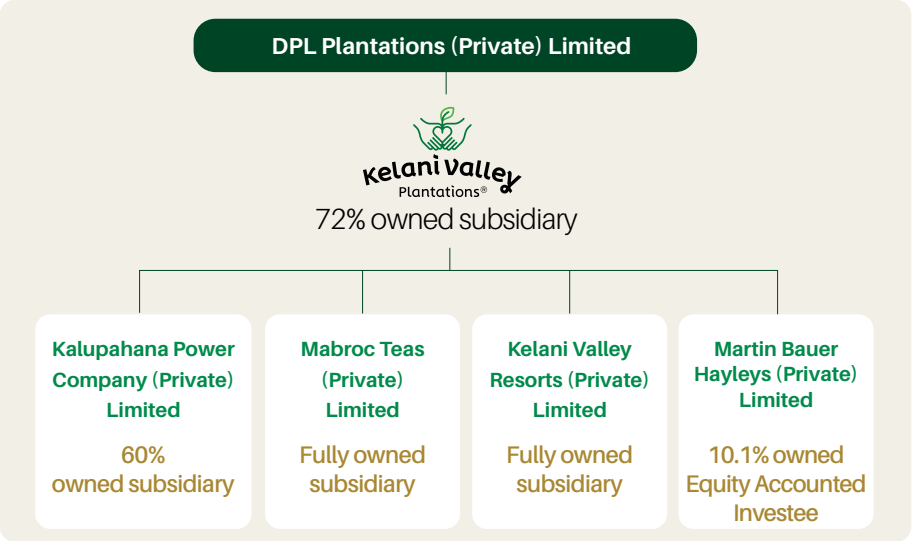
Principal activities of other companies in the Group are as follows.

Company	Nature of the business/ Principal Place of Business
Kalupahana Power Company (Private) Limited	Generating Hydropower Kalupahana Estate, Bulathkohupitiya
Mabroc Teas (Private) Limited	Export of bulk and retail packed Tea No.57/3 New Hunupitiya Road, Kiribathgoda
Kelani Valley Resorts (Private) Limited	Provide services in the hospitality industry Oliphant Estate, Nuwara Eliya

Holding Company

The Company is a subsidiary of DPL Plantations (Pvt) Ltd., which is a wholly-owned subsidiary of Dipped Products PLC (DPL) whose ultimate parent enterprise is Hayleys PLC.

KVPL's value chain represents the interconnected activities and stakeholders involved in the cultivation, processing and delivery of its tea and rubber products, contributing to long-term value creation across the business ecosystem. Refer page 52 to 53 for further details on the Company's value chain.



1.2 Basis of Materiality

Kelani Valley Plantations PLC (KVPL) applies the materiality requirements of SLFRS S1 and SLFRS S2 in determining the sustainability-related risks and opportunities (SRROs/CRROs) that could reasonably be expected to affect the Group's prospects.

Material sustainability-related matters are identified through a structured assessment process involving management discussions, industry analysis, stakeholder expectations, regulatory developments, operational risk reviews and strategic evaluations conducted across the plantation value chain.

In assessing materiality, KVPL considers both qualitative and quantitative factors, including:

- Potential impact on profitability, cash flows and asset values
- Operational disruptions and business continuity impacts
- Regulatory and compliance implications
- Stakeholder and customer expectations
- Reputational and strategic implications
- Long-term sustainability and resilience considerations
- Exposure across the value chain

As part of the quantitative assessment process, KVPL has considered Profit Before Tax (PBT) as the primary benchmark for evaluating financial materiality.

Sustainability-related matters with potential financial impacts to 3% of Profit Before Tax are considered material depending on the nature, likelihood and magnitude of the impact.

The assessment of materiality also incorporated management judgement relating to the likelihood, timing and long-term implications of sustainability-related risks and opportunities, including climate-related impacts, labour-related challenges,

rising energy costs, customer sustainability requirements and renewable energy transition initiatives.

The identified material SRROs/CRROs were reviewed by management and validated through the ESG Steering Committee and Board oversight processes.

1.3 Functional Currency

The financial statements of Kelani Valley Plantations PLC and its subsidiaries are presented in Sri Lankan Rupees (LKR), which is the functional and presentation currency of the Group.

1.4 Sources of Guidance

In preparing these sustainability-related financial disclosures, KVPL considered the following frameworks, standards and guidance sources:

- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 – Climate-related Disclosures
- Sustainability Accounting Standards Board (SASB) guidance applicable to the agricultural products sector
- Nationally Determined Contributions (NDC 3.0) of Sri Lanka

1.5 Reporting Period

These sustainability-related financial disclosures cover the financial year from 01 April 2025 to 31 March 2026 and are aligned with the reporting period of the audited financial statements of the Group.

1.6 Time Horizon

KVPL has adopted the following time horizons in assessing sustainability-related and climate-related risks and opportunities:

Time Horizon	Definition	Description
Short Term	1 Year	2026/27
Medium Term	2 to 5 years	2027/28 to 2032/33
Long Term	Beyond 5 years	2033/34 beyond

These time horizons are aligned with the Group's strategic planning, operational decision-making processes, capital investment cycles and sustainability objectives.

1.7 Connected Information

KVPL's sustainability-related financial disclosures are interconnected with other sections of the Annual Report including the Chairman's Statement, Managing Director's Review, Risk Management Report, Corporate Governance Report, ESG Review and Audited Financial Statements.

The disclosures should therefore be read together with the broader strategic, operational and financial information presented within the Annual Report to provide a holistic understanding of how sustainability-related matters may affect the Group's overall performance and long-term value creation.

1.8 Transitional Reliefs

In preparing these disclosures for the financial year ended 31 March 2026, KVPL has applied applicable transitional relief provisions permitted under SLFRS Sustainability Disclosure Standards where appropriate.

SLFRS S2 – Disclosure of Scope 3 greenhouse gas emissions - Entities must initially report only Scope 1 and Scope 2 emissions. Full compliance with Scope 3 emissions, becomes mandatory two years after the initial application date.

SLFRS S2 – Disclosure of qualitative information regarding anticipated financial effects of climate-related risks and opportunities - Entities are permitted to defer the disclosure of qualitative information regarding anticipated financial effects for a period of two years following the mandatory application of the standard

SLFRS S2 – Disclosures on Climate resilience - Relief period of two years is granted to apply the requirements from the date of mandatory application to fully comply with climate resilience disclosure requirement

1.9 Significant Judgements, Uncertainties and Proportionality

The preparation of sustainability-related financial disclosures requires management to apply judgement in identifying, assessing and measuring sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects.

Key judgements applied by management include:

- Determining material sustainability-related risks and opportunities
- Assessing the likelihood and magnitude of sustainability-related impacts
- Evaluating time horizons for anticipated financial effects
- Identifying appropriate sustainability metrics and targets
- Assessing climate resilience and operational adaptability
- Evaluating potential impacts on asset values, productivity and cash flows

The Group's also considered uncertainties associated with future climate conditions, regulatory developments, global market dynamics, labour market conditions, energy price volatility and evolving customer sustainability expectations.

SLFRS Sustainability-Related Financial Disclosures

In applying proportionality considerations under SLFRS S1 and SLFRS S2, KVPL utilised information that is reasonable and supportable and available at the reporting date without undue cost or effort. Management continues to enhance the maturity of sustainability-related data, controls and reporting methodologies over time.

1.10 Statement of Compliance

This report represents a complete set of sustainability-related financial disclosures for Kelani Valley Plantations PLC and its subsidiaries (collectively referred to as "the Group") for the year ended 31 March 2026. The Group's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards issued by the Institute of Chartered Accountants of Sri Lanka.

1.11 Comparative information

During the current reporting period, KVPL further enhanced its sustainability-related and climate-related risk identification and assessment process in line with the implementation requirements of SLFRS S1 and SLFRS S2. In developing the current year SRROs, the Company considered the climate-related risks and opportunities identified in the previous reporting period and refined, consolidated, and aligned them based on evolving operational conditions, materiality considerations, stakeholder expectations, and reporting maturity. Where appropriate, similar or interrelated risks and opportunities identified in the previous year were combined to improve clarity, relevance, and consistency of disclosures. Accordingly, the Company streamlined and strengthened its assessment process and identified five key material Sustainability-Related Risks and Opportunities (SRROs), namely:

(i) Extreme Weather Events / Climate Change Affecting Crop Yield
(ii) Customer Requirement on Sustainability
(iii) Labor Migration and Escalating Wages
(iv) Rising Energy Costs
(v) Renewable Energy Adoption.

The enhanced process also incorporated improved financial materiality assessments, stronger integration with enterprise risk management processes, and greater consideration of long-term climate resilience and sustainability impacts across the value chain.

GRI 2-17

2. GOVERNANCE

This section outlines the governance structures, processes, and control mechanisms established to monitor, manage, and oversee the Group's sustainability-related matters.

For more details refer page number 214 to 247 (Corporate Governance)

2.1 Board Oversight Role

2.1.1 Governance Oversight

The effectiveness of KVPL's sustainability framework is strengthened through a clearly defined governance structure that promotes accountability, transparency and integrated decision-making across environmental, social and economic priorities. The Board of Directors provides overall oversight and strategic direction on sustainability and climate-related matters, ensuring that these considerations are embedded within the Company's long-term strategy, risk management processes and operational planning.

2.1.2 Responsibility

The Board is responsible for overseeing the identification, assessment and management of sustainability-related risks and opportunities (SRROs), while ensuring alignment with the Company's strategic priorities, stakeholder expectations and applicable regulatory requirements. Sustainability and climate-related matters are integrated into the Company's governance processes and are regularly reviewed through management reporting and Board-level discussions to support informed decision-making and long-term resilience.

In carrying out its responsibilities, the Board is supported by, the ESG Steering Committee and the Management team, which collectively facilitate the implementation, monitoring and coordination of sustainability-related initiatives across the Company. This governance structure enables effective oversight of material ESG matters while promoting accountability, continuous improvement and responsible business practices throughout KVPL's operations

2.1.3 Skills and Competencies

KVPL recognizes that effective oversight of sustainability and climate-related matters requires the continuous development of skills and competencies at both Board and management levels. The profiles, qualifications and experience of the Board of Directors are provided on pages 22 to 25 of this Annual Report.

During the year under review, the Board further strengthened its understanding of sustainability and climate governance through targeted capacity-building initiatives and sustainability-focused training programmes. These programmes enhanced awareness of emerging climate-related risks, evolving sustainability reporting requirements, sustainable finance developments and global ESG best practices.

In addition, a skills gap assessment was conducted to identify areas requiring further development to support effective governance of sustainability-related matters and the implementation of SLFRS S1 and S2 requirements.

2.1.4 Inform and Address

The Board meets quarterly to review material sustainability-related and climate-related risks and opportunities identified at Company level. The Board periodically evaluates the progress of the Company's SLFRS S1 and SLFRS S2 implementation roadmap and oversees the effectiveness of related strategies, action plans and mitigation measures.

The ESG Steering Committee provides regular updates to the Board on the progress of identified SRROs/CRROs, sustainability initiatives and ESG performance indicators. During the year under review, the Board approved the Company's ESG strategy, including climate-related and sustainability-related strategic priorities and associated response measures.

Sustainability matters are communicated to the Board through structured reporting mechanisms, management discussions and periodic operational reviews. This ensures that sustainability considerations remain integrated into strategic decision-making processes and overall business operations.

2.1.5 Monitor

The Board oversees the Company's progress in implementing SLFRS S1 and SLFRS S2 requirements and monitors the management of climate-related and sustainability-related risks and opportunities. Oversight responsibility is supported by the Board Committee, which reviews implementation progress, ESG-related performance and compliance matters on a quarterly basis.

The Company has established relevant policies, procedures and operational guidelines to support the monitoring and management of CRROs/SRROs across its operations.

2.2 Management Role

2.2.1 ESG Steering Committee

The ESG Steering Committee established in 2022, plays the central role in setting and driving the Company's Sustainability agenda. The Steering Committee which is chaired by the Head of Sustainability who is a member of the Senior Management team, convenes once a month to assess progress with regard to ESG objectives and towards the United Nations Sustainable Development Goals (UNSDG's). Key discussion points from these Steering Committee meetings are shared at KVPL's monthly Management Committee meetings to ensure alignment with the strategies and objectives of the Company and the Group. The outcomes of these meetings are then communicated to the Hayleys Group Plantation Sector's ESG Steering Committee, which is led by Dr. Roshan Rajadurai, Managing Director of KVPL and a member of the Hayleys Group Management Committee (GMC). This integration ensures that sustainability considerations are seamlessly woven into overarching corporate strategies and objectives and the Steering Committee continues to give leadership in driving ESG strategies and guiding their implementation.

As KVPL falls within the organizational framework of its parent Group Hayleys PLC , we are also brought under the unified steering committee which is dedicated to advancing sustainability across the entire Group. The Hayleys Group's ESG Steering Committee includes KVPL's Managing Director (who is the MD of all three Plantations Companies of the Group) serving as Board Director, Operational Directors, Heads of Finance and Sustainability as well as selected members of KVPL ESG Steering Committee. This collaborative structure fosters synergies and enables comprehensive oversight ensuring that Environmental, Social and Governance considerations are strategically addressed.

The ESG Committee is responsible for following duties :

1. Identification of CRROs and related impacts
2. Implementation of appropriate response measures
3. Monitoring performance of material ESG metrics against targets
4. Review and provide guidance on ESG related policies for the operational teams
5. Inform sustainability performance to the Board Sustainability Committee on quarterly basis

2.2.2 Policies and procedures

2.2.2.1 ESG Policy

KVPL's Environmental, Social and Governance (ESG) Policy and supporting ESG procedures are aligned with the Company's Strategic Sustainability Framework, ensuring that sustainability considerations are integrated into operational activities and decision-making processes across the business.

The ESG framework supports responsible business practices by embedding ESG principles into areas such as climate resilience, environmental stewardship, ethical governance, employee wellbeing and community development. Through this approach, KVPL seeks to manage sustainability-related risks, create long-term stakeholder value and contribute towards national and global sustainability priorities.

Recognising the importance of a formalised sustainability structure, the Company introduced a comprehensive ESG Framework during the 2021/22 financial year. The framework establishes defined sustainability strategies, objectives and governance mechanisms that align the Company's sustainability agenda with its overall corporate strategy.

For more information please refer ESG Framework at KVPL on pages number 54 to 66.

SLFRS Sustainability-Related Financial Disclosures

3. STRATEGY

This section outlines how the Group manages its CRROs and embeds to the decision-making.

3.1 Classification of SRROs

SRRO 1 - Extreme Weather Events / Climate Change Affecting Crop Yield FB-AG-440a.1

Description

Extreme weather conditions such as irregular rainfall patterns, prolonged droughts, floods, landslides, and temperature variability adversely affect plantation crop productivity, operational continuity, infrastructure, and long-term sustainability of Kelani Valley Plantations PLC (KVPL).

Nature of SRRO - Physical Risk

Time Horizon Short Term | Medium Term | Long Term

Define time horizon - Refer page 72 to 74 under basis of preparation

Business Model and Value Chain

Current Effects on Business Model and Value Chain

Extreme weather conditions and climate variability continued to affect the Group's agricultural operations during FY2025/26, particularly impacting rubber cultivation activities. Variations in rainfall patterns, prolonged wet weather conditions, flooding and other adverse climatic conditions affected harvesting activities, field accessibility and crop productivity across several estates during the year. As a result, the Group's tea crop recorded a reduction of approximately 1% compared to the previous financial year, while rubber crop volumes recorded a more significant reduction of approximately 9%, indicating a higher level of climate sensitivity within the rubber cultivation sector.

The reduction in crop volumes adversely affected the Group's operational performance during the current financial year, primarily through lower agricultural output and reduced production efficiency. The financial impact was mainly recognised through reduced revenue generation from lower crop intake together with increased operational costs associated with estate maintenance, recovery efforts and field management activities under adverse weather conditions. The impact was more pronounced within the rubber segment due to reduced tapping days and lower harvest volumes resulting from excessive rainfall and weather-related disruptions.

The reduction in crop yields also affected the utilisation efficiency of labour, factory operations and agricultural inputs, thereby exerting pressure on the Group's cost of sales and operating margins during the financial year. In addition, adverse weather conditions increased the risk of biological stress on plantations, requiring additional upkeep and rehabilitation-related expenditure across affected estates. From a Statement of Financial Position perspective, the impact of extreme weather conditions contributed to increased pressure on biological assets and working capital utilisation due to lower agricultural productivity and higher estate management costs. However, the Group did not identify any material physical damage or impairment to property, plant and equipment arising directly from extreme weather events during the current financial year.

The reduction in crop production and additional estate operating expenditure also resulted in increased pressure on operating cash flows during the year. Nevertheless, the Group continues to implement climate adaptation and resilience initiatives including soil conservation, drainage improvement, replanting strategies, crop diversification and sustainable agricultural practices in order to mitigate the long-term impacts arising from climate change and extreme weather variability.

Anticipated Effects on Business Model and Value Chain

Long-term climate risks may reduce plantation productivity, affect crop quality, increase operational costs, and create supply instability. Rising climate uncertainty may also require significant investment in climate-smart agriculture, drainage systems, biodiversity conservation, irrigation, and crop diversification initiatives.

Where is it Concentrated?

All estate plantations operated by KVPL, particularly high-grown and low-grown tea estates and rubber-growing regions vulnerable to droughts, floods, landslides, and soil erosion.

Strategy and Decision Making

Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets

KVPL has implemented several climate resilience and mitigation initiatives including diversification beyond tea and rubber, precision agriculture technologies, drone-assisted foliar fertilizer application, water conservation initiatives, soil conservation and drainage improvements, biodiversity enhancement programmes, and renewable energy initiatives. The company also plans to implement AI-based climate prediction systems and maintain insurance coverage and contingency reserves.

Progress of the Plans and Initiatives

KVPL continues to allocate capital expenditure towards field development, climate-smart agriculture, biodiversity conservation, and replanting programmes. Total capital expenditure for 2025/26 amounted to approximately Rs. 596 m, including investments in Tea, Rubber, Cinnamon, Coconut, Coffee, and other diversified crops. These investments are reflected in the Financial Statements under Notes 13 and 14 relating to property, plant and equipment and biological assets, respectively.

Compared to the previous year, KVPL further strengthened its climate resilience initiatives through expanded crop diversification, with a capital expenditure of Rs. 124 million incurred on coffee, cinnamon, coconut, and other diversified crops during the year to reduce dependency on tea and rubber. The Company also enhanced precision agriculture practices and increased the adoption of drone-assisted fertilizer application to improve operational efficiency.

KVPL further continued investments in water conservation, soil conservation, drainage rehabilitation, and biodiversity enhancement programmes across estates vulnerable to climate-related impacts. Renewable energy utilization also increased during the year, supporting both sustainability and cost management objectives.

In addition, KVPL strengthened its climate risk preparedness by increasing the insurance sum insured by 15% compared to the previous year, while continuing contingency planning initiatives.

Financial Effects

Current year financial effects to Profit and Loss Statement (P&L), Statement of Financial Position (SOFP) and Cash Flow Statement (CF)

The decline in Tea and Rubber crop volumes by 1% and 9%, respectively, adversely impacted the Group's overall revenue, resulting in an estimated reduction of approximately Rs. 68 m in Gross Profit and consequently in Profit Before Tax (PBT). (Refer Note 6 to the Financial Statements – Revenue).

Accordingly, the Statement of Financial Position was impacted through a corresponding decrease in retained earnings amounting to Rs. 68 m. Further, the Statement of Cash Flows reflects a reduction in operating cash flows of approximately Rs. 68 m due to lower Tea and Rubber production volumes arising from adverse climatic conditions.

Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year

Management has not identified any significant material adjustments to carrying values of assets and liabilities arising directly from climate-related risks in the immediate next financial year. However, prolonged adverse weather patterns may impact biological assets, infrastructure, and future cash generation capacity.

Anticipated financial effect over short, medium and long term to PL, BS and CF

Refer to Transitional Reliefs on page 73.

Climate Resilience

Resilience Assessment

Refer to Transitional Reliefs on page 73.

How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out

Refer to Transitional Reliefs on page 73.

Judgements and Uncertainties

Judgements

The assessment of climate-related financial impacts requires significant management judgement in determining the extent to which extreme weather events, including excessive rainfall, flooding, prolonged wet weather conditions, and temperature variations, affected agricultural operations during FY2025/26. Management has assumed that the reduction in tea and rubber crop volumes compared to the previous year was primarily attributable to these adverse climatic conditions.

Accordingly, the related reduction in revenue, lower operational efficiency, and additional estate maintenance and field management costs have been considered as climate-related impacts arising from extreme weather events.

Uncertainties

Significant uncertainties remain regarding future rainfall patterns, temperature fluctuations, frequency of extreme weather events, regulatory developments, global market conditions, and the long-term effectiveness of climate adaptation measures.

SLFRS Sustainability-Related Financial Disclosures

SRRO 2 - Customer Requirement on Sustainability

Description

Increasing customer and international buyer expectations regarding sustainability, traceability, ethical sourcing, carbon management, and environmental compliance may significantly influence KVPL's market access, competitiveness, brand reputation, and long-term revenue generation.

Global customers increasingly demand certified, traceable, and sustainably produced tea and rubber products. Tightening international sustainability regulations such as the EU Deforestation Regulation (EUDR), along with stakeholder expectations on ESG performance, require plantation companies to strengthen sustainability disclosures, environmental stewardship, and responsible sourcing practices. Failure to align with these expectations may lead to reduced market access, reputational damage, lower sales volumes, and pricing pressure.

Nature of SRRO - Not Aplicable

Time Horizon Short Term | Medium Term | Long Term

Define time horizon - Refer page 72 to 74 under basis of preparation

Business Model and Value Chain

Current Effects on Business Model and Value Chain

No material impact identified in the current year

Anticipated Effects on Business Model and Value Chain

Future customer expectations may require enhanced traceability systems, carbon footprint disclosures, regenerative agricultural practices, and additional sustainability certifications. Non-compliance with evolving buyer requirements may impact export competitiveness and access to premium international markets.

Where is it Concentrated?

Primarily concentrated within export-oriented tea and rubber value chains, international buyer relationships, sustainability-certified estates, and downstream marketing operations.

Strategy and Decision Making

Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets

KVPL plans to strengthen sustainability governance and customer alignment through expansion of global certifications such as Rainforest Alliance, Forest Stewardship Council™ Certified Rubber (FSC™ C006694), and regenagri certifications, enhancement of digital traceability systems, development of low-carbon and regenerative product lines, and integration of ESG disclosures aligned with GRI, SASB, and SLFRS S1 and S2.

Progress of the Plans and Initiatives

KVPL continued to allocate financial and operational resources towards sustainability, climate resilience, digital transformation, and value-added agribusiness initiatives during the year.

The Group also invested in biodiversity conservation, renewable energy, watershed protection, ESG reporting, and community development programmes, alongside strengthening traceability and certification systems through TerRax, TeaTrace QR, polygon mapping, and regenagri and ISO/IEC 27001:2022 certifications. Further investments were made in AI-enabled plantation systems, ERP implementation, drone-assisted fertilizer application, and digital operational tools to enhance efficiency and resilience.

The Group has also budgeted and incorporated into the 2026/27 Corporate Plan a range of environmental and social sustainability initiatives, including biodiversity conservation programmes, renewable energy projects, community empowerment initiatives, and enhancements to ESG reporting and disclosure practices.

KVPL has strengthened sustainability reporting in line with SLFRS S1 and S2 requirements and continues to enhance ESG disclosures. Biodiversity conservation initiatives achieved 5.43% progress against the annual target of 5%, while energy intensity reduced by 22% during Q4 compared to the annual target. The company also partnered with organizations such as IUCN for biodiversity conservation initiatives.

Financial Effects

Current year financial effects to Profit and Loss Statement (P&L), Statement of Financial Position (SOFP) and Cash Flow Statement (CF)

KVPL has not identified material financial impacts during the current financial year directly arising from sustainability-related customer requirements.

Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year

Management has not identified any significant material adjustments to carrying values of assets and liabilities arising directly from climate-related risks in the immediate next financial year.

Anticipated financial effect over short, medium and long term to PL, BS and CF

Refer to Transitional Reliefs on page 73

Climate resilience

Resilience Assessment

Refer to Transitional Reliefs on page 73.

How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out

Refer to Transitional Reliefs on page 73.

Judgements and Uncertainties

Judgements

Management exercised judgement in assessing the materiality of sustainability-related customer expectations, future regulatory developments, certification requirements, and their potential impact on market competitiveness, reputation, and long-term financial performance.

Accordingly, the related reduction in revenue, lower operational efficiency, and additional estate maintenance and field management costs have been considered as climate-related impacts arising from extreme weather events.

Uncertainties

Uncertainties remain regarding future international sustainability regulations, evolving customer preferences, carbon border adjustment mechanisms, certification standards, ESG disclosure requirements, and the pace of transition toward sustainable agricultural supply chains.

SRRO 3 - Labor Migration and Escalating Wages

Description

Labour shortages, migration of plantation workers, and escalating wage costs may adversely affect KVPL's operational efficiency, productivity, harvesting continuity, and long-term profitability.environmental stewardship, and responsible sourcing practices. Failure to align with these expectations may lead to reduced market access, reputational damage, lower sales volumes, and pricing pressure.

The plantation sector continues to experience labour migration, workforce shortages, and increasing wage expectations, which disrupt harvesting activities and estate operations. Rising labour costs and declining labour availability may reduce operational efficiency, delay harvesting cycles, lower crop yields, and place pressure on profit margins.

Nature of SRRO - Physical Risk

Time Horizon Short Term | Medium Term | Long Term

Define time horizon - Refer page 72 to 74 under basis of preparation

Business Model and Value Chain

Current Effects on Business Model and Value Chain

The increase in estate sector wages effective January 2026, from Rs. 1,350 to Rs. 1,550 per day, together with ongoing labour migration and labour shortages within the plantation sector, had a material impact on the Group's operating cost structure during the current financial year. Given the labour-intensive nature of plantation operations, the wage revision and associated statutory contributions directly affected field operations, harvesting activities, factory labour, and estate maintenance functions across the Group's estates.

The resulting increase in labour costs was primarily recognised within cost of sales, with additional impacts reflected in administrative and other operating expenses, thereby exerting pressure on the Group's operating margins during the current financial year.

Anticipated Effects on Business Model and Value Chain

Continued labour migration and rising wages may increase operational costs, reduce competitiveness, and accelerate the need for mechanisation, automation, and productivity enhancement initiatives. The company may also experience challenges in maintaining workforce retention and operational continuity in remote plantation regions.

Where is it Concentrated?

Concentrated across all estate plantation operations, particularly labour-intensive tea and rubber cultivation activities within plantation estates.

Strategy and Decision Making

Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets

KVPL plans to address labour-related challenges through implementation of revenue-sharing models, employee welfare enhancement programmes, community engagement initiatives, workforce training, productivity improvement programmes, and increased operational efficiency measures.

SLFRS Sustainability-Related Financial Disclosures

Progress of the Plans and Initiatives

KVPL continues to invest in employee welfare, leadership development, training programmes, housing and sanitation improvements, health and nutrition initiatives, youth empowerment, and community capacity-building programmes to improve workforce engagement and retention.

KVPL recorded 15.6 training person-hours per employee against the annual target of 12 hours. The company also trained 3,481 youth under youth empowerment programmes and 187 individuals under vocational and soft skills development initiatives. Health and safety targets recorded zero major injury cases during the reporting period.

Financial Effects

Current year financial effects to Profit and Loss Statement (P&L), Statement of Financial Position (SOFP) and Cash Flow Statement (CF)

The wage increase resulted in an additional cost of sales of Rs. 115 m, which is expected to negatively impact Profit Before Tax (PBT) by a corresponding amount (Refer Note 9 – Salaries, Wages and Other Staff Costs).

Accordingly, the Statement of Financial Position will also be impacted, with retained earnings expected to decrease by Rs. 115 m. In addition, the retirement benefit obligation is expected to increase by approximately Rs. 45 m (Refer Note 25 – Retirement Benefit Obligations).

The Statement of Cash Flows will reflect a corresponding reduction in operating cash flows of Rs. 115 m due to the additional wage-related expenditure.

Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year

Significant risk of material adjustments to the carrying value of assets and liabilities in the next financial year is not expected, as no further wage increases are currently anticipated for the upcoming financial year.

Anticipated financial effect over short, medium and long term to PL, BS and CF

Refer to Transitional Reliefs on page 73

Climate resilience

Resilience Assessment

Refer to Transitional Reliefs on page 73.

How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out

Refer to Transitional Reliefs on page 73.

Judgements and Uncertainties

Judgements

Management exercised judgement in assessing the potential impact of labour shortages, wage increases, productivity trends, and workforce retention challenges on operational sustainability and financial performance. There will be no wage increase in the next reporting period.

Uncertainties

Significant uncertainties remain regarding future wage negotiations, labour market conditions, migration patterns, workforce retention, productivity levels, regulatory developments, and the effectiveness of automation and mechanisation initiatives within plantation operations.

SRRO 4 - Rising Energy Cost

Description

Rising fuel and electricity costs may significantly affect KVPL's operational expenditure, profitability, cash flows, and long-term operational efficiency.

Plantation and processing operations are energy intensive and therefore exposed to increases in fuel and electricity prices. Higher energy costs directly affect manufacturing, transportation, factory operations, field operations, and logistics, resulting in increased operational costs and pressure on profit margins.

Nature of SRRO - Not applicable

Time Horizon Short Term | Medium Term | Long Term

Define time horizon - Refer page 72 to 74 under basis of preparation

Business Model and Value Chain

Current Effects on Business Model and Value Chain

Rising fuel and electricity prices continue to increase operational costs across plantation operations, tea factories, rubber processing activities, transportation, and logistics within the value chain. Energy costs directly influence production efficiency and operating margins.

Anticipated Effects on Business Model and Value Chain

Continued increases in energy prices may result in higher production and transportation costs, pressure on profitability, and increased investment requirements for energy-efficient technologies and alternative energy sources.

Where is it Concentrated?
Concentrated across tea factories, rubber processing operations, estate field activities, transportation functions, and other energy-intensive operational processes.

Strategy and Decision Making

Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets
KVPL plans to mitigate rising energy costs through renewable energy initiatives such as solar projects, operational energy efficiency improvements, cost optimisation initiatives, and monitoring of energy consumption across operations.

Progress of the Plans and Initiatives
The company continues to allocate resources towards renewable energy projects and energy efficiency initiatives. KVPL has commenced initiatives such as the Panawatte Rooftop Solar Project and continues investing in operational efficiency improvements to reduce dependence on conventional energy sources.

KVPL achieved a 22% reduction in energy intensity during Q4 against the annual target of 7.1%. Progress was also made towards the company's target of achieving 95% reliance on renewable energy by 2030 through ongoing renewable energy initiatives.

Financial Effects

Current year financial effects to Profit and Loss Statement (P&L), Statement of Financial Position (SOFP) and Cash Flow Statement (CF)
The increase in fuel costs has raised the cost of sales by approximately Rs. 48 m, thereby adversely impacting the Group's profitability and resulting in a corresponding reduction in Profit Before Tax (PBT). This is reflected in the increase in cost of sales and administrative expenses reported in the Financial Statements. Refer page 282 for Statement of Profit or Loss. Accordingly, the Statement of Financial Position is also impacted through a reduction in retained earnings, leading to a decline in total equity by the same amount. In addition, the Cash Flow Statement reflects a negative impact on operating cash flows due to the higher fuel related operating expenditure incurred during the period.

Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year
Continued escalation in fuel costs may result in material adjustments to the carrying values of assets and liabilities in the next financial year due to its adverse impact on profitability and cash flows.

Significant increases in fuel and energy costs may result in material adjustments to the carrying values of assets and liabilities in the next financial year due to the potential adverse impact on profitability and operating cash flows. Based on current consumption patterns and prevailing market price trends, a 10% increase in fuel and energy prices is estimated to reduce the Group's PBT by approximately LKR 123 million], which may impact future cash flow projections, asset recoverability assessments, and related valuation assumptions.

The actual financial impact may vary depending on global energy price movements, operational efficiencies, and mitigation measures implemented by the Group.

Anticipated financial effect over short, medium and long term to PL, BS and CF
Refer to Transitional Reliefs on page 73

Climate resilience

Resilience Assessment
Refer to Transitional Reliefs on page 73.

How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out
Refer to Transitional Reliefs on page 73.

Judgements and Uncertainties

Judgements
Management exercised significant judgement in assessing the operational and financial implications of rising fuel and electricity costs, including estimating the extent to which increases in fuel and electricity prices impacted operational expenditure, production costs, and overall profitability during FY2025/26.

Management also applied judgement in estimating the sensitivity of future operating costs and profitability to energy price movements. Based on current consumption patterns and prevailing market trends, management assumed that a 10% increase in fuel and electricity prices could significantly increase annual operating costs and adversely impact future Profit Before Tax (PBT), operating cash flows, and asset recoverability assessments.

Additional judgement was applied in evaluating:

- the timing and scale of future investments required for renewable energy and energy efficiency initiatives;
- the extent to which renewable energy adoption may mitigate long-term energy cost exposure;
- the recoverability and useful life of energy-related assets; and
- the potential impact of energy price volatility on long-term operational sustainability and competitiveness.

Uncertainties
Significant uncertainties remain regarding future fuel and electricity price movements, energy supply stability, inflationary pressures, global energy market conditions, government energy pricing policies, and the effectiveness of renewable energy and operational efficiency initiatives in mitigating long-term energy cost exposure.

Additional uncertainties also exist regarding the timing of renewable energy investments, future technology costs, operational performance of renewable energy systems, and the extent of long-term cost savings achievable through energy transition initiatives.

SLFRS Sustainability-Related Financial Disclosures

SRRO 5 - Renewable Energy Adoption

Description

Increased adoption of renewable energy presents opportunities for KVPL to reduce long-term operational costs, improve energy security, strengthen sustainability performance, and enhance long-term business resilience.

Growing investment in renewable energy solutions such as solar energy and biomass provides opportunities to reduce dependence on conventional energy sources, lower energy costs, improve operational efficiency, and support sustainability commitments. Renewable energy adoption also enhances the company's environmental performance and strengthens stakeholder confidence in sustainable business practices.

Nature of SRRO - Not Aplicable

Time Horizon Short Term | Medium Term | Long Term

Define time horizon - Refer page 72 to 74 under basis of preparation

Business Model and Value Chain

Current Effects on Business Model and Value Chain

There is no material impact in the current year.

Anticipated Effects on Business Model and Value Chain

Expanded renewable energy adoption is expected to improve operational efficiency, reduce long-term energy costs, strengthen energy security, and support sustainable plantation operations. Renewable energy initiatives may also enhance the company's reputation among environmentally conscious stakeholders and customers.

Where is it Concentrated?

Concentrated within tea factories, estate operations, processing facilities, and other operational areas with significant energy consumption requirements.

Strategy and Decision Making

Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets

KVPL plans to expand renewable energy initiatives including rooftop solar projects and increased use of alternative energy solutions as part of its long-term sustainability and operational efficiency strategy. The company has established a target to achieve 95% reliance on renewable energy by 2030.

Progress of the Plans and Initiatives

KVPL continues to allocate resources towards renewable energy investments, energy-efficient technologies, and sustainability-focused operational improvements. Renewable energy projects such as the Panawatte Rooftop Solar Project form part of the company's energy transition initiatives.

During Q4, KVPL achieved a 22% reduction in energy intensity against the annual target of 7.1%. The company also continued implementation of renewable energy initiatives aligned with its target of 95% renewable energy reliance by 2030.

Financial Effects

Current year financial effects to Profit and Loss Statement (P&L), Statement of Financial Position (SOFP) and Cash Flow Statement (CF)

KVPL has not identified material financial impacts during the current financial year directly arising from renewable energy adoption.

Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year

Management has not identified significant risks of material adjustments to carrying values of assets and liabilities arising from renewable energy adoption initiatives in the next financial year.

Anticipated financial effect over short, medium and long term to PL, BS and CF

Refer to Transitional Reliefs on page 73.

Climate resilience

Resilience Assessment

Refer to Transitional Reliefs on page 73.

How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out

Refer to Transitional Reliefs on page 73

Judgements and Uncertainties

Judgements

Management exercised significant judgement in assessing the operational feasibility, financial viability, and long-term sustainability advantages of renewable energy investments and energy transition initiatives undertaken by the Group.

Management also applied judgement in estimating the extent to which renewable energy adoption could reduce long-term exposure to fuel and electricity price volatility, improve operational efficiency, and contribute towards future cost optimisation and climate resilience objectives.

In assessing the anticipated financial and operational benefits of renewable energy adoption, management considered:

- expected future reductions in conventional energy consumption and related operating costs;
- projected performance and generation capacity of mini-hydro and solar energy facilities;
- the expected useful life and recoverability of renewable energy-related assets;
- the level of future capital expenditure required for renewable energy expansion projects; and

- the ability of renewable energy initiatives to support the Group's target of achieving 95% reliance on renewable energy by 2030.

Management further exercised judgement in determining that the majority of current-year renewable energy benefits were absorbed within normal operating activities and therefore did not result in separately identifiable material financial impacts during FY2025/26.

Uncertainties

Significant uncertainties remain regarding future renewable energy technology costs, implementation timelines, operational performance and efficiency of renewable energy systems, future energy market conditions, climate variability affecting hydro power generation, and the extent of long-term cost savings achievable through renewable energy adoption initiatives.

Additional uncertainties also exist regarding future government policies and incentives relating to renewable energy, availability of financing for large-scale renewable energy investments, future maintenance and replacement costs of renewable energy infrastructure, and evolving technological developments within the renewable energy sector.

4. RISK MANAGEMENT

This section outlines how the Group identifies, assesses, prioritises and monitors SRROs and integration to the overall risk management framework.

4.1 Processes and Policies Relating to CRROs

Sustainability-related risk, as defined in Company's ESG Framework and Sustainability-related Risk Management approach, refers to the potential for climate and environmental factors to adversely impact the Company's plantation operations, financial performance, assets, supply chain, employees, and long-term business resilience, either directly or indirectly through their influence on operational, strategic, financial, and regulatory risk exposures. Recognised as a material sustainability-related risk category, the effective management of climate-related risks is essential to safeguarding Company's operational continuity, profitability, sustainability commitments, and long-term strategic objectives.

4.2 Identification, Assessment, Prioritisation and Monitoring Process of Identified SRROs

4.2.1 Identification

4.2.1.1 Inputs and Parameters the Company Use

KVPL identifies climate-related and sustainability-related risks and opportunities through an integrated risk assessment process carried out across estate operations, factory operations, supply chains and corporate functions. The identification process incorporates both internal operational data and external environmental, regulatory and market-related information relevant to the plantation sector.

Key inputs and parameters considered in identifying climate-related risks include:

- Rainfall patterns, temperature variability and extreme weather trends
- Crop yield performance and agricultural productivity indicators
- Energy consumption and fuel price trends
- Labour availability and wage escalation trends
- Biodiversity and land-use considerations
- Water availability and drainage conditions
- Customer sustainability expectations and international ESG requirements
- Regulatory developments including climate-related disclosure requirements
- Carbon emissions, energy intensity and renewable energy utilisation metrics
- Capital expenditure requirements relating to climate adaptation and resilience initiatives
- Operational disruptions affecting estate and factory activities

The Company also considers information obtained through stakeholder engagement, industry developments, estate-level operational reviews, sustainability reporting processes and risk management discussions conducted by management and the ESG Steering Committee.

4.2.1.2. Climate-related Scenario Analysis

More robust climate scenario analysis will be performed during 2026/27 and disclosed in the next financial year

4.2.2 Assessment

4.2.2.1 Nature

KVPL assesses the nature of climate-related risks based on their potential impact on plantation operations, agricultural productivity, operational continuity, infrastructure, financial performance and long-term sustainability.

Climate-related risks assessed by the Company include:

- Physical risks arising from extreme weather events, floods, droughts, landslides and changing rainfall patterns
- Transition-related risks associated with evolving customer sustainability expectations, ESG compliance requirements and energy transition initiatives
- Operational risks relating to labour shortages, wage escalation and energy price volatility
- Strategic risks associated with long-term climate resilience, market competitiveness and sustainability performance

The assessment process also considers whether identified risks are likely to affect operational activities, supply chains, customer relationships, regulatory compliance or long-term business resilience.

4.2.2.2 Likelihood

The likelihood of identified climate-related risks is assessed using management judgement supported by historical operational trends, industry developments, climate patterns, and emerging sustainability-related developments relevant to the plantation sector.

Risks are evaluated based on:

- Frequency of occurrence of historical climate-related disruptions
- Exposure of plantation operations to weather variability
- Probability of operational disruptions or financial impacts
- Regulatory and market developments
- Expected changes in stakeholder and customer expectations
- Industry-specific trends affecting plantation operations

To ensure consistency in risk assessment, the Group applies the following likelihood parameters:

Likelihood Level	Description	Indicative Frequency
Very High	Risks or opportunities that are almost certain to occur due to ongoing exposure, historical trends, or highly probable future conditions.	Expected to occur frequently or annually within the short term (1–2 years).
High	Risks or opportunities that have a strong probability of occurrence under current operational, market, or environmental conditions.	Likely to occur within the short to medium term (2–5 years).
Medium	Risks or opportunities that may occur under certain conditions based on emerging trends, changing circumstances, or moderate exposure levels.	May occur within the medium term (3–5 years).
Low	Risks or opportunities that are currently considered less probable but could arise under exceptional or long-term circumstances.	Unlikely to occur frequently and may arise beyond 5 years or intermittently.

Management periodically reviews the likelihood assessment through operational reviews, sustainability discussions, and enterprise risk management processes to reflect evolving climate-related conditions and business impacts.

4.2.2.3 Magnitude / Exposure

KVPL assesses the magnitude and exposure of climate-related risks by considering the potential operational, financial and strategic impacts on the business.

The assessment includes consideration of:

- Potential impacts on revenue, profitability and operating cash flows
- Exposure of tea and rubber cultivation activities to climate variability
- Impact on cost structures including wages, fuel and operational expenditure
- Potential impacts on biological assets, infrastructure and operational efficiency
- Capital expenditure requirements relating to adaptation and resilience initiatives
- Exposure across the value chain, including estate operations, transportation and factory activities
- Potential reputational and market-related implications arising from sustainability-related expectations

The Company also applies materiality thresholds linked to Profit Before Tax (PBT) in evaluating the significance of identified sustainability-related risks and opportunities.

Financial Impact Category	Threshold Basis (as % of Group PBT)	Description
Very High	Above 10% of PBT	Impacts that could significantly affect profitability, liquidity, business continuity, strategic objectives, or the long-term viability of operations.
High	3% – 10% of PBT	Impacts that could materially affect operational performance, cash flows, asset values, financial resilience, and overall business sustainability.
Medium	1% – 3% of PBT	Impacts that may require management attention and monitoring due to potential effects on operational efficiency, profitability, or sustainability performance.
Low	Below 1% of PBT	Impacts that are not currently considered financially material individually but may become material cumulatively or over time.

4.2.3 Prioritization

KVPL prioritises climate-related and sustainability-related risks based on their likelihood, magnitude, operational impact, financial materiality and strategic significance to the Company.

Climate-related risks are evaluated alongside other operational, financial and strategic risks within the Company's overall enterprise risk management framework. Risks considered to have the potential to materially affect the Company's operations, profitability, cash flows, business continuity or long-term sustainability are prioritised for management attention and Board oversight.

Priority is generally given to risks that:

- Have significant operational or financial implications
- Affect core plantation and factory operations
- May disrupt agricultural productivity or supply continuity
- Require significant capital investment or mitigation measures
- Impact regulatory compliance or customer expectations
- Have long-term implications for business resilience and sustainability performance

The ESG Steering Committee and management periodically review and update risk prioritisation based on emerging climate-related developments and operational conditions.

4.2.4 Monitoring

KVPL monitors climate-related risks through ongoing operational reviews, sustainability monitoring processes and periodic reporting mechanisms established across the business.

Monitoring activities include:

- Review of crop yield performance and weather-related operational impacts
- Monitoring of rainfall patterns, temperature trends and estate conditions
- Tracking energy consumption, fuel usage and energy intensity metrics
- Monitoring labour availability, productivity and wage cost trends
- Monitoring sustainability performance indicators and ESG targets
- Review of biodiversity conservation, water management and renewable energy initiatives
- Monitoring compliance with sustainability certifications and regulatory requirements
- Periodic reporting to the ESG Steering Committee, Audit Committee and Board of Directors

Management discussions, operational meetings and sustainability reporting processes support the continuous monitoring of identified risks and mitigation measures.

4.2.5 Changes in the Process

During the 2025/26 reporting period, KVPL further strengthened its sustainability-related and climate-related risk management processes in line with the implementation of SLFRS S1 and SLFRS S2 disclosure requirements.

Key enhancements during the year included:

- Formalisation of sustainability-related governance and reporting structures
- Enhanced materiality assessment processes linked to financial thresholds
- Increased integration of climate-related considerations into enterprise risk management processes
- Expanded monitoring of ESG-related performance indicators and sustainability metrics
- Strengthening of internal sustainability reporting and data collection processes
- Improved Board and management oversight of climate-related risks and opportunities
- Greater focus on scenario-based assessments and long-term resilience planning

The Company continues to enhance sustainability-related risk management processes as reporting maturity, data availability and analytical capabilities evolve.

4.2.6 Processes and Policies Relating to Climate-related Opportunities

KVPL identifies climate-related opportunities through strategic planning processes, sustainability assessments, operational reviews and ESG governance discussions conducted across the business.

Climate-related opportunities identified by the Company include:

- Renewable energy adoption and energy efficiency improvements
- Climate-smart agriculture and precision farming initiatives
- Biodiversity conservation and ecosystem restoration programmes
- Sustainable and traceable agricultural products
- Operational efficiency improvements and resource optimisation
- Sustainable financing and ESG-related stakeholder engagement opportunities
- Expansion of sustainability certifications and responsible sourcing initiatives

The Company assesses climate-related opportunities based on their potential to:

- Improve operational resilience and efficiency
- Reduce long-term operational costs
- Enhance sustainability performance and stakeholder confidence
- Support long-term revenue generation and market competitiveness
- Reduce exposure to energy price volatility and climate-related disruptions

Scenario-based considerations relating to climate variability, sustainability regulations, customer expectations and long-term operational resilience are incorporated into management discussions and strategic decision-making processes.

Climate-related opportunities are monitored through sustainability performance indicators, operational reviews, project implementation updates and Board-level oversight mechanisms.

4.2.7 Integration to Overall ERM

The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.

The processes for identifying, assessing, prioritising and monitoring climate-related and sustainability-related risks and opportunities are integrated into KVPL's overall Enterprise Risk Management (ERM) framework.

SLFRS Sustainability-Related Financial Disclosures

Climate-related considerations are incorporated into strategic planning, operational decision-making, capital allocation and business continuity planning processes across the Group. The integration process enables management to evaluate sustainability-related matters alongside operational, financial, compliance and strategic risks.

The ESG Steering Committee, management and Board of Directors collectively support the integration of sustainability-related risk management into broader corporate governance and risk management processes. Regular reporting, operational reviews and sustainability assessments facilitate ongoing monitoring and informed decision-making regarding material sustainability-related risks and opportunities.

The integrated approach supports the Company's long-term resilience, operational sustainability and value creation objectives.

5. METRICS AND TARGETS

This section outlines how the Company perform in relation to its SRROs, including progress towards any climate-related targets it has set and any targets it is required to meet by law or regulations.

5.1 Cross Industry Metrics

5.1.1 Greenhouse Gas Emissions (GHG)

Basis of Determination of Organizational Boundary and Operational Boundary

The Kelani Valley Plantations PLC was considered as twenty-five estates, located at Bulathkohupitiya, Dehiowita, Dickoya, Kitulgala, Labukelle Nanu Oya, Nuwara Eliya and Yatiyantota, Sri Lanka. Therefore, it is considered twenty-five entities with head office and sub office for the GHG quantifications. We have calculated the GHG emissions for KVPL Company and Mabroc. As the operations of the other subsidiaries are not considered significant, they have been excluded from the boundary,

Methodology Used for the Measurement and Disclosure of GHG Emissions

The GHG inventory was prepared in accordance with ISO 14064-1 and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), using the operational control approach. Emissions were quantified based on operational activity data including fuel consumption, electricity usage, fertilizer application, transport records, and wastewater treatment data across KVPL's operational boundaries.

Scope 1 emissions included stationary combustion, mobile combustion, and fugitive emissions from fuel usage, fertilizer application, wastewater treatment, refrigerants, and CO_2 fire extinguishers. Scope 2 emissions included purchased grid electricity consumption.

GHG emissions were calculated using applicable emission factors and Global Warming Potential (GWP) values from IPCC AR6 Guidelines, national grid emission factors, and fuel data references from Ceylon Petroleum Corporation. All emissions were reported in tonnes of carbon dioxide equivalent (tCO_2e) following the principles of relevance, completeness, consistency, transparency, and accuracy.

Summary of GHG Emissions of the Group

Scope	2026 (mtCO2e)
Scope 1	6,497.7
Scope 2	2,533.14
Scope 3	Refer to Transitional Reliefs on page 73
Total	9,030.84

The above GHG summary represents both Company and its subsidiary Mabroc Teas (Pvt) Ltd.

GHG Scope 1 and Scope 2 Emissions of the Group

Description	Greenhouse gas emissions (metric tones CO2e) 2025/26		
	Scope 1	Scope 2	Total
Consolidated accounting group	6,497.7	2,533.14	9,030.84
Other investee (investment in associate, joint ventures)	-	-	-
Total (Operational control approach)	6,497.7	2,533.14	9,030.84

Key Assumptions and Sources of GHG Measurement

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
Scope 1	Stationary combustion	1. Generators - Diesel 2. Generators - Petrol 3. Firewood cutting - Chainsaw machine - Petrol 4. Boilers - Firewood 5. LPG Consumption	Diesel used in generators, biomass fuel used in tea factories, LPG, and other fuel oil	IPCC AR6 http://ceypetco.gov.lk/ceypetco-products/	IPCC AR6
Scope 1	Mobile combustion	1. Road Transport - Diesel 2. Road Transport - Petrol 3. Manager Fuel - Petrol 4. Manager Fuel - Diesel 5. Off-road Vehicles - Diesel 6. Off-road Agricultural Machineries - Petrol	fuel used in company vehicles and estate transport fleet	IPCC AR6 http://ceypetco.gov.lk/ceypetco-products/	
Scope 1	Process combustion	N/A			
Scope 1	Fugitive Emissions	1. CO2 emission from Dolomite application 2. N2O emissions from Nitrogenous Fertilizers 3. N2O emissions from Nitrogen Volatilization 4. N2O emissions from Nitrogen leaching & run-off 5. Waste Water Treatment 6. CO2 fire extinguishers	Refrigerant leakages from air conditioning and refrigeration systems, nitrogen-based fertilizer applied in the estate, co2 fire extinguishers, wastewater treatment plant	IPCC AR6	
Scope 2	Electricity Consumption	1. Grid Electricity	grid electricity consumed at all operational locations supplied by the Ceylon Electricity Board	National Grid Emission Factor	

5.1.2 Climate-related Physical Risks

Kelani Valley Plantations PLC applies significant management judgement in identifying, assessing, and monitoring climate-related physical risks affecting plantation operations. These risks include changing rainfall patterns, prolonged droughts, floods, landslides, rising temperatures, pest infestations, and other extreme weather-related events that may impact tea and rubber cultivation, factory operations, infrastructure, and workforce productivity.

A comprehensive assessment of climate-related physical risks covering the amount and percentage of assets or business activities vulnerable to such risks will be conducted and disclosed in the next reporting period.

5.1.3 Climate-related Transition Risks

The Group recognises that evolving climate-related regulations, stakeholder expectations, market dynamics, and sustainability-related requirements may create transition risks that could impact business operations, financial performance, and strategic objectives.

A comprehensive assessment of climate-related transition risks covering the amount and percentage of assets or business activities vulnerable to such risks will be conducted and disclosed in the next reporting period.

SLFRS Sustainability-Related Financial Disclosures

5.1.4 Climate-related Opportunities

The Group identifies climate-related opportunities that may support long-term business resilience, operational efficiency, and sustainable value creation. These opportunities include renewable energy adoption, energy efficiency improvements, sustainable agriculture initiatives, biodiversity conservation programmes, carbon sequestration initiatives, and access to sustainability-linked markets and financing.

A comprehensive assessment of climate-related opportunities covering the amount and percentage of assets or business activities vulnerable to such risks will be conducted and disclosed in the next reporting period.

5.1.5 Capital Expenditure

The Group has allocated approximately Rs. 521 Mn towards climate risk management initiatives, including capital expenditure on solar and hydropower generation projects, as well as crop diversification programmes.

5.1.6 Internal Carbon Pricing

Currently we are not using any internal carbon pricing

5.1.7 Remuneration

The Group hasn't yet linked remuneration of key management persons to climate risk related performance.

5.2 Industry Specific Metrics

This section presents the Sustainability Accounting Standards Board (SASB) Index prepared in accordance with the Agricultural Products Standard Sustainability Accounting Standard (Version 2023-13), outlining the Company's disclosures across the defined climate-related topics and metrics relevant to the agriculture / plantation sector.

Sustainability Accounting Standards Board (SASB) index
Agriculture Industry Sustainability Accounting Standard (Version 2023-12)

Table 1: Sustainability Disclosure Topics and Metrics

Topic	Metric	Category	Unit of Measure	Code	Page / Reasons For Omission
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tonnes (t) CO_2-e	FB-AG-110a.1	208
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	FB-AG-110a.2	88, 90, 210
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-110a.3	207
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-130a.1	206
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m^3), Percentage (%)	FB-AG-140a.1	205
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	N/A	FB-AG-140a.2	207
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-AG-140a.3	205, 207

Topic	Metric	Category	Unit of Measure	Code	Page / Reasons For Omission
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rates and (2) associated corrective action rates for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-AG-250a.1	Not certified under Global Food Safety Initiative (GFSI) certifications
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	Quantitative	Percentage (%) by cost	FB-AG-250a.2	Not certified under Global Food Safety Initiative (GFSI) certifications
	(1) Number of recalls issued and (2) total amount of food product recalled 1	Quantitative	Number, Metric tonnes (t)	FB-AG-250a.3	Not certified under Global Food Safety Initiative (GFSI) certifications
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Quantitative	Rate	FB-AG-320a.1	148, 166
Environmental & Social Impacts of Ingredient Supply Chain	(1) Percentage of agricultural products sourced that are certified to a third-party environmental or social standard, and (2) percentages by standard	Quantitative	Percentage (%) by cost	FB-AG-430a.1	140, 187, 192
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-AG-430a.2	Information Not Available
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	Discussion and Analysis	N/A	FB-AG-430a.3	146, 192, 254
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	Discussion and Analysis	N/A	FB-AG-430b.1	We are not practicing any GMO Activities, therfore this indicator is not Relevant
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	Discussion and Analysis	N/A	FB-AG-440a.1	76, 254
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-AG-440a.2	205

SLFRS Sustainability-Related Financial Disclosures

Table 2: Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Page
Production by principal crop2	Quantitative	Metric tonnes (t)	FB-AG-000.A	6
Number of processing facilities3	Quantitative	Number	FB-AG-000.B	6
Total land area under active production	Quantitative	Hectares	FB-AG-000.C	6
Cost of agricultural products sourced externally4 Q	Quantitative	Presentation currency	FB-AG-000.D	128

Climate Related Targets FB-AG-110a.2

CRRO	GHG Emission
Metric/measurement/KPI	Metric/measurement/KPI - In line with its net-zero commitment, Kelani Valley Plantations PLC targets a 58.8% reduction in absolute Scope 1 and Scope 2 greenhouse gas emissions by FY2033 and a 90% reduction by FY2049, relative to the FY2022 baseline year.
Objective	◉ Reach net-zero GHG emissions across the value chain by FY2049 ◉ Reduce absolute Scope 1 & 2 GHG emissions 58.8% by FY2033 (near-term, E&I) ◉ Maintain no deforestation across primary deforestation-linked commodities ◉ Reduce absolute Scope 1 & 2 GHG emissions 90% by FY2049 (long-term, E&I) ◉ Neutralize any residual emissions at the net-zero target date
Scope	**Organizational boundary**: Operational control consolidation approach; all subsidiaries included **GHG scope:** All GHGs covered across Scopes 1 and 2 ◉ **Scope 1 coverage:** 100% (E&I long-term); 95% minimum boundary (FLAG) ◉ **Scope 2 coverage:** 100% (location-based approach) ◉ **FLAG commodities covered:** Tea (57.73%), Rubber (16.74%), Timber (5.24%), Coconut (1.09%), Cinnamon (0.68%), Others (18.52%) ◉ **Bioenergy**: Land-related emissions and removals from bioenergy feedstocks included in target boundary
Period	**Near-term target period**: FY2022 →FY2033 (approximately 11 years) **Long-term / Net-zero target period**: FY2022→FY2049 (approximately 27 years) Financial year end: March 31 (FY2022 ends March 31, 2023)
Base Period	**Base year:** FY2022 (financial year ending March 31, 2023) Compliant with SBTi requirement that base year be no earlier than 2015 Total base year emissions: 42,592 tCO_2e (full boundary, Scopes 1+2) FLAG base year emissions: 2,939.13 tCO_2e

CRRO	GHG Emission
Milestones and interim targets	**Near-term milestone (FY2033):** ◉ Scope 1 & 2 reduced by 58.8% from FY2022 (E&I) ◉ Zero deforestation maintained across primary commodities **Long-term milestone (FY2049):** ◉ Scope 1 & 2 reduced by 90% from FY2022 (E&I) **Net-zero target:** Achieve net-zero across the value chain by FY2049
Target type (Gross or Net GHG emission target)	◉ **All targets are absolute contraction targets** (not intensity-based) ◉ No renewable electricity targets submitted ◉ FLAG targets follow the **FLAG sector pathway** ◉ E&I long-term targets follow the **cross-sector pathway** Near-term E&I Scope 1 & 2 target is classified at **1.5°C temperature alignment**
Target type (absolute or intensity)	Absolute
Alignment to sectorial decarbonization approach	Align with FLAG Guidance and Corporate Net-Zero Standard.
Entity's plan to use Carbon credits to offset GHG emissions	Kelani Valley Plantations PLC is currently evaluating long-term climate-related strategies to support the reduction of greenhouse gas (GHG) emissions across its plantation and operational activities. As part of its sustainability roadmap, the Group has identified the potential future use of carbon credits as a supplementary mechanism to support the achievement of any future net GHG emission reduction targets, particularly for residual emissions that may not be fully eliminated through operational improvements alone. At present, the Group's primary focus remains on direct emission reduction initiatives, including energy efficiency improvements, renewable energy adoption, sustainable land management practices, reforestation programmes, and operational optimisation initiatives. The Group is in the process of assessing measurable emission reduction targets and related implementation timelines in line with evolving regulatory expectations and industry practices. Where carbon credits may be utilised in the future, the Group intends to consider: ◉ Carbon credits verified or certified through internationally recognised third-party standards and certification schemes; ◉ Nature-based carbon offsets, including reforestation, afforestation, biodiversity conservation, and ecosystem restoration initiatives relevant to plantation operations; ◉ Carbon reduction and carbon removal projects with transparent monitoring and verification mechanisms; and ◉ The credibility, permanence, traceability, and integrity of underlying offset projects prior to adoption. The Group has not yet formally committed to specific carbon credit volumes, offset programmes, or certification schemes. Management will continue to evaluate climate-related targets, operational decarbonisation pathways, and the potential role of carbon credits as part of the Company's broader sustainability and climate resilience strategy.

SLFRS Sustainability-Related Financial Disclosures

CRRO	GHG Emission
Alignment with jurisdiction Commitment	◉ Validated against the SBTi Corporate Net Zero Standard ◉ FLAG targets validated against the SBTi Forest, Land and Agriculture (FLAG) Guidance ◉ Scope 1 & 2 near-term target aligned with a 1.5°C decarbonization pathway ◉ Long-term absolute targets aligned with SBTi 1.5°C temperature pathways (Criterion 20) ◉ GHG inventory prepared in accordance with the GHG Protocol Corporate Standard ◉ Scope 2 accounted using location-based approach
Validation	◉ Validated by SBTi Services on 17 March 2025 ◉ Criteria version applied: SBTi Standards and Guidance (version undefined) + FLAG Guidance ◉ All submitted targets (near-term, long-term, net-zero, FLAG) received full approval ◉ Two letters issued: one for Near-Term SBTs and one for Net-Zero SBTs ◉ SBTi confirmed Scope 1 & 2 target ambition classification in conformance with SBTi Standards ◉ Planned public listing on SBTi website: first Thursday after April 17, 2025
Review Process	Mandatory target review required at least every 5 years against the latest SBTi criteria Significance threshold for base year recalculation: 5% Triggered recalculations required if: ◉ Significant changes in excluded emissions in inventory or target boundary ◉ Significant structural changes (acquisitions, divestitures, mergers, outsourcing) ◉ Material adjustments to base year inventory or growth projections ◉ Other significant changes to assumptions used in target-setting Recalculated targets must be revalidated by SBTi for continued recognition
Metrics for monitoring progress	◉ Annual absolute GHG emissions (tCO_2e) across Scopes 1 and 2 ◉ Progress tracked against FY2022 base year for each target ◉ Separate reporting of emissions and removals in the annual GHG inventory ◉ Deforestation status across primary deforestation-linked commodities ◉ Land use change, land management CO_2, land management non-CO_2 emissions (FLAG-specific)

CRRO	GHG Emission
Revision	◉ Targets are subject to mandatory review every 5 years; recalculation and revalidation required if criteria are not met ◉ Any of the triggered conditions listed under the Review Process (item 11) necessitate recalculation ◉ Revised targets must be resubmitted to SBTi for continued recognition Company has agreed to these recalculation and revalidation obligations as a condition of approval
Progress achieved during the year and status at year end	◉ The documents are validation reports dated March 17, 2025, not progress/annual reports; therefore, no actual emissions reduction progress data is disclosed ◉ The SBTi confirmed that the near-term reduction trajectory between FY2022 (base year) and the most recent year is in line with a 1.5°C pathway (Criterion 18 — Compliant) ◉ FY2022 remains both the base year and the most recent reported year in all target tables, indicating no subsequent year's actuals have yet been formally submitted ◉ Status at validation: All targets fully approved and compliant across all applicable SBTi criteria; targets to be publicly listed from April/May 2025 onward

PEDRO ESTATE

The Golden Crown of High-Grown Ceylon Tea

HERITAGE • ELEVATION • EXCELLENCE • EXPERIENCE



Impact We Create

- Global recognition for Ceylon Tea
- Sustainable livelihoods for our communities
- Responsible environmental stewardship
- Value creation through tourism & experiences

In the cool highlands of Nuwara Eliya, Pedro Estate crafts the world-renowned Light Bright Tea a legacy of heritage, craftsmanship and stewardship that continues to delight the world.

Landscape of Excellence, People & Purpose

668 Ha	485 Ha	5,900 – 6,200 ft	2,000 – 2,500 mm	22 km
Total Extent	Tea Cultivation Area	Elevation Range	Annual Rainfall	Proximity to Bomburu Ella

The Pedro Advantage

Light & Bright Tea Only from Pedro
Distinct flavour profile recognized worldwide

World-Class Tea Processing Center
Precision, quality & consistency in every cup

Pedro Ethical Tea Boutique
A premium destination for authentic Ceylon Tea experiences

Harvesting Experience
Hands-on plucking & processing for niche market guests

Homestay & Estate Stay
Live close to nature. Experience plantation life

Tourism Hub - Nuwara Eliya
A key destination in Sri Lanka's highland tourism corridor



Sustainable Stewardship

Water Stewardship
Protecting upper catchments and natural springs

Soil Conservation
Healthy soils for resilient future harvests

Climate Resilience
High elevation advantage for sustainable cultivation

Waste, Emission & Energy
Responsible waste management, low emission, energy efficiency

Research & Innovation
Continuous collaboration with researchers & institutions

A Home for Every Plantation Worker

Experience Pedro - Where Tea Meets Life

- World-Famous Tea Processing Center
- Pedro Ethical Tea Boutique
- Harvesting Experience
- Estate Homestays
- Nuwara Eliya Tourism Gateway

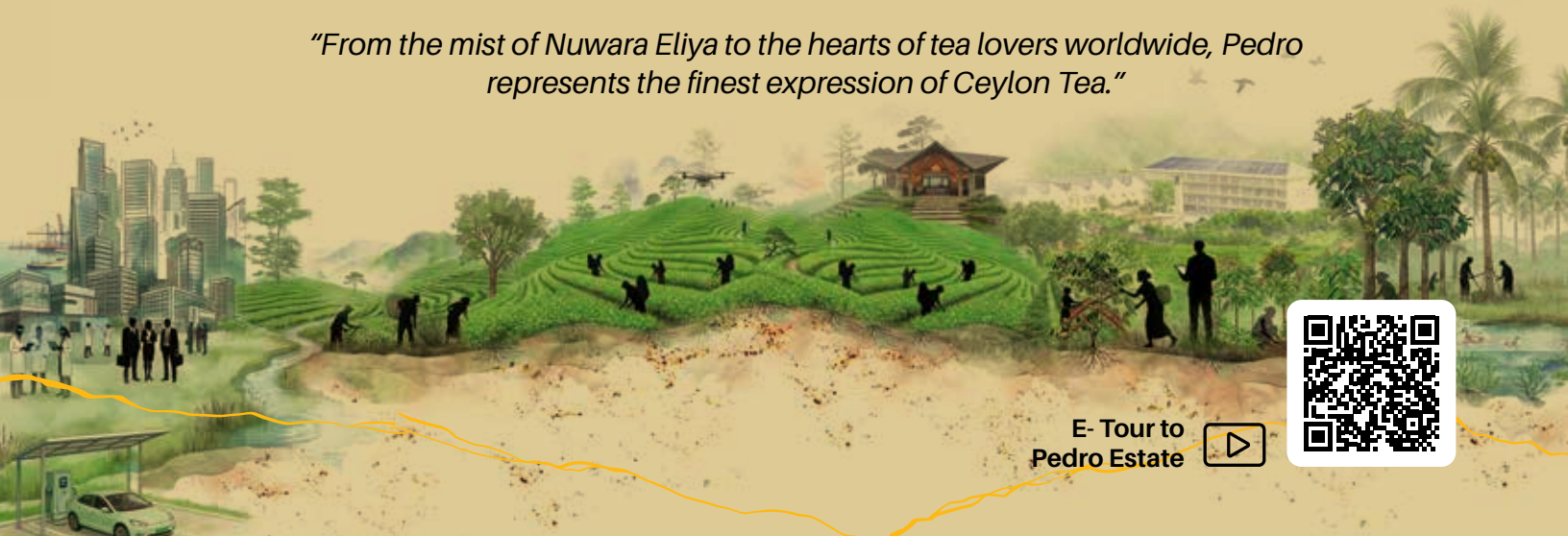
A Rich Heritage Since the British Era

- British Period Foundation of Pedro Tea Estate
- Historic Tea Bushes Legacy bushes contributing to Queen's Breakfast Tea Tradition
- Generations of Craftsmanship Preserving authentic Ceylon Tea excellence
- Today Continuing a timeless legacy with innovation & sustainability

Our Commitment

We are committed to preserving the heritage, nature and people of Pedro while crafting exceptional tea for generations to come.

"From the mist of Nuwara Eliya to the hearts of tea lovers worldwide, Pedro represents the finest expression of Ceylon Tea."



E- Tour to Pedro Estate

GLOBAL ECONOMY

Performance and Outlook

The Global economy is estimated to have grown by 3.2% in 2025 (according to the International Monetary Fund's (IMF's) estimates. The year was marked by fluidity and volatility, driven largely by a reordering of policy priorities in the United States and the corresponding adaptation of policies in other economies. Trade developments have dominated the headlines, with global economic prospects fluctuating in response. As highlighted in the April 2025 World Economic Outlook (WEO), a series of new tariff measures by the U.S. government raised tariff rates to levels not seen in a century. Countermeasures by US trading partners were limited, resulting in only minimal changes to the effective tariff rate on US exports.

After withstanding higher trade barriers and elevated uncertainty last year, global activity now faces a major test from the outbreak of war in the Middle East. The escalating Middle East conflict, intensified since 28, February 2026, has contributed to growing global economic uncertainty, overshadowing the concerns on tariffs. As the conflict expands into a broader regional issue, market attention has increasingly shifted toward the potential risks it poses to global economic stability, growth, and supply chains. This evolving situation has heightened concerns over energy security, trade and supply chain disruptions, and overall market volatility. As a result, the IMF has revised its projections for global growth by 0.2% to 3.1% in 2026 and 3.2% in 2027, with headline inflation rising to 4.4% due to conflict-driven energy price increases. IMF's projection of 3.1% growth is based on the assumption that the conflict will be limited in duration and scope. A longer or broader conflict, worsening geopolitical fragmentation, a reassessment of expectations surrounding artificial intelligence driven productivity, or renewed trade tensions could significantly weaken growth and destabilize financial markets. Elevated public debt and eroding institutional credibility further heighten vulnerabilities. The outlook warns of potential downward risks, with adverse scenarios lowering growth to 2.5% or lower if energy disruptions persist.

Overall, the outlook of the IMF remains tilted to the downside, with slower economic growth and rising inflation expected to be particularly pronounced in emerging market and developing economies, particularly commodity importing countries with existing structural vulnerabilities.

In the Euro area, economic growth is projected to slow from 1.4% in 2025 to 1.1% in 2026, before recovering slightly to 1.2% in 2027. the negative effects of the escalating Middle East conflict and in particular, the persistent impact of elevated energy prices following Russian invasion of Ukrainear expected to affect the Manufacturing sector. Additional strain is expected to arise from the real appreciation of the Euro against the currencies of competing exporting countries.

In the United States, the economy is projected to grow by 2.3% in 2026, supported by expansionary fiscal policy and the delayed effects of monetary policy rate cuts implemented in 2025. However, higher trade barriers introduced since April 2025 are expected to continue weighing on economic activity.

The 2026 growth forecast has been revised downward by 0.1 percentage points compared with the January 2026 WEO of the IMF. This reflects a modest negative impact from the ongoing Middle East war, although the United States' position as a net energy exporter helps cushion the effects. Growth is projected to remain solid at 2.1% in 2027, supported by fiscal incentives, including tax measures encouraging corporate investment under the OBBBA framework.

In Japan, economic growth is projected to slow from 1.2% in 2025 to 0.7% in 2026 and further to 0.6% in 2027.

In the United Kingdom, economic growth is projected to slow from 1.3% in 2025 to 0.8% in 2026, reflecting the effects of the ongoing Middle East war and a slower pace of monetary policy easing. This represents a downward revision of 0.5 % points compared to the October 2025 forecast.

Growth is expected to recover to 1.3% in 2027, although the pace of recovery is likely to remain weaker than previously anticipated, as the effects of higher energy prices continue to weigh on the economy. Economic growth in China for 2026 has been revised upward by 0.2 % points compared to the October forecast, reaching 4.4%, although this remains 0.1 % points lower than the January projection. The upward revision reflects lower effective tariff rates imposed by the United States on Chinese goods, along with stimulus measures that are expected to offset some of the negative effects arising from the Middle East war.

However, growth is projected to slow to 4.0% in 2027 as several structural challenges continue to weigh on the economy. These include the prolonged slowdown in the housing sector, a shrinking labour force, declining returns on investment, and weaker productivity growth.

In India, economic growth for 2025 has been revised upward by 1% point compared to the October forecast, reaching 7.6%. This improvement reflects stronger-than-expected economic performance during the second and third quarters of the fiscal year, along with continued momentum in the fourth quarter.

Growth for 2026 has also been revised upward by 0.3 percentage points compared to the October forecast (and by 0.1 percentage points relative to January), to 6.5%. The stronger outlook is supported by the positive carryover effects from robust growth in 2025 and the reduction in additional United States tariffs on Indian goods from 50% to 10%, which are expected to outweigh the negative effects of the ongoing Middle East war.

In Russia, higher commodity prices are expected to support economic activity, leading to an upward revision of 0.3 percentage points in the 2026 growth forecast compared to the January outlook. As a result, growth is projected at 1.1% in 2026, with the economy expected to maintain the same growth rate of 1.1% in 2027.

In the Middle East and Central Asia, economic growth is projected to slow significantly from 3.6% in 2025 to 1.9% in 2026, before recovering to 4.6% in 2027. The sharp slowdown reflects the region's

direct exposure to the ongoing Middle East war, while the projected rebound assumes a gradual normalization of conditions thereafter.

For commodity-exporting economies directly affected by the conflict, GDP growth forecasts for 2026 have been revised downward substantially due to disruptions to production and exports. The severity of the impact depends on the extent of damage to energy and transportation infrastructure, as well as each country's reliance on the Strait of Hormuz and the availability of alternative export routes.

As a result, the contraction in growth is expected to be more pronounced in Bahrain, Iran, Iraq, Kuwait, and Qatar, while the impact is likely to be relatively smaller in Oman, Saudi Arabia, and the United Arab Emirates.

Growth across the region is expected to recover in 2027, based on the assumption that energy production and transportation networks normalize within the coming months. However, this outlook remains uncertain and could deteriorate further if the conflict persists or infrastructure damage proves more extensive than currently anticipated.

Sri Lankan Economy Performance in 2025

Sri Lanka's economic recovery gathered momentum in 2025 despite a challenging global and domestic environment. External pressures, including tariff increases by the United States, ongoing geopolitical tensions, and volatile commodity prices continued to pose risks. At the same time, the economy faced a few domestic setbacks, particularly the severe weather impacts of Cyclone Ditwah in the latter part of the year. Economic growth as per the Central Bank of Sri Lanka (CBSL), continued at 5% in 2025, reflecting a broad-based recovery across all major sectors. The three main sectors of the economy Agriculture, Industry and Services expanded by 1.4 %, 7.8 % and 3.3 % respectively.

The expansion was largely driven by the Industry sector, particularly Manufacturing and Construction. The Services sector also played a significant role, supported by continued growth in financial services and transport. Meanwhile, the Agricultural sector contributed meaningfully to overall output, with its performance in 2025 surpassing that of 2024.

Agriculture and Agricultural Exports

Agricultural activities expanded by 1.4% in 2025, improving on the 0.6% growth recorded in 2024. This increase was largely driven by gains in plant propagation, animal production, as well as higher output of coconut and rice. Plant propagation saw the highest growth of 28.1% during the year. Additional support came from forestry and logging, agricultural support services, and the cultivation of fruits, tea, and spices. However, overall growth was partially constrained by contractions in fishing and in the cultivation of vegetables, rubber, and other perennial and beverage crops.

The agricultural sector is expected to recover gradually despite weather related disruptions experienced in 2024 and 2025, supported by improvements in key sub-sectors such as paddy and coconut. However, rising input costs and ongoing climate related risks continue to pose challenges to the sector's performance.

It is noteworthy that earnings from Agricultural exports surpassed USD 3 billion for the first time in 2025, representing a 10.7% increase compared to 2024. This growth was mainly driven by strong performances in coconut-related products, tea, and other minor agricultural exports.

Both kernel and non-kernel coconut exports recorded higher earnings, led by products such as Coconut oil and Coconut fibre. In addition, exports of value added Coconut products, classified under industrial goods, also increased significantly. This upward trend in both raw and processed coconut products highlights the sector's growing role in export diversification and value addition in Sri Lanka.

Tea export earnings increased due to higher export prices and volumes, reflecting sustained demand in key international markets.

External Sector

This year's recovery was further reinforced by surpluses in the current account for the third consecutive year. However, the Merchandise trade deficit widened in 2025 compared to the previous year, mainly due to a faster increase in import expenditure than in export earnings. Although export earnings showed positive year-on-year growth for most of the year, driven largely by industrial exports such as garments and food, beverages, and Tobacco, supported by improved external demand, this progress was outweighed by a sharp rise in imports.

The surge in import expenditure was primarily due to a significant increase in vehicle imports following the relaxation of import restrictions in January 2025, along with higher imports of investment goods. As a result, the Merchandise trade deficit expanded to USD 7.9 billion in 2025, up from USD 6.1 billion in 2024. In relation to GDP, the deficit increased to 7.3% in 2025, compared to 6.1% in the previous year in Sri Lanka.

Merchandise exports grew significantly in 2025, reaching a record high of USD 13.6 billion, surpassing the previous peak of USD 13.1 billion recorded in 2022. This marks a 6.3% year-on-year increase in export earnings, driven by improved external demand and a recovery in both industrial and agricultural exports, indicating renewed momentum in the export sector of Sri Lanka. As a share of GDP, export earnings accounted for 12.5% in 2025.

Key Indicator	2025	2024	2023	2022	2021
Real GDP Growth %	5	5	(2.3)	(7.3)	4.2
Current Account Balance as % of GDP	1.6	1.2	1.7	(1.9)	(3.7)
Trade Balance (US $ Bn).	(7.9)	(6.0)	(4.9)	(5.2)	(8.1)
OPR % end Dec	7.75	8.0	12.13*	27.24*	8.61*
Inflation % - CCPI year-on-year as at year end	2.1	(1.7)	4	57.2	12.1
(Year end)	309.99	292.58	323.92	363.11	200.43

*AWPR at the time there was no OPR
Source: Central Bank of Sri Lanka, Economic Review 2025

Inflation

Inflation in Sri Lanka moved back into positive territory in 2025 after an extended period of deflation. Following eleven consecutive months of negative inflation, headline inflation began to rise in August 2025 and gradually accelerated thereafter.

Overall inflation trends during the year were mainly shaped by supply side factors, while aggregate demand recovered only slowly. As a result, year-on-year headline inflation measured by the Colombo Consumer Price Index (CCPI, 2021=100) increased to 2.1% by end 2025, compared to -1.7% at the end of 2024. However, the annual average CCPI inflation declined to -0.5% in 2025, from 1.2% in 2024.

A similar pattern was observed in the National Consumer Price Index (NCPI), where year-on-year inflation rose to 2.9% by end 2025 from -2.0% in 2024, while the annual average NCPI inflation slowed to 0.2% from 1.6% in the previous year.

Food prices were particularly volatile during 2025, largely due to seasonal supply fluctuations and adverse weather conditions affecting Agricultural output.

In early 2026, inflation continued to fluctuate. CCPI based inflation rose to 2.3% in January, eased to 1.6% in February due to lower prices of volatile food items, especially vegetables, and then increased again to 2.2% in March, driven mainly by higher non-food prices, particularly transport costs as a result of increase in fuel prices.

Interest Rates

The CBSL maintained an accommodative monetary policy stance that commenced in mid-2023 through 2025, amid a low-inflation environment and well-anchored inflation expectations. Accordingly, overall market interest rates in Sri Lanka continued to trend downward in 2025, although a slight uptick was observed toward the latter part of the year due to temporary increases in short-term rates. The general decline was supported by an accommodative monetary policy stance, a low inflation environment, well-anchored inflation expectations, and reduced risk premia amid improvements in the country's credit ratings. Monetary policy, which had already been eased significantly from June 2023 through 2024 by around 7.75 % points, was further relaxed in 2025 with a 0.25 % point reduction in the Overnight Policy Rate (OPR).

The Average Weighted Prime Lending Rate (AWPR), which reflects short-term Rupee lending rates offered by licensed commercial banks to prime customers, remained broadly stable at lower levels during the first half of 2025 but experienced some upward pressure later in the year. As a result, although the weekly AWPR had declined by slightly over 1% point by mid-July, it ended the year with a marginal annual increase of 0.17 % points.

Meanwhile, the Average Weighted Net Lending Rate (AWNLR) declined modestly in 2025, falling by 0.45 and 0.08 % points, respectively, significantly smaller reductions compared to the sharper declines of 2.28 and 3.61 percentage recorded in 2024.

Exchange Rate

After two consecutive years of appreciation, the Sri Lanka Rupee depreciated against the United States Dollar in 2025. The exchange rate moved from Rs. 292.58 per US dollar at end-December 2024 to Rs. 309.99 by end-December 2025, reflecting a depreciation of 5.6% in Sri Lanka.

This depreciation was largely driven by increased demand for foreign currency, particularly due to a surge in merchandise imports. A key factor was the sharp rise in vehicle imports following the full relaxation of import restrictions.

Despite these pressures, foreign exchange liquidity in the domestic market was supported by continued inflows to the current account, especially from tourism earnings and workers' remittances, along with export proceeds and financial account inflows.

The Sri Lanka Rupee also weakened against other major currencies during the year. It depreciated against the Euro (16.3%), Pound sterling (12.0%), Japanese yen (5.6%), Chinese yuan (9.6%), Indian Rupee (1.0%), and Australian Dollar (12.2%) in 2025.

Outlook

Although Sri Lanka's economy demonstrated a strong recovery in 2025, supported by structural reforms, improved macroeconomic stability, and IMF-backed policy measures, the outlook for 2026 remains subject to significant downside risks. These include rising energy prices and their impact on inflation and purchasing power, as well as potential disruptions to trade, tourism, and foreign exchange earnings due to the ongoing military conflict in the Middle East.

Despite disruptions caused by Cyclone Ditwah, economic activity until March 2026, has remained resilient, aided by improving domestic demand and strong private sector

credit growth. Improved macroeconomic stability, stronger fiscal performance lower inflation and accommodative monetary policies and ongoing structural reforms are expected to enable Sri Lanka continue on its recovery path. According to CBSL, "growth across the Industrial, Services, and Agricultural sectors is expected to remain positive, although global geopolitical tensions, trade uncertainties, and climate related risks may weigh on the outlook". The Services sector is likely to remain the key growth driver, while Industrial activity is expected to benefit from reconstruction and infrastructure projects. The Agricultural sector is also expected to recover gradually, supported by improvements in Paddy and Coconut production, despite continuing weather and input cost challenges.

Prior to the escalation of the Middle East conflict, inflation was projected to continue rising gradually toward the CBSL's 5% target by the second half of 2026. However, the significant external shock arising from the ongoing conflict has necessitated substantial revisions to macroeconomic projections. In particular, inflation in the energy and transport categories is now expected to accelerate more rapidly in the near term, reflecting recent domestic price adjustments, elevated global energy prices, and broader spillover effects associated with the conflict.

Consequently, headline inflation is projected to rise at a faster pace than previously anticipated, although it is expected to remain broadly within the ±2 percentage point margin around the target. Current projections assume that the economic effects of the Middle East conflict will be temporary and that global and domestic economic activity will gradually normalise thereafter. Nevertheless, considerable uncertainty remains regarding the duration and magnitude of these impacts. Reflecting this outlook, inflation is expected to moderate somewhat during 2027 before stabilising around the 5% target over the medium term.

The CBSL is expected to maintain a data driven and forward-looking monetary policy approach to preserve price stability amid rising inflationary pressures and global uncertainties. Interest rates are likely to remain aligned with the prevailing policy stance, while government securities yields are expected to stay broadly stable, supported by improved fiscal conditions and lower risk premia, despite possible short-term volatility. CBSL, in its last monetary policy review in March '26, has also maintained the overnight policy rate at 7.75%, citing low inflation and a restrained approach on the fallout of the U.S.-Israeli war on Iran.

Private sector credit growth is anticipated to continue alongside improving economic activity and post disaster reconstruction efforts. However, spillover effects from the ongoing Middle East conflict and weaker global demand may moderate business activity and slow credit expansion in some sectors.

Sri Lanka's exchange rate outlook remains vulnerable to spillover effects from the ongoing Middle East conflict due to the country's high reliance on imported goods and the significant economic linkages with the region. Higher global oil and gas prices could increase the fuel import bill and widen the trade deficit, placing pressure on foreign exchange reserves and the currency. Potential disruptions to fertiliser imports may also weaken agricultural output and increase import dependency.

Remittance inflows, nearly 45% of which originate from Gulf countries, face downside risks if labour markets and migration flows in the region are affected by prolonged conflict. In addition, weaker export demand, disruptions to global shipping and logistics, higher freight costs, and potential declines in tourism and foreign investment inflows could further reduce foreign currency earnings.

Collectively, in addition to reducing disposal incomes of Sri Lankans, these factors may exert depreciation pressure on the Sri Lankan Rupee and increase exchange rate volatility, although softer domestic demand could partially moderate inflationary impacts.

Accordingly, the Merchandise trade deficit is projected to widen in 2026, primarily due to import expenditure growing faster than export earnings in Sri Lanka. In addition to the impact of higher global Petroleum and energy prices, imports of intermediate and investment goods are expected to rise further, supported by the government's public investment programme and the broader economic recovery. Vehicle imports, while still elevated, are expected to gradually moderate as the domestic market approaches saturation.

On the export side, earnings are expected to grow only moderately. However, near-term risks remain due to the Middle East conflict, which could affect key exports. Tea exports may be impacted as the Middle East is a major market, while apparel exports could face higher shipping costs due to disruptions in sea routes. Despite these pressures, the overall trade deficit is expected to remain at sustainable levels over the near to medium term.

GLOBAL AND LOCAL TEA INDUSTRY OVERVIEW

Sri Lanka's total Tea production increased marginally, by 0.54% to 264.12 million kilograms in 2025, compared to 262.69 million kilograms in 2024, reflecting an increase of 1.43 million kilograms. High Grown and Medium Grown elevation categories recorded higher production volumes compared to the previous year, whilst Low grown Tea production remained stagnant due to persistent productivity issues that have challenged output.
The plantation sector continued to face production challenges in 2025, driven by reduced fertiliser application among smallholders, adverse weather conditions, and the severe impacts of Cyclone Ditwah in November. Although production recovered gradually following the sharp decline experienced in 2022, output levels remained below those recorded in 2020 and 2021.

Despite higher production and export volumes, the National Average tea price declined in 2025. The average price of teas sold during January–December 2025 stood at Rs. 1,167.72 (USD 3.88) per kilogram, compared to Rs. 1,225.17 (USD 4.06) in 2024, reflecting declines of Rs. 57.45 and USD 0.18 respectively. All elevation categories recorded lower average prices in both Rupee and Dollar terms. Low-grown teas, which accounted for 60.4% of total production, experienced the largest decline in value.

Tea exports from Sri Lanka rose by 4.7% to 257.44 million kilograms in 2025, compared to 245.78 million kilograms in 2024. The average Free on Board (FOB) export price stood at Rs. 1,760.70 (USD 5.85) per kilogram, showing a slight decline in Rupee terms but a marginal increase in Dollar terms compared to the previous year.

Export earnings from Tea increased substantially during the year supported by both increased prices and higher export volumes, reflecting steady demand in key international markets. Total Revenue generated from Tea exports reached Rs. 453.28 billion (USD 1.51 billion) in 2025, compared to Rs. 433.47 billion (USD 1.43 billion) in 2024. This reflects increases of Rs. 19.80 billion and USD 71.38 million respectively. Tea bags recorded improved FOB values, while teas in packets and bulk tea exports experienced lower FOB values. Among export destinations, Iraq emerged as the leading importer of Sri Lankan tea in 2025, followed by Russia and Turkey. Exports to Iraq and Turkey increased notably, while exports to Russia declined. Exports to Libya also rose significantly, whereas exports to the United Arab Emirates declined.

Globally, China continued to dominate Tea production, recording steady and substantial growth from 2020 to 2025, reaching 3,920 million kilograms in 2025. India, the world's second-largest producer, maintained relatively stable production levels and an increase of over 4% in 2025 over the previous year.

Tea production in Kenya showed resilience, recovering strongly after earlier declines, while Turkey maintained relatively stable output with moderate fluctuations over the period.

Overall, global Tea production trends indicate continued expansion in China, recovery and growth in Kenya, and persistent structural challenges for Sri Lanka's Tea sector, highlighting differing production dynamics among major tea-producing countries.

Premium Positioning of Sri Lanka's Tea

In a significant development supporting Sri Lanka's premium positioning strategy for Ceylon Tea, the country is in the process of obtaining European Union Geographical Indication (GI) certification for "Ceylon Tea" during the year. The certification provides legal protection and guarantees authenticity, ensuring that only Tea grown and manufactured in Sri Lanka can be marketed under this name within the EU market.

The GI certification will strengthen Sri Lanka's long-standing reputation for high quality Tea and enhances its ability to command premium pricing in global markets. It also requires full traceability under a stringent "Book of Specifications," covering cultivation, climate conditions, plucking standards, processing, and packaging practices.

Combined with improving export performance and sustained demand from key markets such as India, China, Iraq, Russia, and Libya, the GI certification is expected to further reinforce Sri Lanka's competitive positioning in the global tea industry.

Rubber Industry Overview

Sri Lanka's Rubber industry entered 2025 under sustained structural and cyclical pressures, marked by declining export earnings, rising production costs, and weakening global competitiveness.

Production contracted by 5% mainly owing to a combination of adverse weather conditions, ageing plantations, reduced tapping days, labour shortages, and lower replanting levels. PESTA continued to negatively affect Sri Lanka's rubber sector in 2025 through reduced latex yields, premature defoliation, and higher estate management costs.

Rubber Export Revenue fell by 5.5% to approximately US$ 945 million in 2025 from US$ 1.01 billion in 2024, mainly owing to reduced demand in the US market, particularly for pneumatic and solid tyres and tubes which contracted 22.47%. This contraction in demand was compounded by global economic shifts and lower production volumes reflecting softer global demand, US tariff impacts, and reduced competitiveness against lower-cost producers such as Thailand, Vietnam, and emerging African suppliers. While Sri Lanka retains niche strengths in products like crepe rubber and centrifuged latex, these advantages are narrowing as competitor countries scale production and improve supply chain efficiency.

Domestically, the sector continues to be significantly affected by policy and cost-side disruptions. The removal of the SVAT system has created liquidity constraints and distorted auction pricing, while the subsequent 15% wage increase in 2026 has further intensified production cost pressures. Rising energy costs and compliance requirements have compounded margin compression across both plantations and downstream manufacturing.

Structural challenges remain critical. Severe labour shortages, driven by ageing workers, migration, and declining interest among younger generations have reduced tapping capacity and latex output. Productivity has also been constrained by persistent Pestalotiopsis leaf disease and climate variability, which have reduced tapping days and yields in traditional growing regions. Although non-traditional areas have shown comparatively better performance, expansion remains limited by land, regulation, and investment constraints.

Replanting activity has slowed markedly due to weak price signals and reduced profitability, particularly among smallholders shifting to faster-return crops. The suspension of subsidies during the economic crisis has further discouraged long-term investment, while gaps in R&D, mechanisation, and adoption of improved clones continue to limit productivity growth relative to competitor countries.

From a trade and regulatory perspective, the EU Deforestation Regulation (EUDR), effective from end-2026, introduces new compliance requirements but also presents an opportunity for enhanced market access and premium positioning, particularly given Sri Lanka's predominantly replantation-based cultivation system. Realising these benefits will depend on strengthened traceability frameworks and continued institutional support across the sector. In this context, KVPL's integration of advanced digital traceability systems during the year and the accreditations it has obtained over the years, positions the Company favourably to align with evolving global sustainability standards and strengthen its premium market positioning.

The domestic value chain is also under pressure, with higher raw material costs impacting tyre, glove, and industrial manufacturing sectors, amplifying broader industrial and employment risks.

Overall, the outlook remains subdued in the near term, with constrained investment, weak price recovery, and continued margin pressure. Whilst Sri Lanka's Rubber industry has several inherent strengths that support its long-term strategic importance within the national economy; it will depend on improving return on investment through targeted policy support, R&D including replanting subsidies, research and development incentives, mechanisation, and productivity enhancement initiatives. As reiterated by industry experts, without timely intervention, the industry faces the risk of structural decline, with significant implications for export earnings, rural livelihoods, and downstream manufacturing linkages.

Sri Lanka's Total Export Values of Rubber products in Selected Categories

Product Sub Categories	2020	2021	2022	2023	2024	2025
	Value in US Dollar Mn.					
Pneumatic & Retreated Rubber Tyres & Tubes	424	595	597	590	599	522
Industrial & Surgical Gloves of Rubber	248	365	296	226	278	293
Gaskets, Washers, Seals etc. of Hard Rubber	91	65	62	57	56	52
Rubber Plates, Sheets Rods of Vulcanized or Unhardened Rubber	21	23	20	26	40	44
Other Rubber Products	1	1	1	2	2	2
Hygienic or Pharmaceutical Articles	1	1	1	1	1	1
Total	786	1050	977	902	976	915

KVPL GROUP'S PERFORMANCE



KVPL Group recorded a 10% decline in Revenue during the year, despite a 7.1% increase in Revenue in its Tea, Rubber, and other Agri crop revenues. The overall decline was primarily attributable to reduced contributions from subsidiaries, namely Mabroc Teas, Kalupahana Power Company, and Kelani Valley Resorts. Mabroc' s Revenue declined by 20% primarily owing to a 28% reduction in its bulk exports. Revenue from the hydropower segment declined by 11% mainly due to a corresponding (11%) reduction in power generation caused by lower rainfall in the region, during the year. Nevertheless, all agricultural crop segments recorded Revenue growth, led by Tea and Rubber, alongside improved contributions from Coconut and Cinnamon.

Group Net Profit Before Tax declined by 11% during the year, largely due to higher cost of sales arising from increased labour costs. This was primarily driven by two consecutive wage revisions, comprising a 35% wage increase implemented in September 2025 followed by a further 15% increase in January 2026.

Tea remained the Group's primary revenue contributor, accounting for 85% of total Revenue, while rubber contributed 14%, and the "Other" segment comprising hydropower and leisure accounted for the remaining 1%. In terms of gross profitability, the tea sector contributed 82% of total gross profit, with KVPL and Mabroc accounting for 33% and 67% of the Tea segment's gross profit respectively. The Rubber segment contributed 15% of gross profitability, while the "Other" segment accounted for the remaining 3%.

Tea Sector Performance

KVPL's Tea Sector revenue increased by 6% during the year as a result of a 7% increase in sales volumes despite 1% decline in average selling prices. Revenue within the segment continued to be driven by the Group's fully owned subsidiary, Mabroc Teas, which contributed 66% of Tea sector revenue, with KVPL accounting for the balance.

Gross profit declined during the year as the cost of production per kilogram of Tea and Rubber increased following the mandated wage revision, which included an additional Rs. 200 per day per worker together with higher gratuity costs effective from January 2026.

Operational disruptions arising from Cyclone Ditwah were largely contained, with interruptions to power lines and flooding resulting in the loss of approximately one week of operations. The Company's relief and recovery initiatives supported affected communities and helped restore normalcy to employees' livelihoods. However, the Company's land extent was reduced by approximately 2 hectares due to erosion caused by the adverse weather conditions.

For the eighth consecutive year, KVPL achieved the second highest Gross Sales Average (GSA) among Regional Plantation Companies in Sri Lanka, underscoring the Company's continued commitment to quality and its resilience amid rising production costs. KVPL's average auction price decreased by 1% during the year.

The Company's Net Sales Average (NSA) continued to remain well above national elevation averages, with High Grown teas achieving prices Rs. 148.26 per Kg above the corresponding High Grown elevation average, while Low Grown teas also outperformed the respective Low Grown elevation average by Rs. 123.57 per Kg. KVPL gained Rs. 203.29 per kg above the overall National average as well during the year.

Mabroc Teas

The Company maintained its position as Sri Lanka's largest tea exporter to China and Taiwan, while also becoming the second largest exporter to Japan during the year. This reflects the strength of the Mabroc brand and its ability to capitalise on growth opportunities in these high-potential markets.

Mabroc continued to build on the progress achieved in recent years by further advancing its strategy of geographical and customer diversification. Following the establishment of a dedicated office in Mombasa, Kenya in 2024, the Company expanded its Kenyan operations during the year to strengthen both distribution and global sourcing capabilities. This enabled Mabroc to extend imports across all East African tea-producing countries, while

re-export volumes to both existing and new customers also recorded growth. Since dispatching its first tea consignment from Africa in January 2024, the Company has steadily expanded its international reach, further reinforcing its position as a dynamic and globally integrated tea exporter.

Building on its FMCG investments in Poland made in the previous year, Mabroc emerged as the leading tea supplier to three major supermarket chains in the country, further enhancing its retail presence in Europe. In addition, the launch of a ready-to-drink Bubble Tea range in selected European markets marked another milestone in product innovation and consumer diversification.

Further supporting the Company's strategy of increasing the share of value added exports, Mabroc commenced construction of a new packaging facility at its premises during the year, funded by KVPL. The facility, which is currently under development and expected to commence operations in January next year, is expected to further enhance the Group's value addition capabilities, operational efficiency, and competitiveness in export markets.

During the year, Mabroc Teas established "TeaForward 2030" as its dedicated ESG framework for sustainable growth. Aligned with the Hayleys Group's Life Code 2.0 framework and KVPL's "Corporate DNA", "TeaForward 2030" is built around three core pillars Environmental Stewardship, Social Responsibility, and Strong Governance. The framework focuses on key priorities including climate action, resource efficiency, biodiversity conservation, employee well-being, diversity and inclusion, and transparent governance practices.

Challenges faced by Tea Plantations	Our Strategic Response	Progress in 2025
High production costs vis a vis global competitors	◉ Technology adoption for resource optimization and smart Plantations management. ◉ Ascending the value chain. ◉ Crop Diversification through Agro Forestry Model. ◉ Market expansion. ◉ Adoption of renewable energy. ◉ Promotion of the Revenue share model.	◉ R&D to develop health tea. ◉ Renewed the accreditation with ISO 27001:2002, enhancing customer trust to bolster direct exports. ◉ Conservation linked brand positioning. ◉ Continued to deploy Drones to capture real time data and for the application of fertilizer. ◉ Mabroc began expansion of packing facilities, launching construction of a value added packing facility at its premises.
Retention and attraction of younger generation of workers	◉ Mechanisation and automation. ◉ Digital literacy training. ◉ Building a career progression path. ◉ Transformation of culture and integration of digital data driven management. ◉ Enabling empowering estate communities to earn supplementary income. ◉ Enabling access to vocational qualifications.	◉ Introduced digital face recognition for all our field staff and workers enhancing transparency and accuracy of employee data.
Declining Land productivity	◉ Agro Forestry model. ◉ Multi Cropping. ◉ The Revenue Share model.	◉ Having become the first tea plantation company in the world to obtain regenagri certification in 2024, KVPL extended the certification across its entire operations during the year



Rubber Sector

Revenue from the Rubber sector increased by 8% during the year, supported by an 8% growth in sales volumes and a marginal 1% improvement in average selling prices. The increase in output was aided by the reduced severity of the Pestalotiopsis (PESTA) leaf disease, which had adversely impacted production in recent years. Despite the increase in Revenue, profitability in the Rubber sector declined due to the impact of wage increases of 35% and 15%, mandated in September 2024 and January 2026, respectively.

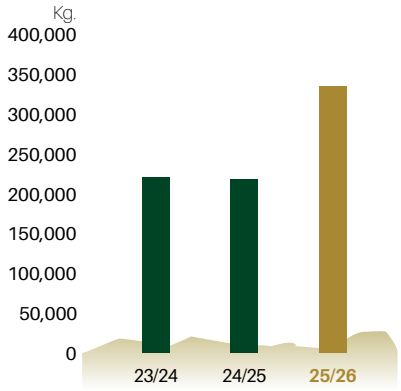
The centrifuged latex market experienced a downward trend during the financial year 2025/2026. In response to these unfavourable market conditions, the Company strategically increased Crepe Rubber production volumes by 26.15% to capitalise on the favourable price trend in the Crepe Rubber market. This rationalisation of rubber manufacturing operations resulted in a financial gain of Rs. 64.91 million.

During the year, total export volumes increased by 53%, while export revenue reached US$ 1.53 million. Sole Crepe Rubber export sales recorded a significant growth of 45%, substantially contributing to the increase in export earnings. Consequently, export operations generated a notable financial gain of Rs. 61 million.

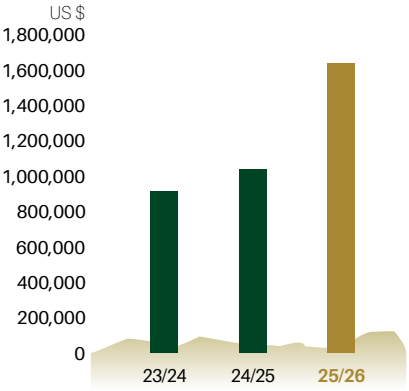
During the year, KVPL implemented the TerRax digital traceability platform, representing a significant advancement in the Company's traceability capabilities and hence towards its objective of direct value added exports. The platform enables end-to-end tracking across the Rubber supply chain, from field-level production to final output, strengthening operational transparency and enhancing confidence among international buyers who increasingly prioritise verifiable and responsibly sourced products.

Challenges Faced by Rubber Plantations	Our Strategic Response	Progress in 2025
Increasing cost of production	◉ Ascending the value chain. ◉ Technology adoption across the value chain. ◉ Adoption of renewable energy for Triple Bottom Line impacts.	◉ Implemented the TeRex system for EUDR readiness. ◉ Renewed ISO/IEC 27001:2022 certification for customer data safety.
Declining Cost productivity	◉ Introducing multi cropping and crop diversification.	◉ Direct Rubber export revenue increased by 56% to 1,535,536 US$
Decrease in production due to adverse weather	◉ Introduction of Rain guards.	
The Fungal decease Pestalotiopsis continues to impact with no remedy.	◉ Response hinges on industry, the Rubber Research Institute (RRI) R&D and a concerted effort to develop a treatment.	
Declining global demand and prices	◉ Continue to ascend the value chain for direct exports.	

KVPL - Rubber Export Volume



KVPL - Rubber Export Revenue



Outlook

Tea Sector

Global tea industry trends continue to reflect expanding production in China, recovery and growth in Kenya, and ongoing structural challenges within Sri Lanka's tea sector, highlighting increasingly competitive dynamics among major Tea producing nations. Against this backdrop, KVPL remains focused on strengthening its premium market positioning through sustainability, traceability, value addition, and operational innovation.

The Group's long standing ESG journey, developed over several decades, has positioned KVPL well to translate sustainability commitments into long-term commercial value. Building on this foundation, the Tea sector continues to implement a range of sustainability and productivity enhancement initiatives aimed at improving both land and workforce productivity. These include the deployment of technology driven solutions such as drone-enabled monitoring, enhanced resource efficiency measures, regenerative agricultural practices, and a stronger focus on value chain ascension towards premium and value-added markets.

The gradual shift within Sri Lanka's tea industry from bulk tea exports towards branded and value-added tea products is expected to continue, supported by growing demand for differentiated, traceable, and sustainably produced teas in international markets. Sri Lanka's bulk tea exports declined by 3.8% in 2025 to 106.8 million kilograms, reflecting the industry's ongoing transition toward higher margin branded and packeted tea formats. In line with these evolving market dynamics, KVPL continues to strengthen its value-addition capabilities and premium product offerings to enhance export margins and reinforce its global market positioning.

The anticipated European Union Geographical Indication (GI) certification for "Ceylon Tea" currently in progress is also expected to further enhance the industry's premium positioning globally. KVPL is well placed to leverage this opportunity through its advanced traceability capabilities and established reputation for quality, authenticity, and sustainability. In support of these strategic priorities, the Group has invested over Rs. 100 million in factory upgrades and renovations aimed at improving product quality while ensuring compliance with evolving international standards and regulatory requirements.

Looking ahead, climate adaptation, resource conservation, operational efficiency, and continued investment in research and development will remain critical to strengthening resilience and sustaining long-term competitiveness within the sector.

Rubber Sector

The operating environment for the Rubber sector is expected to remain challenging amid persistent structural constraints, rising production costs, labour shortages, and climate related vulnerabilities. Productivity across the industry continues to be affected by the prolonged impact of Pestalotiopsis leaf disease, erratic weather patterns, and reduced tapping days in traditional growing regions. In addition, ageing labour, migration trends, and declining interest among younger generations in plantation employment continue to constrain tapping capacity and latex output.

In response, KVPL remains focused on strengthening resilience and improving long-term profitability through greater value addition, direct export market expansion, and sustainability-led differentiation. Leveraging its longstanding reputation for quality, reliability, and timely delivery, the Group aims to further expand its presence in premium international and natural rubber markets. The Company's commitment to sustainable and traceable production practices is also expected to support future growth opportunities, particularly in evolving global regulatory and environmentally conscious markets.

At the plantation level, KVPL will continue to focus on improving land productivity through multi cropping initiatives and selective diversification into high-potential export oriented crops such as Coffee, Cinnamon, Pepper, and Coconut. Across both the Tea and Rubber sectors, the Group also intends to further strengthen its data driven operational capabilities through the expanded use of drone technology and real time field monitoring, enabling more agile decision-making, improved resource management, and greater responsiveness to evolving market and climate conditions.

While global uncertainties, including the ongoing Middle East conflict, may continue to impact costs, exports, and market conditions in the year ahead, KVPL remains confident that its strategic focus on sustainability, innovation, value addition, and operational resilience will support long-term growth and competitiveness.

THE TERRA GOLD ECOSYSTEM

Governed Responsibly • Managed Sustainably • Measured Continuously

At Kelani Valley Plantations PLC, value creation is shaped through the integration of six forms of capital that together sustain our long-term success. Under the philosophy of Terra Gold, we steward the land responsibly, empower people, innovate with knowledge, build trusted relationships, strengthen our operations and manage financial resources with discipline to create enduring prosperity.

The six capitals are interconnected and mutually reinforcing components of a living agribusiness ecosystem. Each decision we make preserves, enhances and transforms these capitals for today and generations to come.

The Terra Gold Ecosystem

- ESG INTEGRATION
- GOVERNANCE
- STAKEHOLDER TRUST

OUR GLOBAL COMMITMENTS & LEADERSHIP

UNGC Signatory since 2007
Committed to the 10 Principles

UN CEO Water Mandate Pledge since 2008
Water stewardship leadership

Chair - UNGC Sri Lanka Water & Ocean Stewardship Working Group
Driving collective action for water resilience

Patron Support - Water Stewardship Platform
Strengthening partnerships for a water secure future

World's 1st regenagri Certified Tea Estate & RPC
Leading regenerative agriculture

1st in Plantation Industry aligned with Science Based Targets initiative (SBTi) & FLAG Guidance

Near-term Emission Targets by 2030
Aligned to 1.5°C pathway

Net Zero Ambition by 2049
For our estates, operations and value chain

6 NATURAL CAPITAL

2025/26 Highlights
- World's 1st regenagri certified tea estate & RPC
- SBTi + FLAG implementation
- Near-term emission targets by 2033
- Net Zero pathway by 2049
- Forest & habitat conservation
- Soil & watershed protection
- Renewable energy transition

Key KPIs
- Forest conservation coverage: 16%
- GHG emissions (Scope 1 & 2) vs 2020: 8,734 tCO_2e
- Renewable energy share: 72%
- Water recycled: 84%

- Biodiversity stewardship
- Water security
- Climate resilience
- Regenerative agriculture

Stewardship

5 FINANCIAL CAPITAL

2025/26 Highlights
- ESG-linked market positioning
- Premium product diversification
- Export market expansion
- Cost optimization
- Sustainable finance integration

Key KPIs
- Total Revenue: Rs. 19.4 B
- Operating Income Ratio: 6.22%
- ROE (Return on Investment): 9.08%
- EBITDA Margin: 9%
- Export Revenue 11.4 B

- Profitability
- Capital discipline
- Sustainable growth
- Value-added diversification

Strategy

4 MANUFACTURED CAPITAL

2025/26 Highlights
- Modernised processing facilities and infrastructure
- Expanded renewable energy and efficiency
- Advanced digitalisation and smart operations
- Strengthened climate-resilient agricultural systems

Key KPIs
- Digital Weighing Coverage - 100%
- Renewable Energy Contribution – 15% grid electricity
- Factory modernization investment – 100 m

- Sustainable infrastructure
- Renewable energy systems
- Efficient manufacturing
- Climate-smart operations
- Eco & research tourism infrastructure

Short Term (1-2 Years)	Medium Term (3-5 Years)	Long Term (5+ Years)
• Productivity improvement	• Competitive advantage	• Climate resilience & adaptation
• Operational efficiency	• Brand equity & market trust	• Nature-positive impact
• Cost optimization	• Diversified income	• Intergenerational prosperity
• Stronger compliance	• Enhanced stakeholder loyalty	• Financial sustainability

Enabled by Strong Governance & Risk Management

- Board Leadership & Oversight
- ESG Governance Architecture
- Enterprise Risk Management

INNOVATION

CLIMATE RESILIENCE

RESPONSIBLE AGRIBUSINESS

Sustainability

Value

1 HUMAN CAPITAL

- Workforce wellbeing
- Diversity & inclusion
- Leadership capability
- Safety culture

2025/26 Highlights

- Female leadership enhancement
- Training & capability development
- Health & wellbeing programmes
- Estate housing development
- Safety & productivity systems

Key KPIs

- Female leadership: 2.3%
- Total training hours: 110,319
- LTIFR: 1.6%
- Employee Engagement Index: 98%

2 INTELLECTUAL CAPITAL

- ESG innovation
- Research partnerships
- Data-driven agribusiness
- Smart plantation systems

2025/26 Highlights

- University collaborations
- Expansion of Digital systems
- Precision agriculture
- Traceability & smart operations

Key KPIs

- Active University Research: 5+
- New Product Launch: 30+
- Drone Operation Cost Saving: Rs: 15 m+
- Deploy Face recognition: 25

3 SOCIAL & RELATIONSHIP CAPITAL

- Stakeholder trust
- Ethical sourcing
- Community upliftment
- ESG market positioning

2025/26 Highlights

- Stakeholder engagement index
- Community beneficiaries
- CSI buyer retention rate

Key KPIs

- No. of beneficiaries HFEPW: 153,798
- Buyer CSI: 92.1%
- Supplier Code of Compliance:100%

Value Created for Our Stakeholders

INVESTORS
Sustainable returns, long-term growth & ESG leadership

EMPLOYEES
Safe, inclusive, rewarding & future-ready workplace

COMMUNITIES
Improved quality of life & shared prosperity

CUSTOMERS
Quality, traceable, ethical & sustainable products

ENVIRONMENT
Healthy ecosystems, biodiversity & climate action

NATION
Economic contribution, exports, rural development & responsible stewardship

Interconnected Impact Pathways

Natural Capital → Premium Branding → Market Access → Financial Growth

Human Capital → Innovation → Intellectual Capital → Productivity

Social Trust → Ethical Sourcing → Buyer Loyalty → Shared Prosperity

Renewable Energy → Reduced Emissions → ESG Competitiveness → Long-term Value

Ethical Conduct & Compliance

Integrated Reporting & Transparency

Stakeholder Accountability

Measuring Our Progress

Integrated KPIs

Assurance & Verification

Targets & Commitments

Continuous Improvement

Data-driven Decisions

Financial Capital

Nurturing Terra Gold through Strategic Investment and Diversified Growth



Financial Capital comprises the funds available to the KVPL Group through equity, borrowings, and internally generated cash flows. It forms the financial foundation that supports the cultivation, processing, and marketing of tea, rubber, and other export crops, while facilitating the Group's long-term sustainability, growth, and value creation for stakeholders over the short, medium, and long term.

Our Approach

Through disciplined financial management, we aim to strengthen profitability, improve operational efficiency, optimize capital allocation and ensure sustainable returns for all our stakeholders.

Capital Impact

- Manufactured Capital
- Human Capital
- Social & Relationship Capital
- Intellectual Capital
- Natural Capital

Our Key Focus Areas

Business Growth & Profitability

Drive sustainable revenue growth and enhance profitability across our operations

Productivity & Operational Efficiency

Optimize costs and improve productivity to strengthen operational performance

Capital Allocation

Invest strategically in high return opportunities and maintain a strong balance sheet

Cash Flow Strength

Maintain strong cash flows to support operations, growth and shareholder returns

Financial Resilience

Maintain financial flexibility and robust risk management practices

Financial KPI Targets 2026/27

≥3%	≥15%	≥10%	≥10%	≤15%
REVENUE GROWTH	GROSS PROFIT MARGIN	NET PROFIT MARGIN	ROCE	GEARING

SDG Targets



GRI 13.22.1

Financial Capital – Director Finance Commentary

During the year under review, the Group maintained a disciplined and prudent approach to financial capital management amidst continued volatility in global commodity markets and prevailing domestic cost pressures. Strategic focus was directed towards preserving liquidity, optimising costs, and ensuring prudent capital allocation to strengthen financial resilience and support sustainable long-term value creation.

The Group's revenue performance during the year declined primarily due to a reduction in revenue from its marketing subsidiary, Mabroc, as a result of the adverse impact of the Middle East conflict on market conditions. Nevertheless, the Company recorded revenue growth driven by highest tea sales volumes, improved Rubber prices, particularly from the direct export segment, together with the continued contribution from diversified income streams, including cinnamon operations. Profitability remained constrained by escalating cost pressures, particularly in labour, fertiliser, and energy inputs. In response, the Group implemented targeted cost rationalisation measures and operational efficiency enhancement initiatives across its estates and factories to safeguard margins and strengthen overall financial performance.

From a capital structure perspective, the Group maintained a prudent balance between debt and equity, preserving adequate headroom within existing banking facilities to support operational requirements and strategic priorities. Interest-bearing borrowings were actively managed to mitigate exposure to interest rate volatility, while surplus funds were strategically invested in short-term instruments to optimise returns without compromising liquidity.

Working capital management remained a key focus area during the year. Inventory cycles were closely monitored, particularly in Tea and Rubber, to align production with market demand and prevailing price movements.

The Group continued to invest selectively in high impact capital expenditure projects, including field rehabilitation, factory modernisation, and sustainability driven initiatives. These strategic investments are expected to enhance agricultural yields, improve product quality, and strengthen operational resilience against climate related risks and evolving market dynamics. In addition, the Group continued its diversification into export oriented crops such as Coffee and Cinnamon and Coconut, with the objective of broadening revenue streams, reducing dependence on traditional plantation crops, and capitalising on the growing global demand for value added agricultural exports.

Looking ahead, the Group will continue to focus on strengthening its financial position through:

- Enhanced productivity and yield improvements.
- Further diversification into high margin crops such as Cinnamon and Coffee, while exploring avenues for value addition to enhance profitability and expand market opportunities.
- Digitalization of financial and operational processes.

Overall, the Group's financial capital base remains resilient and well positioned, providing a strong platform to navigate market uncertainties while pursuing sustainable growth and long-term value creation.



Vidura Weerabahu
Director – Finance

Key financial indicators reflected a stable performance despite external challenges:

- EBITDA margins remained resilient through cost control measures.
- Return on Capital Employed (ROCE) was sustained at acceptable levels given industry conditions.
- Gearing ratio remained within internally set thresholds, ensuring financial stability.
- Positive operating cash flows supported ongoing investment and Working capital requirement.



KVPL STRATEGY

- Business Growth and Sustainability
- Value creation for stakeholder expectations
- Productivity
- People Development
- Technology Enablement



Harvesting financial strength and forging financial resilience from **Terra Gold** for sustainable growth

KEY RISKS

Credit Risk | Market Risk | Liquidity Risk | Operational Risk | Information & Cyber Risk | Strategic Risk | Compliance Risk | Reputation Risk

The Board of Directors, together with the Audit Committee, has established robust governance mechanisms and financial management guidelines to ensure the prudent allocation of resources. All capital expenditure proposals are subject to prior approval by the Group Management Committee (GMC), supported by disciplined budgetary controls to ensure the effective utilisation of financial resources. In addition, all financial market investments are subject to approval by the Group Treasury, ensuring appropriate oversight and alignment with the Group's investment policies.

Governance Authorities

- Board of Directors
- Board Audit Committee (BAC)
- Group Management Committee (GMC)
- Managing Director and CEO
- Chief Financial Officer of the Company and Ultimate parent (Hayleys PLC)
- Group Treasury

Governance Framework

- Sri Lanka Accounting Standards issued by CA Sri Lanka
- Companies Act No 7 of 2007
- Risk Appetite Prudential Limits
- Treasury Policies
- Credit Risk Policies
- Market Risk Policies
- Liquidity Risk Policies

2. Sources of Financial Capital

The Group's financial capital is derived from a balanced mix of shareholder equity, retained earnings, interest-bearing borrowings, including term loans and working capital facilities, and internally generated operating cash flows. During the year under review, strong cash flows generated from the tea segment continued to serve as the Group's primary source of funding. External borrowings were selectively utilised to finance long-term capital expenditure, particularly in relation to replanting initiatives and infrastructure modernisation, ensuring appropriate alignment between funding tenor and the economic life cycle of the underlying assets.

3. Deployment of Financial Capital

Financial capital was strategically allocated across key areas

- Replanting of Tea, Rubber, Coffee, Cinnamon, Coconut and other export agri crops.
- Fertilizer application and field maintenance.
- Enhanced overseas market penetration by Mabroc for Tea exports.
- Investment in state of art modern factory facility to improve production and value added production capacity.
- Wages and estate operational costs.
- Debt servicing obligations.

The Group continued to prioritise investments aimed at sustaining its biological assets, recognising that timely replanting and strategic agronomic inputs are essential to maintaining long-term yield, quality, and estate productivity. Capital expenditure during the year was also directed towards enhancing manufacturing efficiency and modernising processing infrastructure, supporting margin improvement initiatives amidst rising input costs and evolving operational demands.

GRI 102-7

4. Financial Performance Review

a. Key Financial Indicators - Rs. m

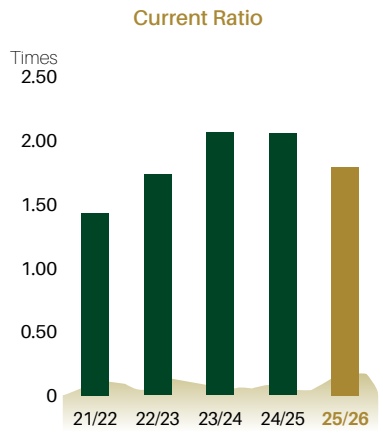
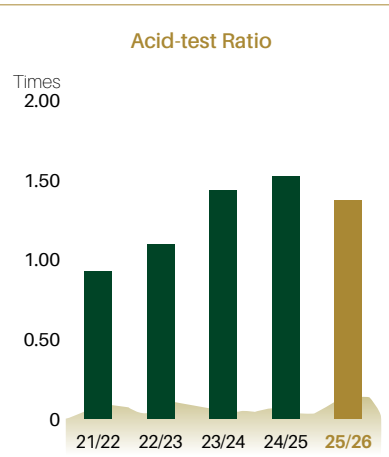
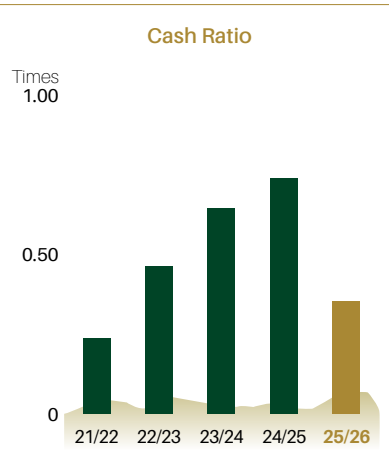
Horizontal & vertical analysis of Income statement shown in page 19.

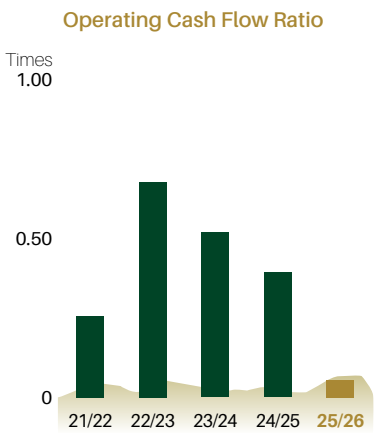
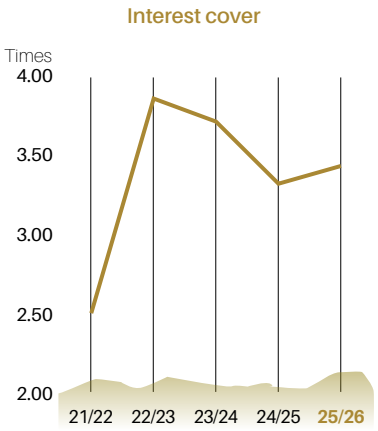
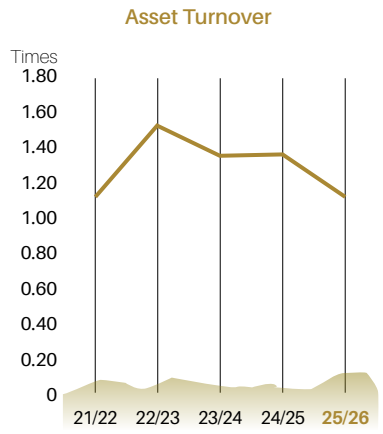
Indicator	2025/26	2024/25	Impact	Key Impacts/Reasons
Revenue	19,436 10% ↓	21,641	(2,205)	**KVPL** Tea - sold Quantity increased by 7% while tea prices declined by 1%. Rubber - sold quantity and average rubber prices increased by 8% and 1%, respectively. **Mabroc** – A 28% decline in bulk tea sales resulted in a corresponding reduction in revenue by 20% **KPC** – Hydropower income declined by 11% during the period, primarily due to an equivalent 11% reduction in power generation.
Cost of Sales	16,866 11% ↓	18,962	(2,096)	**KVPL** – The increase in cost of sales was primarily attributable to the 35% wage revision effected in September 2024, followed by a further 15% wage increase in January 2026. **Mabroc** – Cost of sales decreased in line with the decline in bulk tea sales volume.
Other Income including Gain on change in fair value of biological assets	304 1% ↓	308	(4)	Gain on change in fair value of biological assets declined by 41 m mainly due to reduction in average prices for consumable biological assets. Lease income & Dividend income increased.
Admin cost	1,533 ↑ 7%	1,430	103	Increase in payroll related cost, depreciation and parent company cost allocations. Head Office & Sub Office Renovation cost

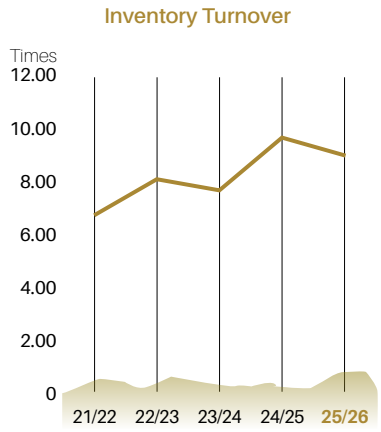
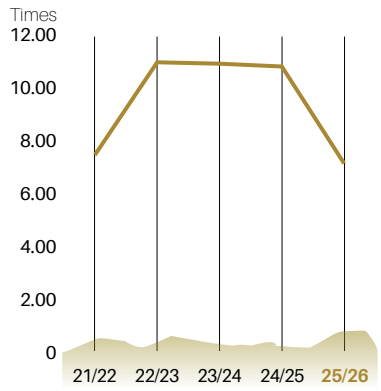
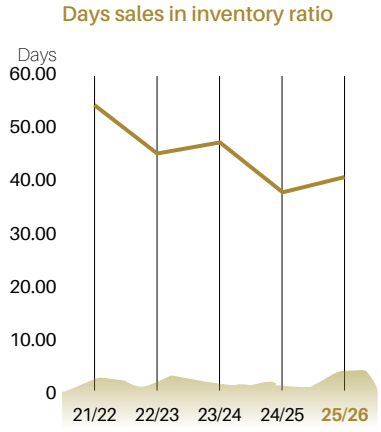
Financial Capital

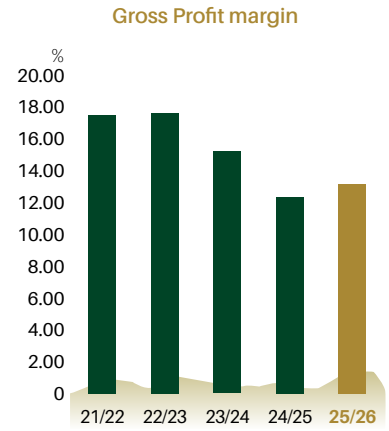
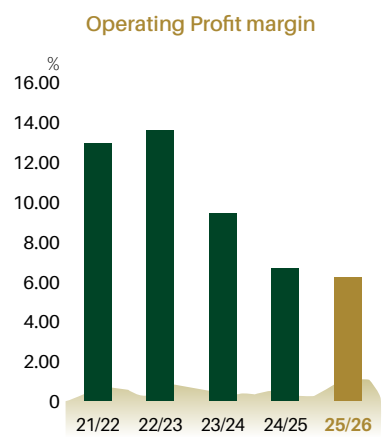
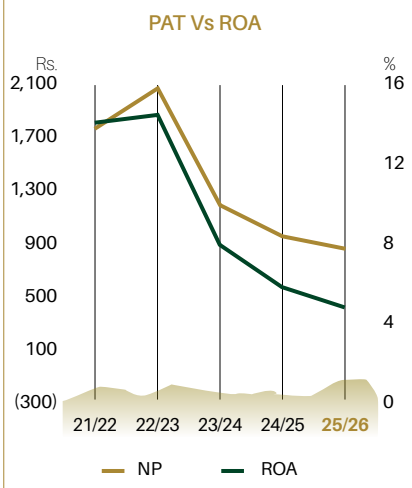
Indicator	2025/26	2024/25	Impact	Key Impacts/Reasons
EBITDA	1,767 ↓ 10%	1,972	(205)	Due to the factors mentioned above and marginal increase in Depreciation and amortisation.
Finance Income	354 ↓ 1%	358	(4)	Decrease in interest rates on Treasury Bills and Fixed Deposits.
Finance Cost	193 ↓ 33%	287	(94)	Due to reduction in interest rates on overdraft and better management of Working Capital with the surplus cash flows.
Interest paid on Government Lease	158 ↑ 6%	149	9	Government lease rental revision based on GDP deflator resulted in 6% increase.
Profit Before Tax GRI 207-1 GRI 207-2	1,234 ↓ 11%	1,381	(147)	Due to the factors mentioned above. Such as wage increase and cost escalation.
Tax expenses	395 ↓ 10%	439	(44)	Due to the reduction in PBT by 147m
Net Profit	839 ↓ 11%	942	(103)	Due to the factors mentioned above.

b. Key Ratios

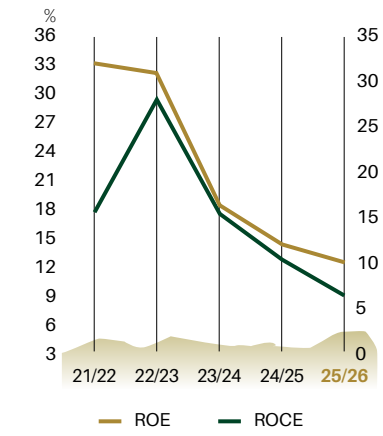
		2025/26	2024/25	Change	Movement during Last 5 years	Key Impacts/Reasons
Liquidity ratios						
Shows our ability to repay both short- and long-term obligations	Current ratio (Times)	1.79	2.05	(0.26)		◉ Decrease in Short-term investments due to investment in subsidiaries and investment in other non-current subordinated trust. ◉ Increase in Trade & other payables and short-term interest-bearing borrowings.
	Acid-test ratio (Times)	1.37	1.52	(0.15)		
	Cash ratio (times)	0.35	0.74	(0.39)		

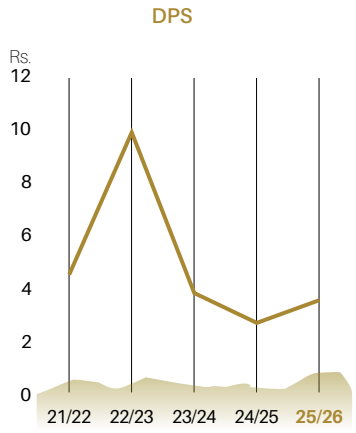
		2025/26	2024/25	Change	Movement during Last 5 years	Key Impacts/Reasons
	Operating cash flow ratio (Times)	0.05	0.39	(0.34)		◉ Reduction in profits ◉ Decrease in trade and other receivables
Leverage ratios						
shows our debt levels	Interest coverage ratio (Times)	3.45	3.33	0.12		◉ Reduction in interest expenses
Efficiency ratios						
indicate how well we have utilized our assets and resources	Asset turnover ratio (Times)	1.12	1.37	(0.25)		◉ Reduction in Revenue ◉ Increase in Total Assets

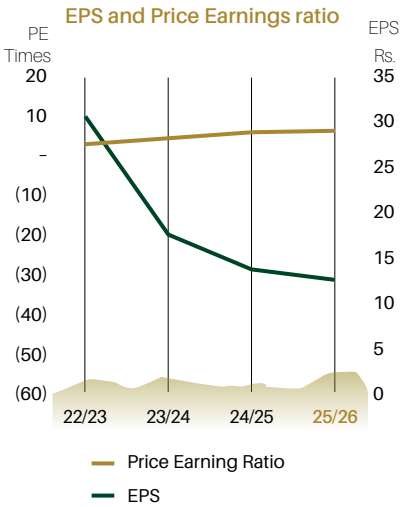
		2025/26	2024/25	Change	Movement during Last 5 years	Key Impacts/Reasons
indicate how well we have utilized our assets and resources	Inventory turnover ratio (Times)	9.02	9.72	(0.70)		◉ Decrease in Cost of Sales
	Receivables turnover ratio (Times)	7.12	10.91	(3.79)		◉ Growth in Average Trade Receivables in Mabroc.
	Days sales in inventory ratio (Days)	40.47	37.55	2.91		◉ Decrease in Cost of Sales

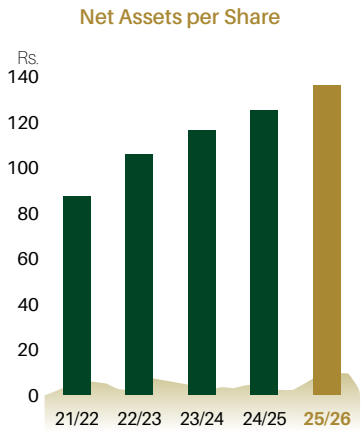
		2025/26	2024/25	Change	Movement during Last 5 years	Key Impacts/Reasons
Profitability ratios						
Shows our ability to generate income relative to revenue, assets and equity	Gross profit margin ratio (%)	13.22	12.38	0.85		◉ Reduction in Cost of Sales in Mabroc due to correspondent decline in bulk tea sales.
	Operating profit margin ratio (%)	6.22	6.71	(0.49)		◉ Reduction in Gross Profit due to wage hike. ◉ Reduction in gain on change in fair value of biological assets. ◉ Increase in Administrative expenses.
	Return on assets ratio (ROA) (%)	4.60	5.70	(1.10)		◉ Due to drop in profitability and Growth in Assets.

		2025/26	2024/25	Change	Movement during Last 5 years	Key Impacts/Reasons
	ROCE (%)	10.22	13.33	(3.11)	ROCE Vs ROE	◉ Due to drop in profitability and Growth in equity & capital employed.
	ROE (%)	9.08	10.98	(1.90)		
Market value/Share based ratios (Stakeholder outcomes)						
Used to evaluate the share price of the Company	Dividends (per Share) – Rs.	3.45	2.60	0.85	DPS	◉ Due to improved financial strength, healthy cashflow positions, company was able to increase dividend payout During the year and to meet shareholders expectations.
	Earnings per share (Rs.)	12.18	13.42	(1.24)	EPS and Price Earnings ratio	◉ Due to reduction in profits
	Price-Earning (Times)	6.51	6.12	0.39		◉ Drop in EPS is higher than drop in share price.







		2025/26	2024/25	Change	Movement during Last 5 years	Key Impacts/Reasons
	Net Assets (per Share) – Rs.	135.82	126.15	9.67		◉ Due to increase in Reserves

The Group recorded a measured improvements in financial performance, supported by favourable Tea auction prices and operational efficiency. However, profitability was partially constrained by rising labour costs and continued volatility in global Rubber prices.

5. Financial Position in brief

Horizontal & vertical analysis of financial position is shown in pages 16 to 19.

Rs. m	2025/26	2024/25	Change	Key impacts/ Reasons
Non-Current Assets				
Freehold Property, Plant & Equipment	3,289	3,127	162	Additions to the Freehold PP&E. Details are shown in Manufactured Capital section and Note 13.
Improvements to leasehold property	4,610	4,266	344	KVPL's investment (Net of depreciation) in replanting on Rubber, Coffee, Cinnamon, Coconut and other export crops increased. Details are shown in Manufactured Capital section and note 14.
Biological assets (Consumables)	359	320	39	New planting of consumable biological assets and fair value gain in Timber Plantations.
Other non-current financial assets	480	436	44	The gain arose from the Fair Value adjustment of the Fair Value Through Other Comprehensive Income Financial asset, being (The investment in Martin Bauer Hayleys (Pvt) Ltd.) Information relating to fair value measurements and sensitivity analysis is provided in Note 15.3 to the Financial Statements.
Other non-current subordinated trust	500	-	500	The increase was primarily attributable to the new investment in Singer Finance (Lanka) PLC – Subordinated Facility Trust No. 02. Further details of this investment are disclosed in Note 15.4 to the Financial Statements.

Rs. m	2025/26	2024/25	Change	Key impacts/ Reasons
Current Assets				
Inventories	1,877	1,863	14	Due to increase in raw material prices towards the financial year end mainly driven by political uncertainty arising from unrest in the Middle East.
Trade and other receivables	4,351	2,662	1,689	Increase in trade receivables in Mabroc.
Short-term deposits, cash in hand and bank	1,529	2,620	(1,091)	The reduction in short-term investments was primarily attributable to the conversion of a portion of these investments into Other Non-Current Subordinated Trust investments in Singer Finance (Lanka) PLC, together with additional investments made in Mabroc. This movement represents a deliberate reallocation of funds toward non-current investment opportunities aligned with the Group's longer-term strategic objectives.
Equity and liabilities				
Non-Current liabilities				
Deferred income	594	621	(27)	Grant amortisation exceeded grants received (subsidy for replanting, rain guarding and other capital assets) for the year to KVPL.
Deferred tax liability	1,322	1,181	141	Increase in Tax effect due to temporary difference in retirement benefit obligations resulting from the wage revision and increase in Tax effect due to temporary difference in Lease liability.
Retirement benefit obligations	1,512	1,440	72	Daily wage upward revision in January 2025 from Rs. 1,350/- to 1,550/- and mainly impacting to KVPL.
Long-term liability to make lease payment	1,099	1,042	57	Increase due to re-assessment.
Current Liabilities				
Trade and other payables	2,633	2,079	554	Increase in Trade payables in both KVPL & Mabroc and increase in other payables of KVPL. Addition at investment in Mabroc for ongoing production expansion projects.
Amounts due to other related companies	194	111	83	Increase in Related Party Balances of both KVPL & Mabroc.
Income tax payable	55	99	(44)	Reduction in PBT and quarterly Tax payments.
Short-term interest-bearing borrowings	1,471	1,198	273	Increase in short-term borrowings by Mabroc.
Bank Overdraft	6	0.001	6	Increase in Bank Overdraft by Mabroc.

6. Cash Flow Position

Cash Flow Item (Rs. m)	2025/26	2024/25	Key Impacts/Reasons
Net Cash from Operating Activities	227	1,387	◉ Reduction in profits ◉ Increase in Trade and other receivables ◉ Reduction in Tax payments
Net Cash Used in Investing Activities	(1,288)	(721)	◉ Increase in investments in field developments ◉ Investment in subordinated trust
Net Cash Used in Financing Activities	(36)	(123)	◉ Decrease in Short-term loans obtained during the year compared to previous year
Net Increase / (decrease) in cash & Cash equivalent	(1,097)	543	◉ Due to above the factors mentioned.

Operating cash flows remained resilient, underpinned by stable tea sales volumes. Increased investing outflows reflect the Group's continued commitment to long-term asset development in Tea, Rubber, Coffee, Cinnamon and other export Agri products. Liquidity levels were maintained at comfortable levels through prudent treasury management.

7. Capital Structure and Financial Position

	2025/26	2024/25	Key Factors
Debt to Equity Ratio (Times)	0.28	0.27	◉ Due to strong equity position. This shows low leverage (financially conservative)
Gearing Ratio (%)	22	21	◉ Increase in lease Liability, Short-term interest-bearing borrowings
Net Debt (Rs. m)	1,074	(307)	◉ Primarily attributable to the conversion of a portion of short-term investments into Other Non-Current Subordinated Trust together with additional investments in Mabroc.

The Group maintained a balanced capital structure, ensuring financial flexibility while supporting growth initiatives. Borrowings are structured to align with plantation sector and marketing arm (Mabroc Teas) cash flow cycles, minimizing refinancing risk.

8. Financial Risk Management

Risks directly influence the Group's financial capital by affecting its ability to generate sustainable earnings, preserve cash flows, and maintain financial stability.

Risk	Impact	Mitigation Strategy
Credit Risk (Delayed receivables or customer defaults impact cash inflows, weaken liquidity, and may require impairment provisions.)	◉ Delayed or non-payment from buyers (local/export) reduces cash flow stability ◉ Increased working capital requirement ◉ Potential bad debts and write-offs impacting profitability ◉ Exposure risk in bulk sales where credit terms are extended	◉ Strict credit evaluation and approval process for buyers ◉ Use of Letters of Credit (LCs) and advance payments for export sales ◉ Diversification of customer base across geographies ◉ Continuous monitoring of receivable aging and collection discipline ◉ Credit insurance for large or high-risk customers
Exchange Risk (Impacts export revenue realization and increases volatility in earnings due to currency fluctuations. This can affect cash flow predictability and margins.)	◉ Fluctuations in foreign currency exchange rates, which can impact the Group's export earnings, import costs, and overall profitability.	◉ Closely monitoring exchange rate movements and market trends to enable timely decision-making ◉ Maintaining prudent treasury management practices, including effective cash flow forecasting and liquidity planning.

Risk	Impact	Mitigation Strategy
Interest Rate Risk (Rising interest rates increase the Group's borrowing costs, thereby reducing profitability, constraining cash flows, and limiting the availability of funds for reinvestment and strategic growth initiatives)	◉ Fluctuations in market lending rates, particularly where the Group relies on overdrafts, term loans, or other variable-rate borrowings to finance working capital and capital expenditure. ◉ An increase in interest rates can lead to higher finance costs, reducing profitability and net earnings. ◉ It can also place pressure on cash flows, limit funds available for operational activities and strategic investments.	◉ Maintaining prudent borrowing levels through disciplined working capital management. ◉ Diversifying funding sources to reduce dependence on short-term variable-rate borrowings. ◉ Negotiating competitive lending terms with financial institutions. ◉ Maintaining strong banking relationships to secure favourable financing arrangements.
Market Risk (Fluctuations in tea, rubber and other crop prices directly affect turnover, profitability, and overall return on assets.)	◉ Tea/rubber price fluctuations directly affect revenue and margins ◉ Exchange rate volatility impacts export earnings and input costs ◉ Rising interest rates increase cost of borrowing ◉ Profitability volatility affects retained earnings and reinvestment capacity	◉ Product diversification (bulk, value-added, branded products) ◉ Forward contracts and selective hedging strategies ◉ Natural hedging (foreign currency loans vs export income) ◉ Pricing strategy aligned with market benchmarks ◉ Regular review of debt structure (fixed vs floating mix)
Liquidity Risk (Insufficient working capital may constrain the Group's ability to meet short-term obligations, resulting in financing pressure and increased borrowing costs.)	◉ Inability to meet short-term obligations (wages, fertilizer, fuel, utilities) ◉ Disruption to estate operations and harvesting cycles ◉ Forced borrowing at high cost or asset liquidation ◉ Reduced ability to fund replanting and Other capital expenditure	◉ Strong Cash Flow forecasting (weekly/monthly rolling forecasts) ◉ Maintenance of adequate cash reserves and overdraft facilities ◉ Tight working capital management (inventory and receivables control) ◉ Staggered capital expenditure planning ◉ Contingency funding arrangements with banks
Operational Risk (Factory breakdowns, labour shortages, and process inefficiencies increase costs and may disrupt production, reducing profitability.)	◉ Production losses due to labor shortages, strikes, or absenteeism ◉ Equipment breakdowns affecting factory throughput ◉ Agricultural risks (pests, diseases, climate variability) ◉ Inefficiencies increasing cost of production	◉ Preventive maintenance programs for machinery and factories ◉ Strong agronomic practices and integrated pest management ◉ Workforce planning and labor engagement strategies ◉ Insurance coverage for key assets and crop risks ◉ Process standardization and operational audits
Information & Cyber Risk (Arises from potential threats such as unauthorized system access, data breaches, ransomware attacks, system failures, and loss of critical business information)	◉ Data breaches affecting financial and operational confidentiality ◉ Disruption of ERP/payroll/estate management systems ◉ Fraud or manipulation of financial data ◉ Loss of critical business records.	◉ Cybersecurity policies and firewall protection systems ◉ Regular system backups and disaster recovery plans ◉ Conduct regular system updates, software patching, and vulnerability assessments. ◉ Restricting access to sensitive financial and operational information based on role-specific authorization. ◉ Engaging external IT specialists for staff training on phishing and cyber hygiene and for regular IT audits.

Risk	Impact	Mitigation Strategy
Strategic Risk	◉ Poor investment decisions (e.g., replanting, factory expansion & financial market investments) ◉ Failure to adapt to market shifts (value-added products vs bulk tea) ◉ Reduced competitiveness in global markets ◉ Misalignment between capital allocation and long-term returns	◉ Robust strategic planning and periodic strategy reviews ◉ Scenario planning (price, climate, labor cost shifts) ◉ Portfolio diversification (Tea, Rubber, other agribusiness segments) ◉ KPI-driven performance monitoring of strategic initiatives ◉ Board-level oversight of major investments

The Group adopts a proactive approach to financial risk management, supported by Board-approved policies and continuous monitoring mechanisms.

9. Dividend Policy and Shareholder Returns

The Group follows a prudent dividend policy that optimise shareholder returns with the need to reinvest in Group's assets. Given the long gestation period of replanting, retained earnings continue to play a critical role in sustaining future growth.

Key shareholder value creation statistics

	2025/26	2024/25
Total Shareholder Return (TSR) – (%)	1	14
Basic/Diluted earnings per share (Rs.)	12.18	13.42
Dividend per Share (Rs.)	3.45	2.60
Dividend return (%)	4.2	3.5
Net Assets per Share (Rs.)	135.82	126.15
Market Value per share (as at 31.03.2026) (Rs.)	79.50	82.20

10. Outlook and Future Financial Strategy

Looking ahead, the Group expects steady performance in the Tea segment, supported by continued improvements in leaf quality, estate level agronomic practices, and stronger market positioning through Mabroc Teas, which will enhance value addition and export realization in premium and niche Tea markets.

Beyond Tea, the Group also sees emerging medium to long-term opportunities in coffee and cinnamon, which can further strengthen diversification within the agricultural portfolio.

Coffee cultivation is expected to gain gradual traction, supported by growing local and regional demand for specialty and value-added coffee products, particularly as consumer preferences shift toward premium and traceable origin-based beverages.

Cinnamon, on the other hand, remains a structurally strong export crop for Sri Lanka, with sustained global demand for "true Ceylon cinnamon" and increasing use in food, wellness, and nutraceutical industries, supporting attractive long-term pricing and export growth potential.

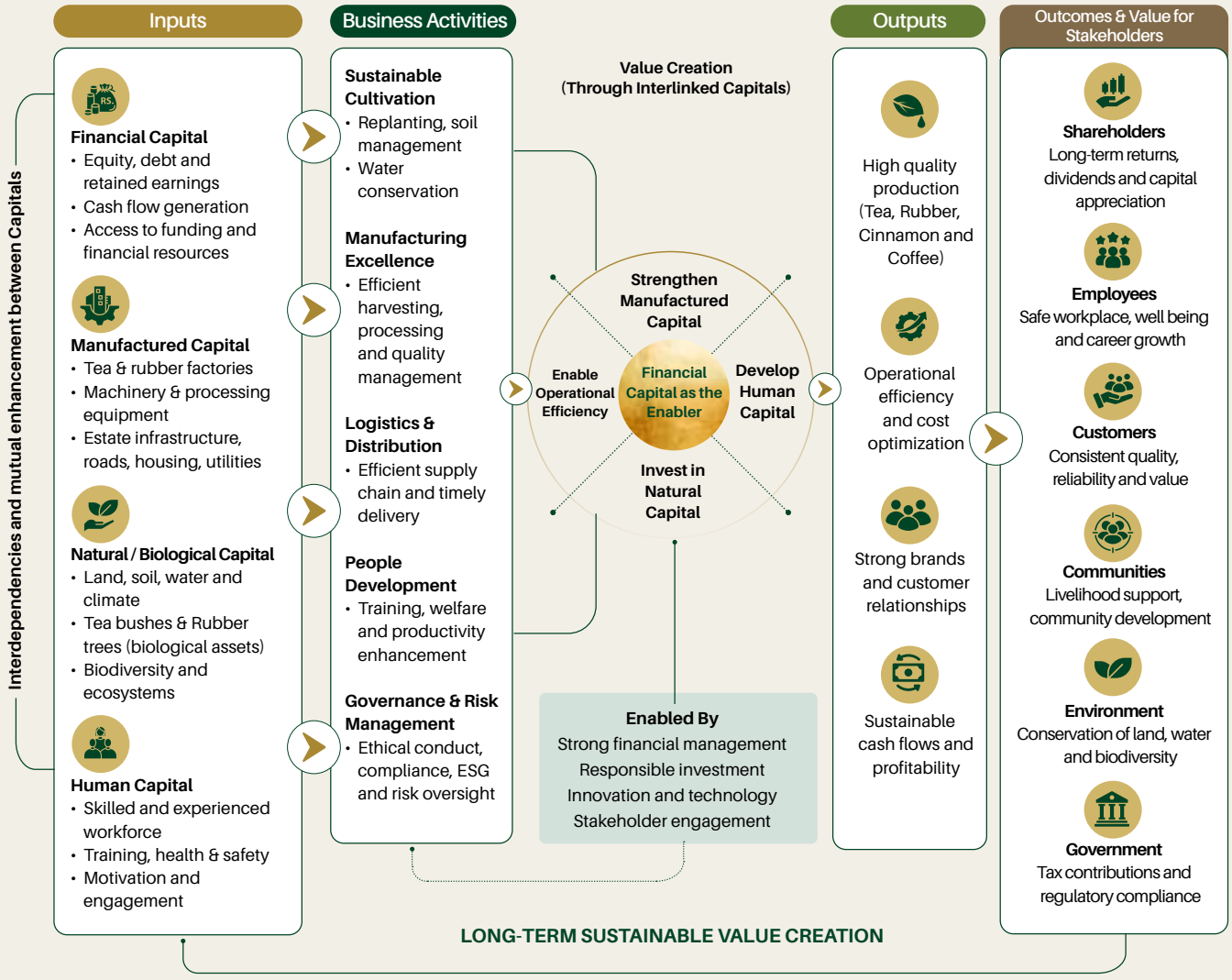
The rubber segment, however, is expected to remain sensitive to global demand conditions and industrial cycles, particularly in automotive and manufacturing sectors, which will continue to influence price volatility.

Against this backdrop, the Group's strategic focus will remain anchored on cost rationalisation across operations, continuous yield improvement through replanting and agronomic efficiency, and disciplined capital allocation, ensuring that investments are directed toward high return, sustainable growth areas across Tea, Rubber, and diversified crops such as Coffee and Cinnamon.

11. Value Creation Linkages (Integrated Reporting)

Capital	Contribution
Financial Capital	Funds operations and investments
Manufactured Capital	Supports Tea & Rubber factories and estate infrastructure
Natural/Biological Capital	Sustains agricultural productivity
Human Capital	Enhances labour efficiency and output

VALUE CREATION LINKAGES – INTEGRATED REPORTING FRAMEWORK



Financial capital underpins the Group's ability to invest in sustainable agricultural practices, workforce development, and operational efficiency, thereby enabling long-term value creation.

12. Key Performance Dashboard

9%	10.22%	0.28	22%	Rs. 227 m
EBITDA Margin	ROCE	(times) Debt to Equity ratio	Gearing ratio	Operating Cash Flow

13. Recognition

KVPL's strong commitment to compliance, along with its timely and accurate financial reporting practices, continues to receive significant recognition at both local and international levels. Most recently, the Company was awarded the Gold Award for the Sixth consecutive year in the Plantation Sector at the TAGS Awards 2025, organised by the Institute of Chartered Accountants of Sri Lanka, for its 2024/25 Annual Report. In addition, KVPL received a Silver Award at the SAFA Best Presented Annual Report Awards 2025, held in Pakistan, further affirming its excellence in financial reporting and disclosure standards.

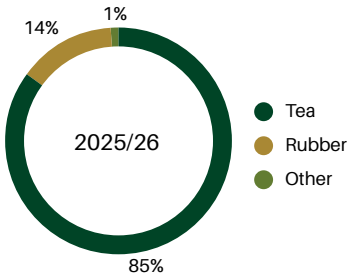
14. Segmental Analysis

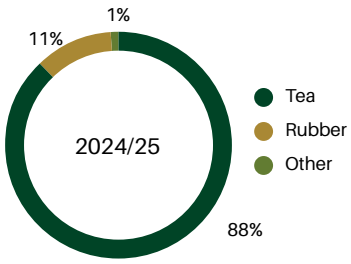
1. Turnover

Group Tea turnover decreased by 13% while Rubber turnover increased by 7%. As noted above, Tea revenue was adversely impacted by the decline in revenue from Mabroc Teas due to tensions in the Middle East region. In contrast rubber revenue increased as a result of improvements in both prices and production volumes.

The Tea sector continued to be Group's principal contributor to turnover accounting for 85% share of revenue whilst the 14%. The remaining 1% of group revenue was generated by other segments, primarily comprising the Hydro power and Leisure sectors.

KVPL contributed 34% to the Tea segment whilst the remaining 66% was generated





the Group's fully owned marketing subsidiary Mabroc. Mabroc continued to maintain a sustainable presence in export markets, thereby supporting overall revenue growth.

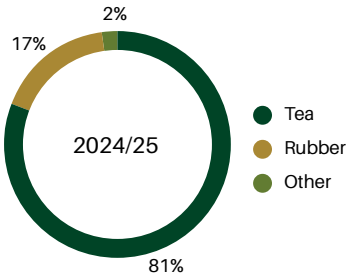
KVPL Tea production portfolio comprised 81% from Western High Grown and 19% Low Grown teas.

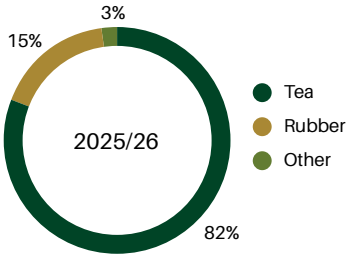
Total contribution of Rubber generated through KVPL.

2. Gross Profit

The Tea sector accounted for 82% of the Group's overall gross profit, with contributions from KVPL and Mabroc representing 33% and 67% respectively.
The Rubber and Other segments account for 15% and 3% of the Group's Gross profit, respectively.

- The entire gross profit of the Rubber segments generated through KVPL operations.
- The Other segment's gross profit was derived from the Hydropower and Leisure sectors.





3. Capital Expenditure on Field developments

The Total Capital Expenditure on field development for the current & previous year are as follows;

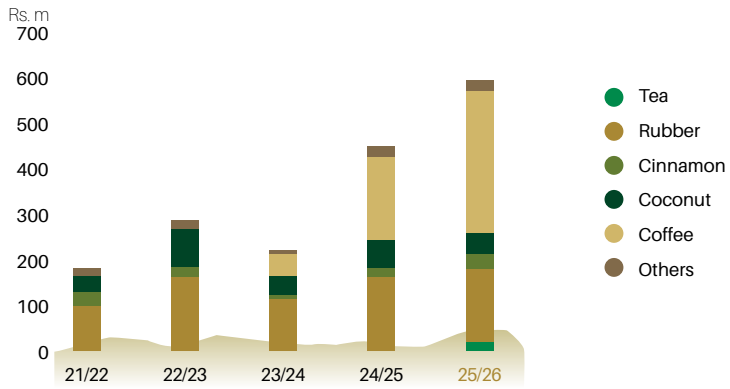
Crop Type	Tea	Rubber	Coffee	Cinnamon	Coconut	Others	Total
2025/26 (Rs. m)	20	163	310	30	50	23	596
2024/25 (Rs. m)	-	162	181	19	65	25	452
Change	20	1	129	11	(15)	(2)	144

During the year under review, a significant amount involved in Coffee planting, aiming to strengthen the company's diversification strategy largely focused in coffee-oriented export Agro-crop portfolio.

Quarterly Performance

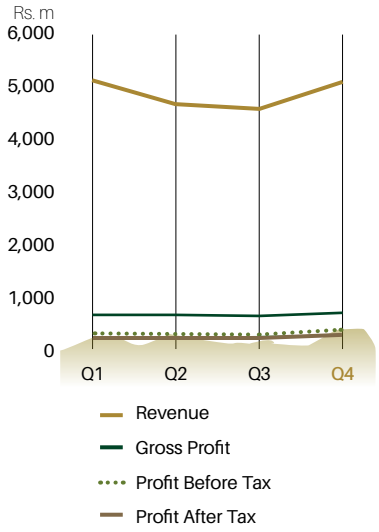
Tabulated below is the quarterly performance of the Group. The Revenue was more or less equally distributed throughout the year. The highest Gross Profit/PBT & PAT was recorded in the last quarter.

Replanting Expenditure by Segment



	Q1	Q2	Q3	Q4	TOTAL
Turnover	5,136,814	4,654,789	4,556,281	5,088,546	**19,436,430**
Gross Profit	628,415	653,192	595,205	693,636	**2,570,448**
Administration expense	(353,271)	(393,712)	(379,105)	(407,407)	**(1,533,495)**
Profit Before Tax	282,154	302,372	254,238	395,126	**1,233,890**
Profit After Tax	193,397	188,334	181,301	275,608	**838,640**
Profit/(loss) attributable to equity holders	187,747	186,155	178,902	275,638	**828,442**
Total Assets	17,106,035	16,732,946	17,275,000	18,249,652	**18,249,652**
Total Equity	8,871,161	9,009,968	9,118,789	9,337,073	**9,337,073**
Total Liability	8,234,874	7,722,978	8,156,211	8,912,579	**8,912,579**

Quarterly performance - 2025/26



Statement of Value Addition and Distribution 2025/26

GRI 201-1

	Company				Group			
For the year/period ended 31 March	2025/26 Rs. m	%	2024/25 Rs. m	%	2025/26 Rs. m	%	2024/25 Rs. m	%
Revenue	8,682		8,102		19,436		21,641	
Other Income	395		362		304		308	
Profit from equity accounted investees	-		-		21		7	
	9,077		8,464		19,761		21,956	
(-) Cost of Material and services obtained	(2,861)		(2,465)		(12,326)		(14,505)	
Value addition	6,217		5,999		7,435		7,451	
Vale created shared with		%		%		%		%
Employees	5,025	80.8	4,666	77.8	5,563	74.8	5,191	69.7
Government of Sri Lanka	256	4.1	380	6.3	553	7.4	839	11.3
Share holders	235	3.8	177	2.9	235	3.2	177	2.4
Lenders of Capital	(182)	(2.9)	(194)	(3.2)	(205)	(2.8)	(136)	(1.8)
Deferred tax impact	104	1.7	82	1.4	128	1.7	94	1.3
Value Retained for expansion & Growth								
Depreciation	424	6.8	397	6.6	557	7.5	521	7.0
Profit/ (Loss)	353	5.7	491	8.2	604	8.1	765	10.3
	6,217	100	5,999	100	7,435	100	7,451	100

Manufactured Capital

Strengthening Future Growth through Resilient Manufactured Capital



Manufactured Capital represents KVPL's operational foundation comprising processing facilities, estate infrastructure, machinery, renewable energy assets, and digital technologies that support efficient, high quality, and sustainable plantation operations.

Our Approach

KVPL continues to strengthen its Manufactured Capital through investments in factory modernisation, renewable energy, digital integration, operational efficiency, and climate resilient infrastructure to support long term sustainable value creation.

Capital Impact

- Financial Capital
- Human Capital
- Social & Relationship Capital
- Intellectual Capital
- Natural Capital

Our Key Focus Areas

- **Processing Facilities**
- **Estate Infrastructure**
- **Machinery & Equipment**
- **Renewable Energy**
- **Digital & Smart Operations**
- **Product Development**

Manufacture Capital KPI Targets 2026/27

100%	550 kW	100 m	85%	624 m
Smart Agriculture Technology Deployment	Rooftop solar capacity	Factory modernization investment	Factory capacity utilization	Capital Expenditure

SDG Targets

Creating Future Ready Value through Strategic Manufactured Capital

Manufactured Capital at Kelani Valley Plantations PLC represents the backbone of our value creation process, encompassing our estate infrastructure, processing facilities, machinery, and technological systems that collectively enable efficient, high quality, and sustainable production. KVPL continues to adopt a longterm, sustainability led approach to value creation through the continuous enhancement of its operational and manufacturing capabilities. During the year, our investments were strategically focused on strengthening estate infrastructure, modernising factories, expanding high value crop diversification, integrating digital technologies, and improving environmental efficiency across operations.

Inspired by global integrated reporting best practices reflected in leading annual reports, KVPL's Manufactured Capital framework is designed to demonstrate clear connectivity between operational assets, sustainability priorities, stakeholder value creation, and long-term strategic resilience.

During the year, the Company continued to strengthen its Manufactured Capital through investments focused on:

KVPL STRATEGY

- Modernising processing facilities
- Enhancing estate infrastructure
- Expanding climate resilient agricultural systems
- Increasing operational automation and digital integration
- Improving energy efficiency and renewable energy adoption
- Supporting business continuity and long term operational resilience



These investments support KVPL's strategic priorities of productivity enhancement, diversification, sustainability integration, and operational resilience amidst evolving climatic, labour, and market conditions.

OUR MANUFACTURED CAPITAL BASE

Composition of Manufatured Capital

Processing Facilities
Tea & rubber factories and green tea units with modern technologies

Property, Plant and Equipment
Factories, warehouses, staff facilities, utilities and internal road networks

Machinery and Agricultural Equipment
Mechanised & semi-mechanised systems enhancing productivity and efficiency

Biological Assets
Tea, rubber and diversified crops including coffee, cinnamon, coconut and spices

Inventory
Stocks of tea, rubber and cinnamon supporting market readiness

Digital & Smart Systems
ERP systems, AI applications and data-driven solutions for better decisions

Manufactured Capital Asset Base and Strategic Role

Asset Category	Strategic Role
Tea & Rubber Factories	Enable processing efficiency, quality consistency, and value addition
Green Tea Processing Facilities	Support premium product development and export competitiveness
Estate Infrastructure	Maintain uninterrupted estate operations across geographically dispersed plantations
Internal Road Networks & Utilities	Support logistics, field accessibility, transport efficiency, and operational continuity
Warehouses & Storage Facilities	Ensure inventory management and market readiness
Agricultural Machinery & Equipment	Improve productivity, precision agriculture, and labour efficiency
Renewable Energy Assets	Reduce energy costs and strengthen energy resilience
Digital & ERP Systems	Enable real-time operational integration and data-driven decision making
Worker Housing & Welfare Facilities	Support workforce stability, safety, and long-term operational sustainability

Processing Facilities

KVPL's processing facilities comprise a strategically integrated network of tea, rubber, and green tea factories equipped with modern processing technologies that support product quality, operational efficiency, value addition, and long term manufacturing resilience. These facilities play a critical role in enabling consistent production standards aligned with both local and international market requirements while supporting the Company's transition towards higher value and diversified product segments.

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Despite challenging weather conditions and irregular climate patterns experienced during the year, KVPL recorded only a marginal decline of 2% in tea production compared to the previous year, demonstrating the relative resilience of its tea operations. Meanwhile, rubber production increased by 7%, supported primarily by higher bought latex volumes following the successful expansion of the Company's supplier network. As part of this initiative, KVPL strengthened its external sourcing channels by onboarding new bought latex suppliers during the year. Consequently, the total expenditure incurred on bought leaf and bought latex amounted to Rs. 613 m and Rs. 575 m, respectively, during the 2025/26 financial year.

During the year, the Company continued to strengthen and modernise its processing and visitor oriented operational infrastructure through targeted development initiatives across several estates. Significant upgrades were completed at the Pedro Factory and Ingestre Factory with an investment of over Rs. 75 m enhancing processing efficiency, operational reliability, and overall manufacturing performance. Improvements were also carried out at the Pedro Tea Centre and Dewalakanda Planters Grove as part of KVPL's broader strategy to strengthen value-added offerings, estate experiences, and customer engagement initiatives.

Further investments were made in advanced colour sorter machines at the Halgolla, Nuwara Eliya, and Kelani factories to improve grading accuracy, product consistency, and quality assurance standards. These technology driven enhancements support improved product quality, greater operational precision, and enhanced competitiveness within premium tea markets.

Future Developments

As part of its ongoing future focused infrastructure development strategy, KVPL has also identified several proposed improvement initiatives aimed at expanding processing capacity and strengthening value added operations. The proposed enhancement of the Glassaugh Green Tea Factory, supported by a planned capital investment of approximately Rs. 40 m, is expected to significantly increase production capacity from the current 30,000 kg per month to approximately 65,000 kg per month. The upgraded facility is expected to improve operational integration by facilitating the processing of green leaf supplied from Udaradella and Edinburgh Estates while enhancing overall estate profitability and manufacturing efficiency.

In addition, the Company has proposed the development of a modern Coffee Centre at Edinburgh Estate through the transformation of the existing Tea Centre into a premium coffee experience destination. The proposed investment is expected to strengthen KVPL's value added and tourism related revenue streams while enhancing brand positioning and customer engagement among both local and international visitors.

11 Black Tea & 1 Green Tea
manufacturing factories in operation

4,190 MT
Tea Production

5 Rubber Manufacturing Factories

2,739 MT
Rubber Production

Property, Plant & Equipment (PPE)

Estate infrastructure including factories, warehouses, staff facilities, roads, and utilities that sustain uninterrupted operations.

KVPL's estate infrastructure supports integrated plantation operations across geographically dispersed estates while enabling efficient processing, logistics management, employee welfare, administrative coordination, and operational continuity. Infrastructure investments during the year focused on improving factory reliability, estate accessibility, utility efficiency, and workforce welfare facilities to support long-term operational sustainability.

Total additions to PPE for 2025/26 amounted to Rs. 924 m, reflecting investments in new capacity enhancements and technology improvements. Additions to Property, Plant and Equipment during the current and preceding financial years are summarized below.

Category	2025/26 Rs. m	2024/25 Rs. m
Land & Building	46	69
Immature Plantations	596	452
Plant and Machinery, Equipments & tools	31	290
Motor Vehicle	203	116
Furniture & Fittings	18	16
Computer & Office Equipment	30	11
Total	924	954

Our building portfolio encompasses a variety of structures essential to our operations. This includes office buildings, tea and rubber factory facilities, warehouses, estate bungalows, and other infrastructure situated across our estates. This also includes child development centers, worker rest rooms, worker housing, modern residential projects, and internal road networks.

These buildings serve as vital components of our organizational framework, providing spaces for administrative functions, manufacturing processes, storage, residential accommodation, and community amenities. Through strategic design and maintenance, we ensure these structures not only meet operational needs but also contribute to the well-being and productivity of our workforce and surrounding communities.

Continued implementation of energy efficient processes and waste reduction programmes, contributing to lower emissions and improved resource utilisation. Renewable energy adoption was further strengthened through the installation of rooftop solar power systems at bungalows and regional offices, including Dickoya, alongside investments in mini hydro power generation, supporting a transition towards cleaner energy sources.

In line with the transformation vision of TERRA GOLD, KVPL continues to integrate smart technologies and digital solutions across its manufacturing and agricultural operations.

The emergence of Artificial Intelligence (AI) and precision agriculture technologies presents significant opportunities to transform plantation management through enhanced operational efficiency, predictive insights, and sustainable resource utilisation.







Biological Assets

As an agricultural enterprise, KVPL considers its biological assets to be one of the most strategically significant components of Manufactured Capital. These assets not only generate present income but also support long term growth, diversification, climate resilience, and land productivity enhancement.

The Company's biological asset portfolio comprises traditional Tea and Rubber cultivations alongside diversified high value export oriented crops such as Coffee, Cinnamon, Coconut, Agarwood, Cloves, and Cardamom. This diversification strategy reflects KVPL's transition towards a more resilient and future-oriented plantation model aimed at reducing dependence on single commodity cycles while enhancing long-term income stability.

- The continued expansion into diversified crops supports:
- Improved climate adaptability
- Better land utilisation
- Enhanced soil health and biodiversity
- Reduced exposure to commodity price fluctuations
- Lower dependency on labour intensive monocrop cultivation

KVPL also continues to strengthen sustainable land productivity through the adoption of Agro Forestry models and regenerative agricultural practices. These integrated crop systems maximise vertical and horizontal land utilisation through the cultivation of multiple crop species serving commercial, ecological, and soil enrichment purposes while improving long-term environmental resilience.

Investments into Bearer Biological Assets

	Rs. m	Extent (Ha.)
Tea	20	14
Rubber	163	358
Coffee	310	351
Cinnamon	30	36
Coconut	49	172
Others (Agarwood, Cloves,Cardamom, etc.)	24	473
Total	596	1,405

Strategies for Sustaining and Enhancing Biological Assets

Key strategies adopted by the Company to sustain and enhance long term biological asset productivity include:

- Periodic replanting and rejuvenation of existing cultivations
- Diversification into high value export crops such as Coffee, Cinnamon, and cardamom
- Adoption of regenerative and climate resilient agricultural practices
- Improvement of soil productivity through integrated crop systems and varying root depth cultivation
- Enhancing land productivity through Agro Forestry and mixed crop cultivation models
- Reducing operational exposure to labour shortages and commodity market volatility

Product development

KVPL continues to expand its portfolio of premium and value added tea products through its own branding initiatives, strengthening market positioning in both local and international markets.

The Company's product development strategy focuses on:

- Expanding premium tea offerings
- Developing value added specialty products
- Strengthening export market presence
- Enhancing brand recognition
- Diversifying consumer segments

Ongoing investments in research, development, and product innovation continue to support the Company's long term strategy of transitioning beyond commodity driven business models toward higher margin, value added market segments.



Tea & Rubber Grade mix

MAIN GRADES

- BOP
- BOP1
- BOPA
- BOPF
- BOPFSp
- BOPSp
- DUST1
- FBOP
- FBOP1
- FBOPF
- FBOPF1
- FBOPFExSp
- FBOPFExSp1
- FBOPFSp
- OP
- OP1
- OPA
- PEK
- PEK1
- CHUMMY
- GP
- GP1
- GPExSp
- GPFGS
- GPGC
- GPSp
- GTOP
- GTOPA
- GTOPA2
- SENCHA
- YH
- YH2

OFF GRADES

- FGS
- FGS1
- DUST
- BM
- BOP1A
- BP
- BT
- GPFGS1
- PTDUST





MAIN GRADES

- L.CR.1X
- L.CR.1
- FUB
- UFUB
- SOLE CREPE
- CENTRIFUGE LATEX

OFF GRADES

- L.CR.2
- L.CR.3
- L.CR.4
- S.CR.1
- S.CR.2
- S.CR.3
- S.CR.4
- FLAT BARK
- SKIM CREPE

Digital Integration & Smart Operations

Technology enabled solutions supporting real time monitoring, traceability, and data driven decision making.

In line with the transformation vision of **TERRA GOLD,** KVPL continues to integrate smart technologies and digital solutions across its manufacturing and agricultural operations to enhance operational efficiency, sustainability performance, and data driven decision making.

The emergence of Artificial Intelligence (AI), precision agriculture technologies, and enterprise wide digital integration presents significant opportunities to strengthen plantation management through predictive insights, resource optimisation, and improved operational visibility.

Key digital transformation initiatives implemented across the Group include:

- AI driven crop and soil monitoring
- Pest and disease detection systems
- Drone assisted fertiliser and foliar applications
- ERP enabled operational integration
- Real time production and inventory monitoring
- Data driven operational planning and decision-making systems

These technologies support:

- Precision agriculture practices
- Improved yield forecasting and cultivation planning
- Enhanced resource efficiency and cost optimisation
- Reduced environmental impact
- Lower dependency on manual labour
- Improved operational monitoring and responsiveness

During the year, the Company continued to invest in computer systems and ERP implementation initiatives to strengthen enterprise-wide integration across production, finance, inventory management, payroll, fleet management, and operational planning functions, further enhancing operational coordination and business continuity across estates and factories.

Operational Efficiency & Sustainability

KVPL's Manufactured Capital strategy is closely aligned with the Company's broader ESG and sustainability agenda. Operational investments are increasingly evaluated not only on financial performance but also on their environmental and social impact.

Key sustainability objectives include:

- Improving energy efficiency across manufacturing operations
- Reducing emissions and environmental footprint
- Enhancing waste management and circularity
- Optimising water and resource utilisation
- Strengthening climate resilience of operational assets
- Supporting responsible and sustainable manufacturing practices

By integrating sustainability into infrastructure planning and operational investments, KVPL is progressively building a resilient manufacturing platform capable of adapting to future climate, market, and stakeholder expectations.

Operational Efficiency & Asset Performance

KPI	Strategic Objective	2025/26	2024/25	Operational Output / Outcome
Production – Made Tea	Sustain consistent Tea production levels through efficient estate management and improved agricultural practices	4,190 MT	4,255 MT	Slight reduction in made tea production compared to the previous year, primarily due to the deliberate reduction in bought leaf intake, while maintaining stable estate production levels and quality standards.
Made Tea Outturn	Enhance tea production efficiency and maximise estate productivity while maintaining quality standards	22.5	22.43	Improved made tea outturn compared to the previous year, reflecting enhanced production efficiency, better field management practices, and effective processing controls across the estates
Renewable Energy Contribution	Increase renewable energy adoption within manufacturing operations	15% grid electricity	13% grid electricity	Reduced dependency on non-renewable energy sources and strengthened sustainable manufacturing practices
Digital Weighing Coverage	Enhance accuracy, traceability, and operational transparency in crop intake processes	100%	80%	Improved operational controls, data accuracy, and efficiency in green leaf and latex collection processes
Solar Generation Capacity	Expand onsite renewable power generation capability	480 kW	435 kW	Increased renewable electricity generation through the addition of rooftop solar systems at the Regional Office and Planters Grove, supporting long-term energy cost management, while further renewable energy expansion initiatives are planned across additional operational locations
ERP Integration Coverage	Strengthen digital integration and operational data management across estates and factories	100% OLAX	Partial integration	Improved operational visibility, process integration, and management reporting capabilities
Diversified Crop Extent	Enhance land productivity and diversify agricultural income streams	1,032 Ha	989 Ha	Supported long-term agricultural diversification and improved resilience against commodity-related risks
Renewable Energy Investment	Continue investments in sustainable energy infrastructure and energy efficiency initiatives	Rs. 96 m	Rs. 90 m	Strengthened long-term sustainability performance and future energy resilience

Renewable Energy Capacity Enhancement

KVPL continues to strengthen its renewable energy infrastructure as part of its commitment towards sustainable plantation operations and long-term energy resilience. The Company has increased the adoption of renewable energy sources, particularly biomass and solar energy, across its estates and factories to reduce dependence on non-renewable energy. These initiatives contribute towards operational efficiency, cost optimisation, and the reduction of environmental impact while supporting KVPL's broader sustainability objectives.

During the year, rooftop solar power systems installed at Panawatte, Ingestre, and the Hatton Regional Office achieved a combined installed capacity of 310 kW, representing a total investment of approximately Rs. 74 million. These renewable energy installations support operational continuity during grid related disruptions while reducing dependence on conventional energy sources and exposure to energy cost volatility.

Mini-hydro power generation remains an important component of Kelani Valley Plantations PLC's renewable energy portfolio and sustainability agenda. During the financial year, the Company generated a total of 11.6 million kWh of renewable electricity through its estate-based hydro power facilities, supporting energy efficiency, lowering dependence on non-renewable energy sources, and contributing towards long-term environmental sustainability.

Risk Associated With Manufacture Capital & Mitigatory Actions

Manufacturing Capital Risk	Potential Impact on KVPL	Mitigatory Actions
Ageing Processing Infrastructure	Reduced factory efficiency, higher maintenance costs, increased production downtime, and quality inconsistencies	Continuous factory modernisation, phased machinery upgrades, preventive maintenance programmes, and investment in advanced processing technologies
Climate Related Operational Disruptions	Reduced green leaf intake, interruptions to factory operations, and lower processing efficiency due to irregular weather conditions	Diversification of sourcing networks, improved crop planning, climate resilient agricultural practices, and flexible factory operations management
Energy Supply Interruptions & Rising Energy Costs	Increased manufacturing costs and operational disruptions affecting factory productivity	Expansion of renewable energy projects including solar power, energy efficiency initiatives, and optimisation of factory energy consumption
Quality Control & Product Consistency Risks	Reduced product quality, lower auction prices, and reputational impact in export markets	Installation of advanced colour sorter machines, strengthened quality assurance systems, continuous process monitoring, and adherence to international certification standards
Dependence on External Bought Leaf & Latex Suppliers	Supply shortages, inconsistent raw material quality, and fluctuations in processing volumes	Expansion of supplier networks, long-term supplier relationships, supplier quality monitoring, and diversification of sourcing channels
Technology Integration & Digitalisation Risks	Operational inefficiencies, inaccurate data management, and delays in decision making	Gradual ERP integration, digital weighing systems, staff training programmes, and strengthening operational data management systems

Outlook

Looking ahead, KVPL will continue to strengthen its Manufactured Capital through targeted investments in factory modernisation, renewable energy expansion, digital integration, climate resilient infrastructure, and diversified agricultural development. The Company remains focused on enhancing operational efficiency, improving processing capabilities, and strengthening long term sustainability across its plantation operations.

Future priorities will include the expansion of value added processing facilities, increased adoption of smart and precision agriculture technologies, further integration of ERP and AI driven systems, and continued investments in renewable energy solutions including solar and mini hydro power generation. KVPL also intends to accelerate crop diversification initiatives to improve land productivity, strengthen climate resilience, and enhance long term income stability.

The investments undertaken during the year are expected to improve operational performance, strengthen resource utilisation and support environmentally responsible business practices. These initiatives will also enhance the Company's ability to adapt to evolving market dynamics, climate-related risks, and stakeholder expectations. Through continued focus on sustainability, innovation and resilience, KVPL remains committed to building a stronger and more sustainable manufacturing operation for long-term value creation.

Intellectual Capital

Knowledge as Deep as Our Roots



Intellectual Capital comprises the knowledge, expertise, systems, and innovations embedded across KVPL's operations from digital transformation and research partnerships to brand equity and world-class accreditations. Aligned with the Terra Gold philosophy, these interconnected knowledge assets support the Group's cultivation, processing, and marketing activities, while reinforcing its commitment to innovation, sustainability, and the creation of long-term value for all stakeholders.

Our Approach

Through disciplined knowledge management, we aim to advance digital transformation, deepen research and innovation capabilities, strengthen brand equity, and embed a culture of continuous learning ensuring our intellectual assets drive sustainable, long-term value for our stakeholders and communities.

Capital Impact

- Financial Capital
- Manufactured Capital
- Human Capital
- Social & Relationship Capital
- Natural Capital

Our Key Focus Areas

- **Digital Transformation & Smart Plantation Management**
- **Climate-Smart & Regenerative Practices**
- **Brand Equity & Market Expansion**
- **Accreditations & Regulatory Compliance**
- **Research & Innovation Partnerships**

Intellectual KPI Targets 2026/27

Rs. 15M+	≥ 30	25	≥ 5
Drone operation cost saving	New products launched	Estates with face recognition deployed	Active university research studies

SDG Targets

KVPL PLC's Intellectual Capital is built on a strong ecosystem of knowledge, innovation, stewardship, and expertise that supports the Company's long-term sustainability and growth under the Terra Gold philosophy. Through sound judgement, strong systems, continuous learning, and responsible decision-making, KVPL aligns its capabilities to create sustainable value while adapting to evolving stakeholder expectations and global standards. Over the years, the Company has strengthened its position through progressive certifications, sustainability-driven innovations, and strategic collaborations with academic institutions, research organizations, and international partners. This evolving knowledge ecosystem continues to enhance resilience, support ESG integration, and drive KVPL's transformation into a future-ready agribusiness model.

KVPL's Intellectual capital is anchored in the following six key pillars:

OUR INTELLECTUAL PILLARS

Digital Data Driven Processes

- Digital weighing platforms
- Field-level data capture tools
- Climatic alert systems
- Real-time monitoring & decision-making

Agronomic & Processing Knowledge Systems

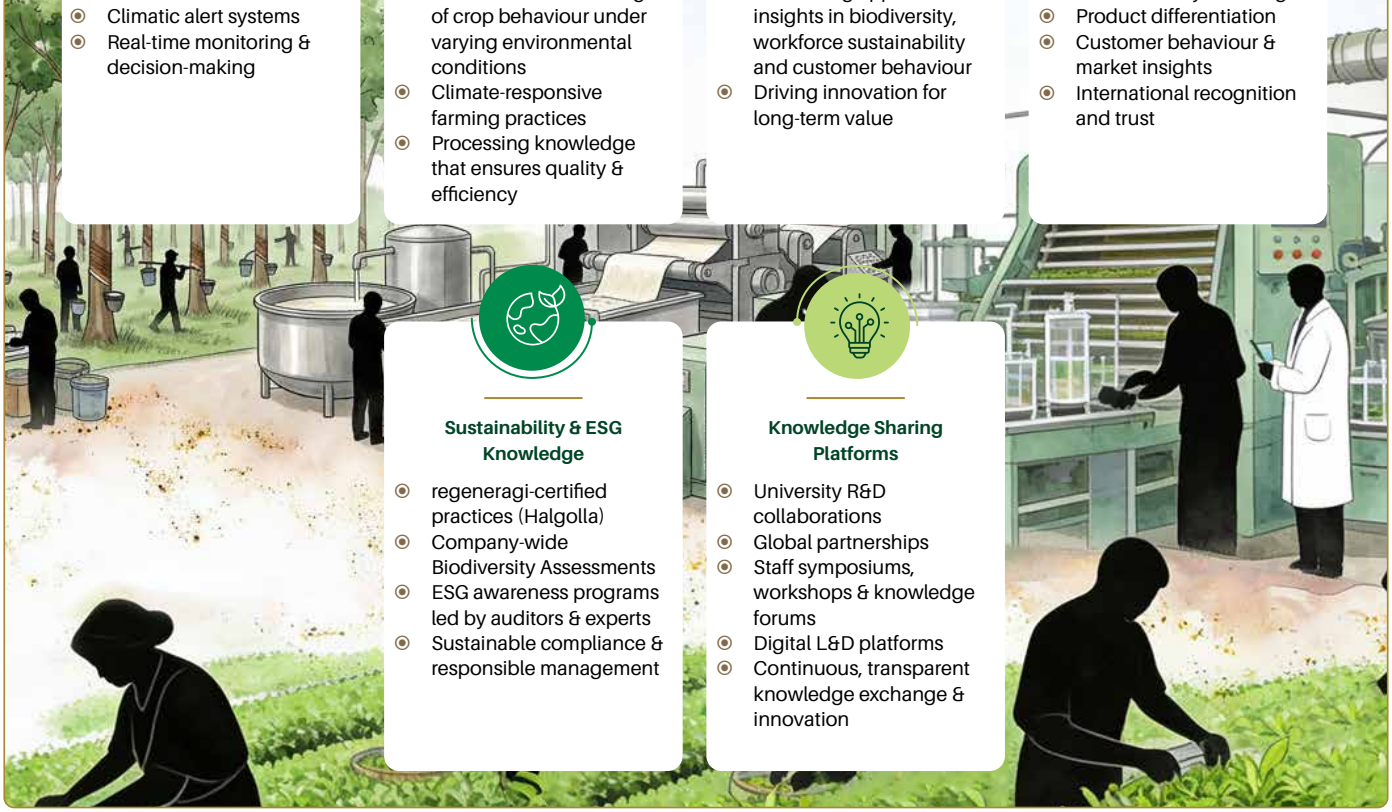
- Field-level expertise in Tea and Rubber cultivation
- Practical understanding of crop behaviour under varying environmental conditions
- Climate-responsive farming practices
- Processing knowledge that ensures quality & efficiency

Research & Innovation Networks

- Active collaboration with external institutions
- Generating applied insights in biodiversity, workforce sustainability and customer behaviour
- Driving innovation for long-term value

Brand & Market Intelligence

- Strong positioning in premium Tea markets
- Estate identity & heritage
- Product differentiation
- Customer behaviour & market insights
- International recognition and trust



Sustainability & ESG Knowledge

- regeneragi-certified practices (Halgolla)
- Company-wide Biodiversity Assessments
- ESG awareness programs led by auditors & experts
- Sustainable compliance & responsible management

Knowledge Sharing Platforms

- University R&D collaborations
- Global partnerships
- Staff symposiums, workshops & knowledge forums
- Digital L&D platforms
- Continuous, transparent knowledge exchange & innovation

Amidst the key challenges facing Sri Lanka's plantation sector, and agriculture more broadly, ranging from supply-side pressures such as climate change, low land productivity and the retention of a younger workforce, to rapidly evolving consumer preferences on the demand side, KVPL's Intellectual Capital is becoming increasingly vital to sustaining long-term value creation. The initiatives undertaken during the year, as outlined below, represent key advancements in delivering on the Group's strategic imperatives.

KVPL's Strategic Imperative :Digital Transformation and Smart Plantation

Expansion of our Digital Systems and Deployment of Digital Tools:

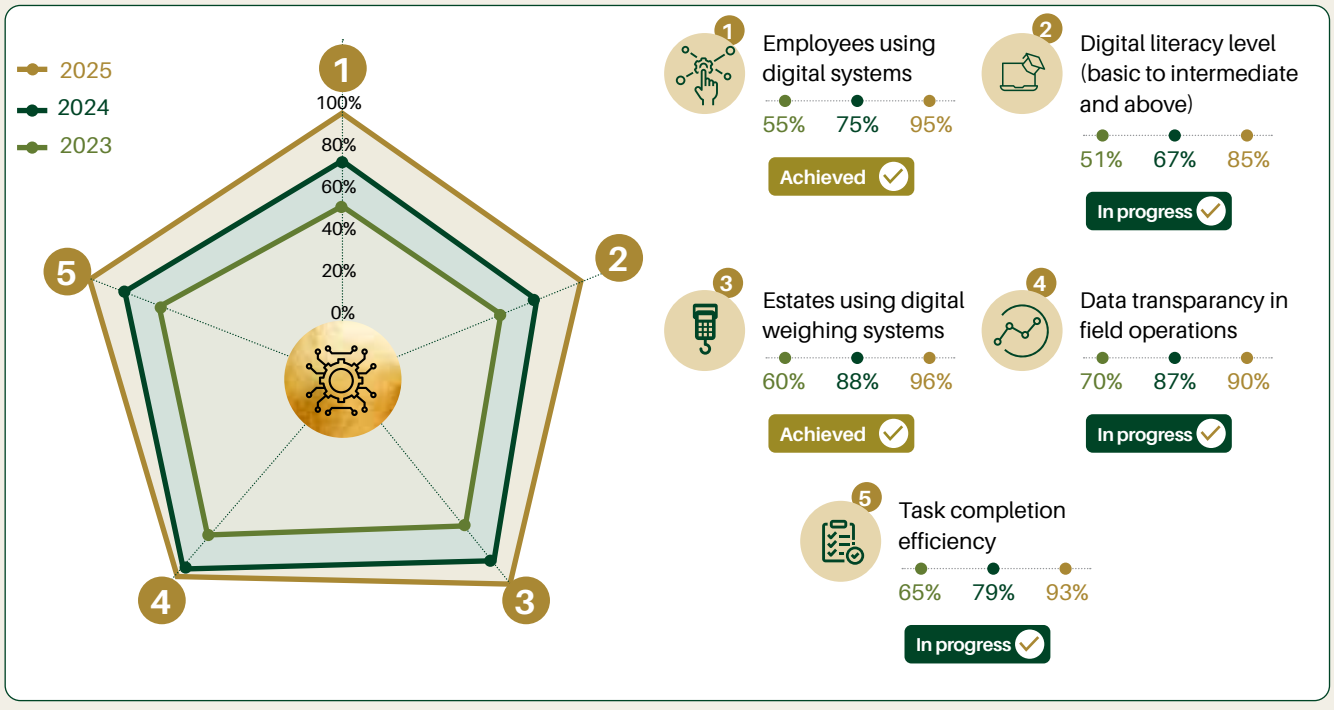
- During the year, KVPL PLC introduced a face recognition facility across its estates, enabling field workers to be accurately identified using tablets and Android devices. This marks a significant milestone in plantation agriculture, positioning the Company among the first in the country to extend such technology to field-level employees. In addition to streamlining daily operations, the system enhances transparency and improves the accuracy and integrity of employee databases.



Digital weighing scales, in use across Tea estates since 2015, were further extended to Rubber operations during the 2022 year. This rollout not only strengthened data capture processes but also contributed to elevating employee digital literacy from basic to functional levels. The systems now support improved data accuracy (exceeding 90%), real-time monitoring, and faster reporting cycles, reinforcing data-driven decision-making across operations.

PROGRESS IN DIGITAL DEPLOYMENT

Digital Transformation



Further strengthening our Intellectual Capital through digital expansion, we continued to invest in integrated technology platforms and data-driven capabilities. Key initiatives included the implementation of the OLAX ERP system for centralised data management, the deployment of an AI-enabled solution to manage large-scale plantation data, In addition, the Oracle system was utilised to streamline human resource data management.

- The continuous usage of a vehicle GPS tracking system has enhanced operational oversight across estates.
- KVPL continued to strengthen operational efficiency through the introduction of drone-assisted fertilizing and weeding practices across all estates. This technology-driven approach supported faster and more efficient field operations, helping address labour shortages while generating a cost saving of Rs. 10,603,930 through the reduction of manual weeding requirements.

- Climatic monitoring tools, incorporating weather alerts and climate data into planning cycles in Tea and Rubber fields to further strengthened data-informed decision-making.

Collectively, these investments into enhancing digital capabilities have enhanced the Group's ability to harness data, improve efficiency, and drive more informed and responsive operations. By enabling access to real-time data and research insights, improving decision-making at both estate and corporate levels and enabled improvement in operational workflows, they facilitate the progress from reactive plantation management to predictive and proactive decision-making systems.





Investments into Digital Traceability and Data Accuracy

Strengthening Traceability through the TerRax System (EUDR Compliance Readiness). The implementation of the TerRax digital traceability platform marked a significant advancement in KVPL's traceability capabilities, enabling end-to-end tracking across the Rubber supply chain from Rubber field to final output. This system enhances data accuracy, real-time visibility, and risk identification, supporting alignment with EUDR requirements. In doing so, it strengthens transparency and builds greater confidence among international buyers who increasingly demand verifiable and responsibly sourced products.

Enhanced Regulatory Readiness and Assurance

During the year, KVPL also completed polygon mapping across its plantations, establishing precise geo-location data to support compliance and monitoring requirements. This was complemented by enhanced documentation systems and strengthened internal audit processes, improving data integrity, traceability, and governance. Collectively, these initiatives reinforce the Company's regulatory positioning, ensuring readiness to meet evolving global standards while supporting sustainable and compliant operations.

Digital Workforce Literacy

Further strengthening the Group's Intellectual Capital, investments were made in enhancing employee capabilities in digital tools and data analytics, as detailed in the Human Capital Report.







Strategic Imperative: Climate Smart & Regenerative Plantation Systems



Enhancing Knowledge Access through Digital Enablement

Underscoring the importance of connectivity and access to knowledge through the digital landscape, during the year, the Group invested in the installation of Starlink Wi-Fi connectivity across seven estates which had weakest network coverage, enabling estate offices and managers to benefit from reliable, uninterrupted internet access with significantly improved connection quality compared to previous systems. This initiative will be extended to all estates by the end of next year.

Agronomic Expertise and Enhanced Brand Equity through regenagri

Building on the milestone achieved in the previous year, where Halgolla Estate became the world's first tea estate to receive regenagri certification; KVPL successfully extended this certification across the entire Company during the year under review. This achievement reflects the strength of the Company's Intellectual Capital, particularly in the application of agronomic expertise, data-driven practices, and integrated sustainability frameworks to deliver outcomes the "right way." Setting a new benchmark in regenerative agriculture, the certification underscores KVPL's commitment to soil regeneration, enhanced Biodiversity, and climate resilience, while demonstrating how interconnected knowledge systems can drive both environmental stewardship and sustained improvements in productivity and profitability.

Sustainability Innovations

Introduced creative recycling initiatives, including the transformation of electronic waste into decorative and wearable jewellery with SPJ Creation Company. This project reflects the organization's expanding Intellectual Capital in sustainability innovation and circular economy practices, demonstrating an ability to reimagine waste as value through creativity and applied knowledge.

During the year, 155 number of E waste including motherboards, RAMS of personal computers were given to the vendor who would transform them to pieces of jewellery and handicrafts.

Brand Equity

With a legacy spanning over 26 years, KVPL PLC has established itself as a trusted global supplier of premium Tea and Rubber. The brand is anchored on core attributes of quality, reliability, innovation, agility, and strong social and environmental responsibility, providing a distinct competitive advantage in both local and international markets. Consistent product excellence, supported by stringent food safety and sustainability standards, has positioned KVPL among the top performers in national sales, reflecting strong market acceptance and brand strength.

During the year , KVPL strategically leveraged its brand to expand into new segments and geographies, enhancing market presence and unlocking new avenues for value creation. Key initiatives during the year included:

Premium Market Penetration

KVPL strengthened its Intellectual Capital through the development of premium specialty Teas such as Silver Tips, Golden Tips, White Tips, and Green Tips, reflecting the Company's expertise in selective harvesting, specialty processing, and premium market positioning.

As the subsidiary of KVPL, Mabroc expanded its health and wellness-focused Tea portfolio with herbal blends and wellness Teas, supporting product innovation, market differentiation, and the Company's transition towards a knowledge-driven, value-added agribusiness model.

Sustainability Led Positioning

Leveraging strong environmental credentials, including products such as Halgolla Wild Tea, "The Home for Every Plantation worker" pack to access eco-conscious and ethically driven consumer segments. The Leopard conservation pack which would create awareness and support for conservation would be launched in the year ahead.

Geographic Diversification

Expansion into markets demonstrating growing demand for traceable and responsibly produced Tea, strengthening the Company's global footprint.





Product Diversification
Extending brand equity beyond Tea to introduce a broader portfolio of agricultural products, supporting revenue diversification.

- **International Exposure:**
Participation in global platforms such as Gulfood (Dubai) and FoodEx (Japan), enhancing brand visibility, enabling market intelligence gathering, and facilitating direct B2B engagement.

- **Experiential Platforms**
Development of experiential branding platforms, including tea centres and boutique outlets, with planned enhancements to incorporate sensory branding elements and elevate customer engagement.

Additionally, being part of the Hayleys Group enhances KVPL's credibility, providing access to global networks, financial strength, and a robust compliance culture, while reinforcing investor confidence. This is further strengthened by Hayleys Plantations' leadership in sustainability, Human Capital Management, and ethical business practices.

KVPL's brand strength is underpinned by vertical integration, a clear premium market identity, and strong sustainability credentials, including certifications such as Rainforest Alliance, Eco-Label, and UN Global Compact alignment. These attributes support premium positioning while reinforcing trust, traceability, and ethical sourcing.

In the local market, growing demand for premium and responsibly produced tea further enhances KVPL's competitive positioning.





2025 Estate Awards Highlights

Tea Exporter AGM - Best Producer

Outstanding Tea Producer -Winner
Nuwara Eliya Region - Pedro Estate

Winner
Dimbula Region - Robgill Estate



Ceylon Specialty Estate Tea of the Year Competition

Winner
Nuwara Eliya Region - Pedro Estate - Lover's Leap Mark - FBOP

1st Runner up
Nuwara Eliya Region - Inverness Mark - OP 1

2nd Runner up
Nuwara Eliya Region - Pedro Estate - Lover's Leap Mark - PEKOE

Overall Runner up
Nuwara Eliya Region - Pedro Estate - Lover's Leap Mark - FBOP

10th Asia pacific Tea Competition in China 2025

Special Gold Award
Ingestre, Inverness

Gold Award
Tillyrie, Mahagasthota



KVPL also continues to strengthen its brand by promoting specialty and single-origin teas, including estate-specific offerings such as Pedro, tailored to meet distinct consumer preferences in international markets. The Group's export arm, Mabroc Teas, with a presence in over 50 countries, continues to play a key role in expanding global reach.

The awards received by our Teas and estates not only reflect their exceptional quality but also reinforce the strength and recognition of the KVPL brand. Key accolades during the year include the following:

The Group's **"Triple Crown of Global Firsts"** launched in the previous year – comprising the world's first regenagri certified tea plantation, an on location centre for bio diversity conservation and agro forestry and the proposed World's First Intellectual Tourism Model continues to exemplify sustainability led innovation as both, a core value and a strategic priority in our Intellectual Capital.

Accreditations FB-AG-430a.1

Over the years, KVPL PLC has reinforced its commitment to quality, sustainability, and stakeholder confidence through a comprehensive portfolio of certifications aligned with its Intellectual Capital strategy. These accreditations have strengthened operational practices while enabling the Company to respond effectively to evolving customer expectations and global standards.

KVPL Continued to be ISO/IEC 27001:2022 Certified, remaining the only plantation company globally, to do so

The previous year marked a significant milestone as KVPL became the first Tea estate in the world to achieve the ISO/IEC 27001:2022 certification, the leading International Standard for Information Security Management Systems (ISMS). This year too, its certification was renewed, underscoring KVPL's proactive approach to managing data security risks, protecting sensitive information, and enhancing trust among its customers and partners. In a world where data security and transparency are increasingly critical concerns, this step is a valuable one in enabling long term customer trust. It has set a new benchmark for the global Tea industry, aligning plantation operations with cutting-edge digital and information security practices.

The comprehensive certifications secured across the value chain;

- **ISO 22000:2018:** All of KVPL's black Tea factories are certified under this international standard for food safety management systems, ensuring that products are safe for consumption.
- **HACCP:** KVPL's tea manufacturing processes adhere to the Hazard Analysis Critical Control Point system, which identifies and manages food safety risks.
- **Good Manufacturing Practices (GMP)** KVPL's factories comply with GMP standards, ensuring consistent production and quality control.
- **Rainforest Alliance Certification** KVPL's Tea plantations are accredited with Rainforest Alliance certification, promoting environmental and social standards in farming practices.
- Forest Stewardship Council ™ Certified Rubber
  FSC ™ C006694 KVPL's Rubber plantations hold FSC certifications, ensuring sustainable forest management.
- **Fair Rubber Certification** Two of KVPL's Rubber plantations have received Fair Rubber Certification, aiming to improve the working and living conditions of estate workers.
- **Sustainability Framework Certification** KVPL's Rubber estates are certified under a framework inspired by existing sustainability schemes and the UN Sustainable Development Goals, promoting comprehensive sustainability practices.
- **regenagri**
  An endorsement of our regenerative agricultural practices, following a rigorous on-site audits and critical analysis
- **ISO 45001:2018** for Ingestre Tea factory

KVPL Tea operations are 100% certified under the regenagri standard and ISO 22000 / HACCP food safety management systems, while KVPL Rubber operations are 100% certified under the Forest Stewardship Council™ (FSC) standard.

Company | Tea | Rubber



Fostering Knowledge Seeking and Knowledge Driven Human Capital

For the third consecutive year, KVPL conducted its Staff Symposium in July 2025 under the theme "Great Division to Work," reinforcing a culture of knowledge sharing and continuous learning across the Group. The symposium attracted 55 synopses from estates in Kelani Valley reflecting strong engagement and Intellectual contribution from employees. Submissions were evaluated by an independent external panel of judges, ensuring objectivity and rigor in the selection process. The top 10 presentations were shortlisted, with the top three finalists recognised for excellence. This initiative serves as a key platform to harness employee insights, encourage innovation, and strengthen the Group's Intellectual Capital by transforming experiential knowledge into actionable value.





Research & Development

Research and Development (R&D) remains a vital component of KVPL's strategic priorities, underpinning long-term competitiveness, continuous innovation, and responsiveness to evolving market dynamics and shifting consumer preferences. Through R&D, the Group is able to develop climate-resilient plant varieties, anticipate environmental impacts, and proactively address emerging challenges within the plantation sector.

While the Group's marketing subsidiary, Mabrco Teas, maintains an in-house R&D function, KVPL PLC has adopted a more agile and cost-effective approach, prioritising knowledge partnerships over heavy investment in physical infrastructure.

This agile model enables the Company to remain flexible while accessing cutting-edge expertise and innovation.

Central to this approach is the establishment of mutually beneficial collaborations through Memorandums of Understanding (MOUs) with leading academic institutions. These partnerships allow KVPL PLC to leverage world-class knowledge capabilities, generating shared value for both the Company and its research partners.

Historically focused on leading Sri Lankan universities, KVPL has, over the past two years, expanded its network to include top-tier international institutions, particularly those with globally ranked agricultural programmes. This strategic shift has opened access to advanced research, global perspectives, and innovative practices.

Our Ongoing Partnerships

- Local universities: University of Peradeniya – Faculty of Agriculture, Faculty of Management, Wayamba University of Sri Lanka – Faculty of Agriculture and Plantation Management, University of Colombo – Faculty of Science, Uva Wellassa University – Faculty of Export Agriculture, University of Moratuwa – Faculty of Architecture
- Foreign Universities: Wageningen University & Research – Netherlands, Jagiellonian University – Poland

Transforming R&D into Value Creation

The successful extension of regenagri certification across the entire Company during the year stands as a testament to the effectiveness of KVPL's adaptive and collaborative R&D model. By investing in knowledge partnerships rather than physical infrastructure, the Group is able to reduce costs while accelerating impact and innovation.

Moreover, during the year under review, three university-led research studies were actively supported and harnessed to support value creation and address key strategic challenges faced by Regional Plantation Companies.

Enhancing Customer Experience through Sensory Branding

A study conducted by a student from Uva Wellassa University under the "Tea Technology and Value Addition" programme examined the impact of sensory branding across KVPL's tea centres, namely, Planters' Grove, Edinburgh Tea Train, and Pedro Tea Centre. The research demonstrated that sensory elements such as sight, sound, smell, taste, and touch significantly influence customer behaviour, including visit frequency, dwell time, and purchase intent. The findings highlight sensory branding as a powerful strategic tool to enhance customer satisfaction, differentiate offerings, and build long-term brand loyalty. KVPL has planned to operationalise these insights through targeted enhancements, prioritising visual and taste experiences alongside interactive engagement initiatives at all three Tea Centres.





Understanding Skill Outmigration

A study conducted by a student from the University of Peradeniya (Agricultural Economics and Business Management) examined the social and economic factors influencing work aspirations among secondary school students and their families within plantation communities. As labour outmigration continues to pose a critical challenge to the sustainability of plantation agriculture, the findings indicate a persistently negative outlook for workforce retention. Key deterrents include perceptions around the status of plantation work and limited career progression opportunities.

Thus, the study highlights the need for targeted policy interventions, enhanced career guidance and infrastructure development, in plantation operations, including Tea harvesting. In response, KVPL has fine-tuned, expedited and expanded some of its initiatives which have been part of its Social and Human Capital agenda over the decades, such as Housing upgrades and career guidance programmes.

RESEARCH DRIVE INNOVATIONS AT KVPL

1 SENSORY BRANDING (TEA CENTRES)

Study
Uva Wellassa University - Tea Technology & Value Addition

Key Insight
Sight, sound, smell, taste, touch strongly influence visit frequency, dwell time, and purchase intent.

KVPL Plans

- Prioritise visual & taste enhancements across tea centres
- Launch interactive engagement initiatives (tastings, sensory tours, immersive displays)
- Focus on three key centres



OUR THREE TEA CENTRES

- Planters' Grove Tea Centre
- Edinburgh Tea Train
- Pedro Tea Centre

2 SKILL OUTMIGRATION (PLANTATION WORKFORCE)

Study
University of Peradeniya - Agricultural Economics & Business Management

Key Findings

- Low perceived status of plantation work
- Limited career progression

KVPL Responses

Accelerate housing upgrades

Expande career guidance programmes

Push for technology adoption and infrastructure improvements

3 BIODIVERSITY AS BUSINESS VALUE

Study
University of Colombo — Business & the Environment

Key Findings

- Estate landscapes hold high species richness.
- Includes endemic and threatened taxa.
- Biodiversity can create significant business value.

KVPL Plans

Update 2026/27 Forestry Plan

Integrate findings into UN SDG reporting (SDG 15 and related targets)

Impact
Increase customer satisfaction, differentiation, and long-term brand loyalty.

Impact
Target policy and company interventions to retain and attract talent.

Impact
Conservation-driven value creation and strengthen sustainability reporting.

Leveraging Biodiversity for Business Value

Research undertaken by a student from the University of Colombo (Business and the Environment) assessed KVPL's contribution to Sri Lanka's national biodiversity grid, identifying species richness, including endemic and threatened taxa, across its estates. The study further explored opportunities to enhance business value by leveraging biodiversity assets within estate landscapes, supporting both conservation and sustainable value creation.

Innovative Teas and Significant Revenue Growth in Sales to the Local Market:

Given the inherent volatility of commodity markets, the Intellectual Capital of an organization plays a crucial role in navigating uncertainties by ascending the value chain. Our strategic response has included continuous product and process innovation aimed at penetrating new markets, sustaining existing ones and expanding our market presence.

This year saw another milestone at KVPL

New Products Launched

Year	Number of Products
2020/21	02
2021/22	03
2022/23	04
2023/24	06
2024/25	19
2025/26	27

Significant Revenue Growth in Sales to the Local Market:

Financial Year	Revenue (Rs. m)
2022/23	10.6
2023/24	29.7
2024/25	55.6
2025/26	134

MANAGING ENVIRONMENTAL RISKS RESPONSIBLY

Environmental Risk Identified	KVPL Mitigation Strategy
Skill Outmigration & Knowledge Drain	Next Generation Planters initiative, Staff Symposium, career guidance housing upgrades
Over-Reliance on External Research Partnerships	Diversified MOU portfolio across local and international universities
Digital Infrastructure Gaps	Starlink Wi-Fi rollout, digital tools deployment, field-level digital literacy training
Cybersecurity & Data Integrity Risk	ISO/IEC 27001:2022 renewal, strengthened internal audits; enhanced documentation
Regulatory & Market Access Risk	Maintain TerRax traceability platform, polygon mapping, regenagri, Forest Stewardship Council ™ Certified Rubber FSC ™ C006694 & Rainforest Alliance certifications
Brand & Reputation Risk	ISO 22000, HACCP & GMP certifications, sustainability-led brand positioning; global trade platform participation

KVPL ROAD AHEAD TOWARDS INTELLECTUAL CAPITAL

SHORT TERM

- Extend Starlink Wi-Fi to all estates
- Launch Leopard Conservation tea pack – "Leopard Tea Series"
- Achieve ≥ 30 new product launches
- Maintain all existing certifications
- Conduct annual Management & Staff Symposium

MEDIUM TERM

- Expand international university MOU partnerships
- Scale TerRax platform across tea supply chain
- Grow local market revenue beyond LKR 200 million
- Embed AI-enabled tools across all estate operations

LONG TERM

- Establish KVPL as a globally recognised knowledge-led agribusiness
- Achieve full digital transformation across all estates
- Build proprietary intellectual property portfolio
- Strengthen global brand presence in 60+ countries
- Position KVPL as the global benchmark for IC reporting

Human Capital

Bringing Together Diverse Elements with Precision, Purpose, and Care



"At KVPL, our people are at the heart of everything we do. We foster a culture that values diversity, collaboration, and continuous growth, recognizing that our collective strength lies in the unique talents and perspectives of our workforce. Guided by integrity, responsibility, and a shared purpose, we invest in creating an inclusive and empowering environment where individuals can thrive, contribute meaningfully, and help build a sustainable future for generations to come."

Our Approach

We address evolving plantation challenges through an integrated framework structured around three strategic pillars: Workforce Capability Development, Employee Engagement, and Productivity Enhancement.

Capital Impact

- Financial Capital
- Manufactured Capital
- Social & Relationship Capital
- Intellectual Capital
- Natural Capital

Our Key Focus Areas

Workforce Capability
Lifecycle framework driving continuous learning, development, and strategic succession planning.

Employee Engagement
Fostering trust and inclusivity across all corporate and estate locations.

Productivity & Growth
Driving digital enablement, smart tech adoption, and the Revenue Share Model.

Highlights at a Glance

7,088	51%	97%	99%	98.6%
Total Workforce	Female Workforce Participation	Great Place to Work Score	Digital Adoption Across Workforce	Collective Agreement Coverage

SDG Targets

At KVPL, we believe that "Creating Lasting Value" is about "Bringing Together Diverse Elements" with precision, purpose, and care to achieve a unified outcome. We harness the strength of our diverse talents both individually and collectively, aligning them through a shared commitment to "Responsibility, Clarity of Purpose", and consistent, thoughtful action. By doing so, we ensure that we not only deliver a strong performance today, but also build a sustainable foundation for the future, always guided by doing things the "Right Way".

Our approach to Human Capital management is integrated and capability-driven, reflecting KVPL's industry-leading practices. It focuses on workforce capability development, employee engagement, and productivity enhancement while addressing evolving plantation sector challenges.

Guided by a lifecycle framework covering workforce planning, performance management, learning and development, and succession planning, this approach is strengthened by digital enablement that supports data-driven decisions, transparency, and merit-based outcomes.

Human Capital Highlights

7,088
TOTAL WORKFORCE

51%
FEMALE WORKFORCE

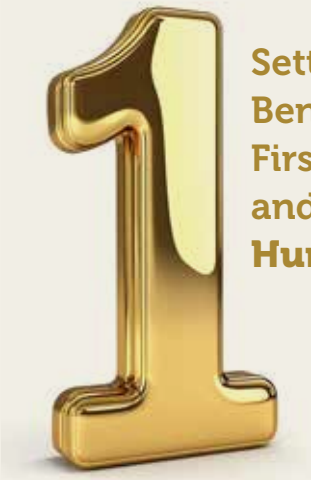
97%
GREAT PLACE TO WORK SCORE

98.6%
EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS

99%
DIGITAL ADOPTION ACROSS WORKFORCE

LKR 15,105,869
TRAINING INVESTMENT





Setting the Benchmark: Industry Firsts in Empowering and Advancing our Human Capital:

- 1st RPC to implement Oracle Fusion HCM.
- 1st in the country to introduce Face Recognition for field level employees (in 2025).
- 1st Regional Plantation Company (RPC) to introduce digital weighing scales, for weighing tea (in 2015) and rubber (in 2022).
- 1st RPC to establish a comprehensive, dedicated Child Policy.
- 1st RPC to earn the "Mother and Child-Friendly "Seal.
- 1st RPC to be recognized as a "Great Place to Work" for 5th consecutive years (2021-2026).
- Early signatory to the UN Global Compact (since 2007).

Stakeholder Outcomes

Stakeholder Outcomes	2024/25	2025/26	Value Enhanced (+) | Preserved (=) | Eroded (-)
New recruits	1690	1970	Value Enhanced
No. of employees promoted	38	21	Eroded
Total Training hours	91,038	110,319	Value Enhanced
Incidents of Discrimination	Zero	Zero	Preserved

GRI 3-3, 13.15.1, 13.16.1, 13.17.1, 13.18.1, 13.19.1 FB-AG-430a.3

Human Capital Management Approach

Our Approach to Human Capital Management

Risk

- Labour Shortage
- Ageing workforce
- Skill gaps
- Climate Impacts

Our Response

- Digital HR Systems
- Youth & Leadership Development
- Training & Global Exposure
- ESG Driven Workforce Strategy

Outcomes

- GPTW recognition
- 99% digital adoption across the workforce
- Strong Female Workforce
- Productivity Imporvement



KVPL's Human Capital Management (HCM) strategy is designed to respond to evolving sector-specific demands while addressing broader workforce challenges. In the Tea sector, our HRM approach is shaped by the dual imperatives of maintaining cost competitiveness and progressing toward higher value-chain participation. This is undertaken within the context of a workforce that is gradually ageing, declining in size, and increasingly feminised, requiring more adaptive and inclusive workforce policies.

In comparison, the Rubber sector's HRM strategy is geared toward enabling technology adoption, enhancing productivity and yield, and building the capabilities required to meet the stringent standards of premium, certification-driven export markets. Across both sectors, our people strategy is anchored in strengthening skills, improving operational efficiency, and ensuring long-term workforce sustainability.

Our overall approach to Human Capital Management is influenced by several critical challenges, including labour shortages, an ageing workforce, persistent skills gaps, and the growing impact of climate change on plantation operations. In response, KVPL continues to implement targeted interventions focused on workforce renewal, upskilling and reskilling, mechanisation support, and the promotion of climate-resilient work practices.

Beyond operational priorities, KVPL adopts a holistic view of employee wellbeing by actively linking it with community upliftment. We recognise our responsibility not only to our employees but also to their families and the wider communities in which we operate. Through integrated social and welfare initiatives, we aim to enhance quality of life, strengthen employee engagement, and improve retention. This approach ultimately supports sustained productivity and reinforces the long-term resilience of our workforce.



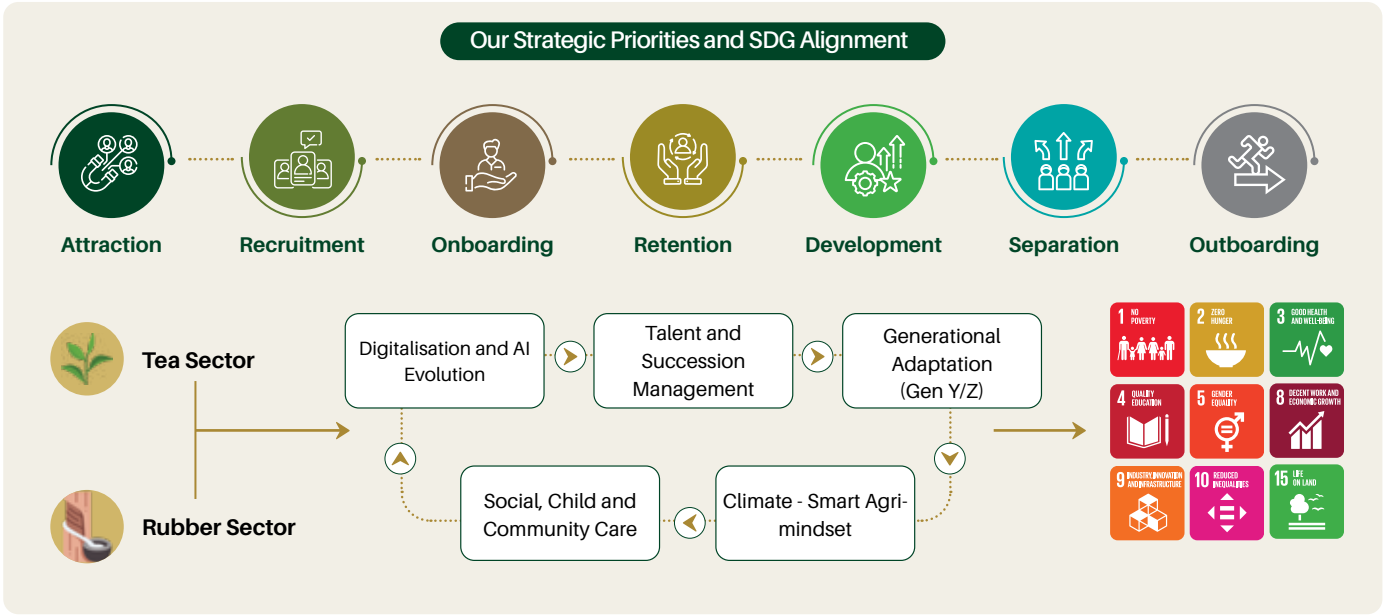
Since 2023, KVPL has identified the "Transformation of our Human Capital" as a key strategic priority in driving the long-term sustainability of plantation agriculture.

A key pillar of the transformation of our Human capital is the Digital transformation-being central to enhancing efficiency, transparency and employee empowerment across KVPL's operations.

KVPL's Human Capital Management (HCM) strategy is designed to respond to evolving sector-specific demands while addressing broader workforce challenges. In the Tea sector, our HRM approach is shaped by the dual imperatives of maintaining cost competitiveness and progressing toward higher value-chain participation.

In comparison, the Rubber sector's HRM strategy is geared toward enabling technology adoption, enhancing productivity and yield, and building the capabilities required to meet the stringent standards of premium, certification-driven export markets. Across both sectors, our people strategy is anchored in strengthening skills, improving operational efficiency, and ensuring long-term workforce sustainability.

In parallel, the growing risks and opportunities arising from climate change necessitate the continuous alignment of human capital capabilities to effectively respond to these emerging demands. The strategic priorities -based on ESG principles we have committed to, guiding this necessary transformation in the Tea & Rubber sectors are outlined below.



Workforce Analysis

GRI 2-7, 8 | 405-1 | 13.15.1, 13.15.2, 13.21.1, 13.21.2, 13.21.3 | FB-AG-320a.1

Cadre Profile

7,088 KVPL HEADCOUNT

- 5,272 PERMANENT EMPLOYEES
- 1,816 CONTRACT/SHORT TERM EMPLOYEES

100	506	6,482
EXECUTIVE & ABOVE	NON-EXECUTIVE	MANUAL GRADES

7,266 GROUP HEADCOUNT

- 5,442 PERMANENT EMPLOYEES
- 1,824 CONTRACT/SHORT TERM EMPLOYEES

166	542	6,558
EXECUTIVE & ABOVE	NON-EXECUTIVE	MANUAL GRADES

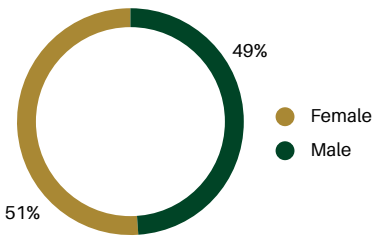
KVPL does not engage any non-employee workers whose work is controlled by the organisation during the reporting period. Independent service providers and leaf suppliers operate autonomously Under "Revenue Share Model" (RSM), without organisational control, and therefore are excluded from these disclosures.

Total Number of Employees by Employment Contract (Permanent & Temporary), by Gender, Region & Age

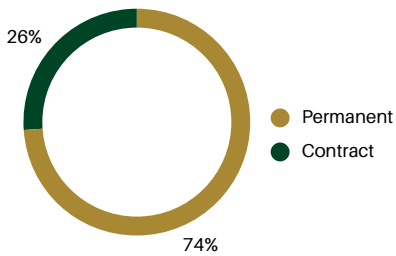
	Male - 49%		Female - 51%		Total
Executives & Above	83	83%	17	17%	100
Non Executive	362	72%	144	28%	506
Manual Grade	3,048	47%	3,434	53%	6,482
Total	3,493		3,595		7,088

	Male	Female	Total
Permanent	2,479	2,793	5,272
Contract	1,014	802	1,816
Total	3,493	3,595	7,088

Gender - Wise Workforce



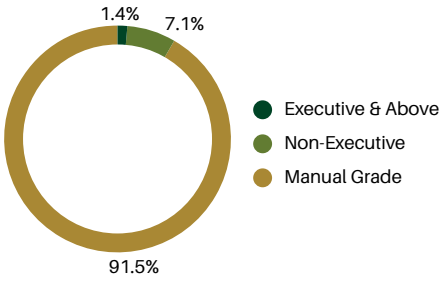
Permanent & Contract Employees



GRI 2-7

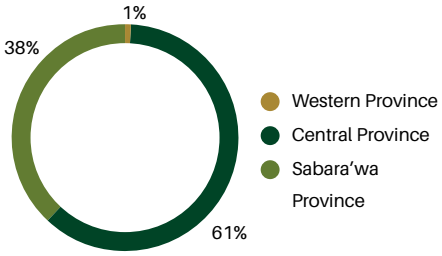
Region Wise & Designation Wise				
	Western	Central	Sabragamuwa	Total
Executive & Above	33	39	28	100
Non-Executive	5	282	219	506
Manual Grade	0	4,013	2,469	6,482
Total	38	4,334	2,716	7,088

Designation Wise



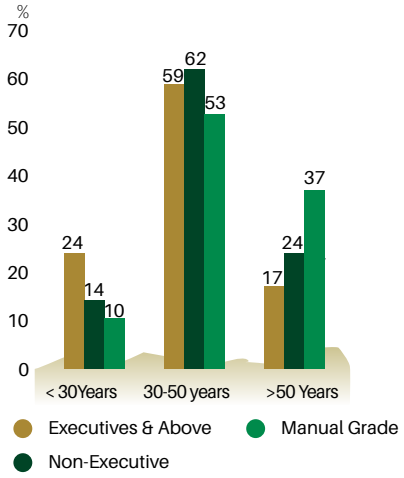
Age Wise							
	<30 years		30-50 years		>50 years		Total
	Male	Female	Male	Female	Male	Female	
Permanent	273	348	1,490	1,730	716	715	5,272
Contract	88	55	319	240	607	507	1,816
Total	361	403	1,809	1,970	1,323	1,222	7,088

Region Wise



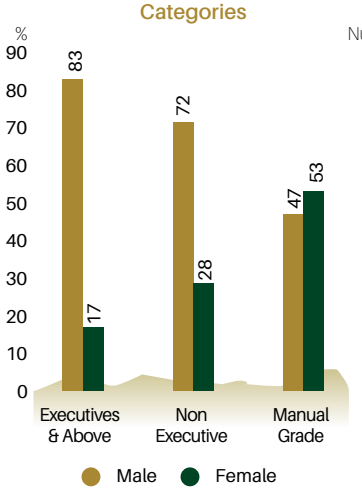
Gender & Region Wise										
	Western Province			Central Province			Sabaragamuwa Province			Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Permanent	21	13	34	1,518	2030	3,548	940	750	1,690	5,272
Contract	3	1	4	395	391	786	616	410	1,026	1,816
Total	24	14	38	1,913	2,421	4,334	1,556	1,160	2,716	7,088

Age Profile of Employee Categories

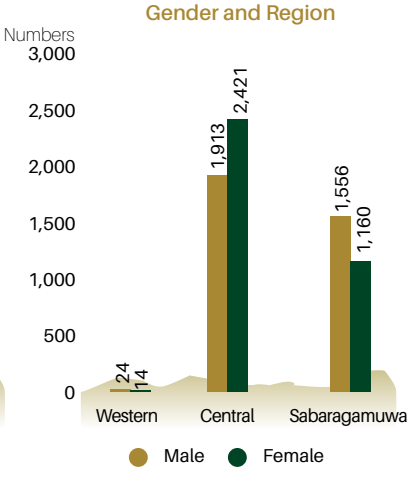


Total Number of Employees by Gender & Region			
	Male	Female	Total
Western Province	24	14	38
Central Province	1,913	2,421	4,334
Sabara'wa Province	1,556	1,160	2,716
Total	3,493	3,595	7,088

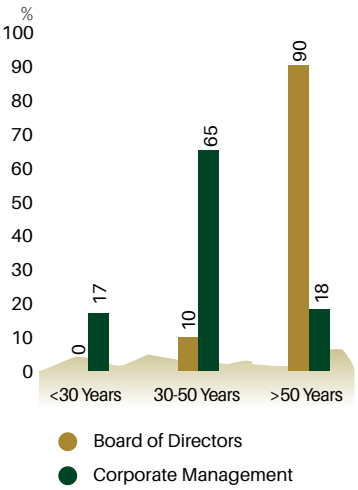
Gender Profile of Employee Categories



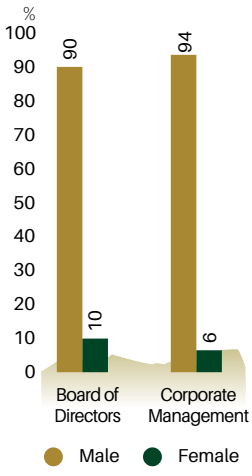
Total Number of Employees by Gender and Region



Age Profile of Governance Bodies



Gender Profile of Governance Bodies



As of 31st March 2026, KVPL's total workforce comprised 7,088 employees, of which 5,272 were permanent staff, while 1,816 were employed on a contractual basis. All employees are engaged in full-time roles, with no part-time or casual (non guaranteed) employment.

1. Workforce Transformation & Digitalisation

GRI 202-2, 401-1

Recruitment at KVPL is a well-planned and structured process. Our recruitment policy endorses a merit-based approach to attract the right talent aligned with the organisation's strategic goals, underscoring our commitment to equal opportunity and non-discriminatory employment.

Our multi-tiered approach supported by effective delegation of recruitment responsibilities across different levels of the organisation enables purpose driven recruitment that correlate to organisational objectives. Under the guidance of the Corporate HR Department, the respective Estate Manager is responsible for recruiting the estate (manual) workforce. Recruitment of estate staff is carried out based on a staffing plan developed in consultation with the Director–Plantations and the Chief Executive Officer. Executive-level recruitments are handled by the corporate HR team, subject to the final approval by the Managing Director.

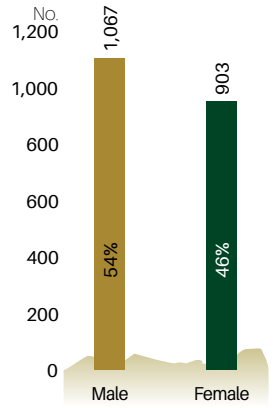


Workforce Movement

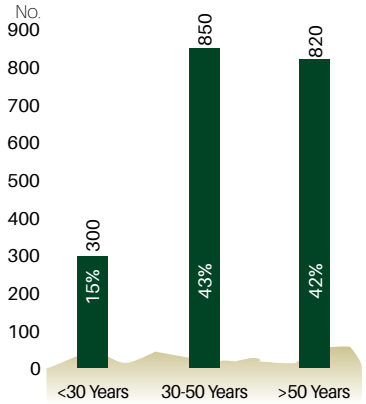
GRI 13.20.1, 202-2

1,970	27.13%	1,749	194	27
RECRUITMENT FY 2025 /26	**RECRUITMENT RATE**	**MANUAL RECRUITMENT** 88.78%	**STAFF RECRUITMENT** 9.87%	**EXECUTIVE & ABOVE RECRUITMENT** 1.37%

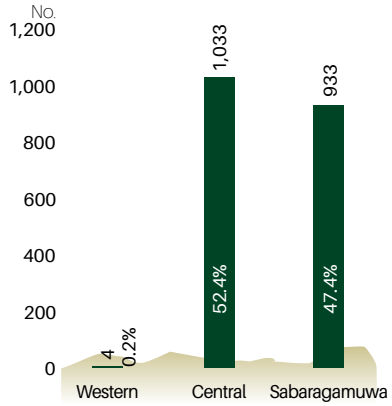
Recruitment By Gender



Recruitment By Age



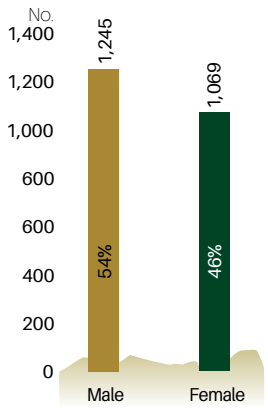
Recruitment By Region



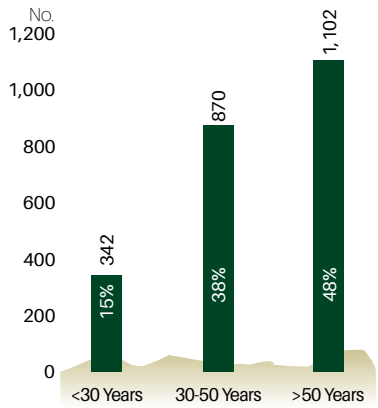
At KVPL, all senior managers are drawn from the local communities, defined as individuals either born in or permanently residing within the respective estate regions and surrounding administrative districts, thereby reinforcing enduring connections with the region we operate in.

2,314	31.87%	72.87%	2,084	206	24
RESIGNATIONS FY 2024/25	**TURNOVER RATE**	**RETENTION RATE**	**MANUAL TURNOVER** 90%	**STAFF TURNOVER** 8.9%	**EXECUTIVE & ABOVE TURNOVER** 1.1%

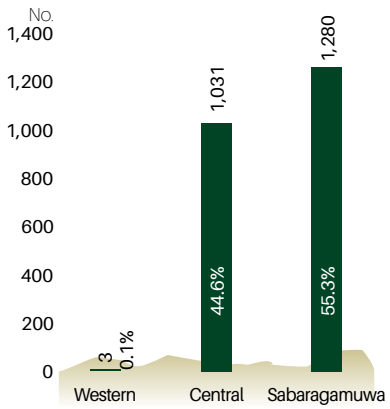
Turnover By Gender



Turnover By Age



Turnover By Region



KVPL's recruitment practices are governed by its Recruitment Policy Manual and are founded on the principles of transparency, meritocracy, and ethical conduct. All recruitment is voluntary, based on informed consent, and carried out in full compliance with national labour laws and internationally accepted best practices, including alignment with the principles of the United Nations Global Compact (UNGC). Employment terms and conditions are clearly communicated prior to contract finalisation, ensuring clarity and fairness for all prospective employees.



Orientation and Initial Training

All new recruits undergo a formal, multi-tiered onboarding process designed to ensure a smooth integration into the organisation. This journey begins with the Hayleys Group Orientation, which introduces new hires to the overarching corporate culture, ethical standards, and global vision of the parent company. This is immediately followed by the KVPL Internal Orientation, which provides localised, sector-specific insight into our plantation operations, core values, and community-centric business model.



Safety training is a mandatory component of induction for all employees. Operational-level recruits receive hands-on, role-specific training in areas such as harvesting, tapping, and factory operations, under the close supervision of Field Officers and Assistant Managers.

Executive recruits are introduced to the Oracle HCM performance management system and the Company's ESG framework as a part of their focused KVPL Internal Orientation and induction. To support early alignment with KVPL's performance expectations and values, delivered the Right Way they are also enrolled in relevant training and developmental programs within their first year of service.



KVPL's employee retention profile reflects the strength and effectiveness of its comprehensive people strategy. The Company's holistic community model,encompassing housing, healthcare, education, and recreation, fosters a quality-of-life environment that significantly reduces the propensity for workforce migration, ensuring a sustainable and deeply committed workforce.

Leadership Development

GRI 404-2

KVPL continues to invest significantly in building a future-ready leadership pipeline across all tiers of the organisation. During the year, the sixth batch of Plantation Management Trainees successfully completed their programme, while preparations are actively underway to launch the seventh batch reflecting the Company's sustained institutional commitment to nurturing the next generation of plantation leaders from within.

Senior and middle management are supported through a structured mentorship and career development framework, enabled by the Oracle Fusion Human Capital Management (HCM) system. This platform facilitates transparent goal-setting, performance tracking, and succession planning. High-performing executives are identified through the performance management cycle and provided with targeted leadership and management development opportunities, including international exposure.

During this year select cohort of Managers, Assistant Managers, and Executives participated in the Japan Sri Lanka Technical and Cultural Association (JASTECA) Management Development Programmes held in Thailand and Vietnam. The programmes provided exposure to globally recognised management philosophies such as Kaizen, the Toyota Production System, Total Quality Management (TQM), and transformational leadership. In addition, a separate group undertook a study tour to Japan, focusing on Business Innovation and Corporate Management. These international engagements form an integral part of KVPL's strategy to embed a global perspective within its leadership cadre, strengthening its ability to create lasting value consistently, and the Right Way.

The annual Hayleys Plantations Staff Symposium, held for this year, under the theme "Great Division to Work," provided a dynamic and competitive internal platform for estate staff teams to showcase and present innovative, impact-driven projects. The symposium featured 55 synopses of transformative initiatives from KVPL , Talawakelle Tea Estates and Horana Plantations which were evaluated and shortlisted to 10 and subsequently to the top three (Gold, Silver & Bronze awards) winners, by an external panel of judges. The award ceremony, felicitated the estate staff and supportive staff who present the submissions.





Capacity Building in Sustainable Agriculture

GRI 404-2

KVPL's capacity-building agenda in sustainable agriculture is anchored in the belief that long-term agricultural resilience depends on a workforce equipped with both strong technical competencies and a deep sense of environmental stewardship. During the year, a specialised training programme on Agroforestry was conducted across relevant estates, covering key areas such as the socioeconomic and ecological dimensions of agroforestry in tea plantations, soil–water–land management in tea-based agroforestry systems, the application of IT and digital tools for effective data management, and product development with certification pathways for Kithul and bees' honey.

In collaboration with the Sri Lanka School of Agriculture, Agunukolapalassa, KVPL conducted a six-month practical training programme for 12 Agri Technical students (six male and six female), providing immersive field exposure across tea and rubber cultivation. Upon successful completion, participants were appointed to KVPL estates, directly strengthening the Company's operational agricultural talent pipeline.

KVPL also hosted undergraduate researchers from multiple universities, with study topics aligned to real-world operational challenges identified by the Company. This approach ensures that research outcomes are translated into practical, value-adding solutions, reinforcing KVPL's commitment to sustainable agriculture - delivered the Right Way. Some of these research studies are further highlighted in the Intellectual Capital section of this Report, reflecting their contribution to innovation and knowledge creation across the organisation.





Digital Transformation and Smart Plantation Management

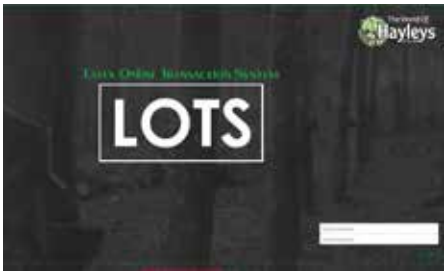
Digital transformation and smart plantation management are central to the Group's long-term strategy for ensuring the sustainability of plantation agriculture. Strengthening digital capabilities and enabling technology adoption therefore remains a key priority within HR management.

Across KVPL's plantations, digital tools are enhancing employee value creation through improved transparency, data accuracy, and process efficiency.

- During the year, KVPL became the first estate in the country to introduce facial recognition-based employee identification systems for field employees across its estates. This marks a milestone, and in addition to streamlining daily operations, it enhances transparency and accuracy and integrity of employee data bases.
- As the first RPC to implement Oracle Fusion HCM, KVPL has established a robust digital backbone for human capital management, integrating performance management, training tracking, and succession planning. During the year it was further embedded across performance management and recruitment workflows, enabling digital onboarding and supporting structured career progression and tracking for Executive and Management categories.
- Digital weighing scales, in use across Tea estates since 2015 , were further extended to Rubber tappers, marking another industry first. These digital systems are enabling immediate performance visibility for field workers across both crop segments, enhancing transparency in earnings and recognition. They now support improved data accuracy (exceeding 90%), real-time monitoring, and faster reporting cycles, reinforcing data-driven decision-making across operations. Additionally, it also contributes to elevating employee digital literacy from basic to functional levels.
- The Group also invested in a new OLAX ERP system (at total investment of Rs. 6 million), enabling enhanced operational efficiency and streamlined decision-making.

Indicator	2025
Employees using digital systems	95%
Digital literacy level (basic to intermediate and above)	85%
Estates using digital weighing systems	96%
Data accuracy in field operations	90%
Task completion efficiency	93%









Our Digital Transformation



Old Manual Weighing



Tea

Field Operations



Rubber

Daily harvesting operations data recorded using a digital weighing system



Field Checklist & Download Data

The system receives online transfers of each plucker's and tapper's collected Tea and Rubber, and downloads data for Payroll system and Check roll for the same day.



Face Recognition

Engaging Youth

It is estimated that approximately 42% of the global workforce will exit in the coming years. We recognise that this demographic shift will have direct impact on our operations as well, with 20-25% of our workforce estimated to retire from the Company by 2030. KVPL has begun to prepare for this transformation via an approach which focuses on generational diversification and the structured development of younger employees.

Generational Profile of our Human Capital

Generation	2025/26	2024/25
Baby Boomers (born 1946-1964)	11.3%	11.6%
Generation X (born 1965-1980)	45.7%	39.6%
Generation Y (Millennials) (born 1981-1996)	37.3%	40.7%
Generation Z (born 1997-2012)	5.6%	7.9%

Youth engagement is addressed through a multi-pronged strategy aimed at reversing the out-migration of younger workers from plantations. To strengthen its appeal among younger talent, the Company has invested in overseas training programmes, the integration of technology with real-time operational KPIs, and collaborative partnerships with educational institutions, positioning plantation careers as both intellectually engaging and professionally rewarding.

Cultural repositioning initiatives such as renaming "Tea Plucker" to "Tea Harvester" to enhance role dignity reflect a deliberate effort to elevate the perceived value of estate work among younger generations. Collaboration with organisations such as UNDP, UNICEF, and UNV continues to further strengthen KVPL's gender inclusion and youth empowerment agenda, reinforcing its commitment to building an inclusive and future-ready workforce the Right Way.

KVPL recognises that sustainable plantation communities are built on access to quality education and continuous learning opportunities. The Company supports this through the maintenance of primary school facilities, Child Development Centres (CDCs), and e-learning centres across its estates, ensuring that the children of its workforce have a strong educational foundation.

During the year, English language and computer training programmes were conducted for estate youth, equipping them with essential, transferable skills. Digital learning tools were further integrated into CDCs through DP Education, while vocational training programmes in bridal and beauty care, sewing, and other trades were implemented to support self-employment and entrepreneurship among young women across the estates.

A major highlight of this year was the opening of the "Tea Kids Hybrid Preschool" at Pedro Estate, Mahagastota Lower Division. Established in collaboration with Hemas Outreach through a Rs. 15 million Phase I investment, this inclusive center serves approximately 40 children with a modern, play-based curriculum tailored to the holistic development of plantation families. Backed by an innovative revolving fund sustainability model to reduce operational strain on estate management, the preschool represents a strategic investment in early childhood care and community transformation.

The annual "KV Kids Fest" continues to celebrate the creativity and innovation of estate children, while the provision of transport for GCE O/Level and A/Level examination candidates ensures uninterrupted access to formal education. In addition, university students conducting research on KVPL's estates are actively integrated into the Company's knowledge ecosystem, fostering mutually beneficial learning outcomes and reinforcing its commitment to community development the right way.







Performance Based Reward, Remuneration & Benefits

GRI 202-1, 401-2,3,13.21

At KVPL, we are committed to ensuring that all employees receive fair, equitable, and competitive remuneration and benefits, in full compliance with applicable labour laws, collective agreements, and industry standards. Our approach to remuneration is designed to balance regulatory compliance, industry alignment, and performance-based incentives, while supporting employee wellbeing and long-term financial stability.

KVPL maintains a structured pay-for-performance framework aligned with its performance management architecture and long-term value creation objectives.

KVPL also ensures full compliance with statutory benefit obligations, including contributions to the Employees' Provident Fund (EPF/CPPS/ESPS) at 12% and the Employees' Trust Fund (ETF) at 3% of basic salaries, thereby supporting employees' long-term financial security.

Executive Staff

Executive remuneration is determined through a structured pay-for-performance framework aligned with KVPL's performance management architecture. Compensation is benchmarked against industry standards and reflects job role, qualifications, experience, and individual performance outcomes, as assessed through the Oracle Fusion HCM-enabled Performance Management System. Annual salary increments and performance incentives are directly linked to evaluation outcomes, reinforcing a culture of accountability, meritocracy, and continuous improvement.

Estate Workforce

For the estate workforce, wages are determined in accordance with minimum wage regulations under the Wages Board Ordinance. Approximately 98% of employees are covered under collective bargaining agreements across multiple worker categories, ensuring that remuneration structures including annual increments and productivity-linked incentives are established through structured engagement with trade unions and relevant regulatory authorities.

Effective 1 January 2026, the daily wage framework for manual-grade plantation workers in Sri Lanka was structurally revised to Rs. 1,750. This landmark framework consists of a revised minimum daily wage of Rs. 1,550 paid by Regional Plantation Companies (RPCs), supplemented by a Rs. 200 daily attendance incentive funded by the Government, significantly enhancing income security and worker livelihoods across the sector.

In addition to the guaranteed wage, KVPL offers productivity-linked earning opportunities through task-based allowances, collectively negotiated incentives, and the Revenue Share Model (RSM), which directly links employee income to output and land productivity. This model strengthens the alignment between performance and rewards, while fostering accountability and a sense of ownership at the estate level.

For estate staff and supervisory categories, remuneration is also governed by collective agreements, ensuring consistency, transparency, and adherence to agreed industry standards.

KVPL maintains a competitive and equitable compensation structure. As an equal opportunity employer, the Company ensures gender parity in entry-level remuneration, maintaining a 1:1 salary ratio between male and female employees.

Employee Benefits

Statutory Payments & Staff Costs. Rs.'000					
	2025/26	2024/25	2023/24	2022/23	2021/22
Defined Contribution Plan Costs (EPF/CPPS/ ESPS & ETF)	457,730	447,734	399,455	387,895	383,930
Defined Benefit Plan Costs (Retirement Benefit Obligations)	233,550	225,988	259,891	204,940	146,547
Salaries & Wages and Other staff Costs	4,329,733	3,988,044	3,218,808	2,847,826	2,646,775
Staff Training & Development Costs	4,100	6,429	4,822	2,789	2,409

GRI 401-2

Benefits	Estate				Corporate Office		
	Manager	Executive	Staff	Manual	Manager	Executive	Staff
Tea allowance	●	●	●	●	●	●	●
Electricity	●	●	●				
Accomodation/ Quarters	●	●	●	●			
Free drugs	●	●	●	●			
Death donations				●			
Maternity benefits & child care facilities	●	●	●	●	●	●	●
Overtime			●	●			●
Scholarships for children			●	●			
Mid-day-meal nutrition programme				●			
Milk and wheat flour for children				●			
Employee medical insurance - OPD, spectacles and hospitalisation	●	●	●	●	●	●	●
Immediate family medical insurance OPD, spectacles and hospitalisation	●	●	●	●	●	●	●
Medical facilities and free medical clinics	●	●	●	●			

Employee Engagement, Motivation, and Voice

KVPL fosters a highly motivated and inclusive workplace culture by deploying an interconnected ecosystem of formal governance channels, data-driven recognition programs, and purpose-led community initiatives. This multi-dimensional approach ensures that corporate strategy aligns smoothly with labour welfare, reinforcing a deep sense of belonging and shared purpose across all estate divisions and corporate tiers.

Formal Governance & Digital Performance Channels

Operational alignment and labour relations are maintained through a disciplined corporate cadence. This includes weekly estate-level forums serving as Employer-Employee Relationship platforms and monthly management dialogues with field staff. Executive and staff performance pipelines are managed via a semi-annual review cycle powered by Oracle Fusion HCM. Ground-level organisational health is independently validated through participation in the annual Great Place to Work (GPTW) Certification survey.

Data-Driven Motivation & Recognition Paradigms

To sustain a high-performance culture, KVPL combines data-driven performance analytics with legacy milestones across a structured, three-tiered recognition ecosystem:

Estate Manual Workforce Appreciation – Individual excellence within our primary workforce is driven by the digital "You Are Identified" initiative, leveraging real-time field data for transparent daily recognition, alongside monthly estate-level awards for outstanding harvesting performance.

Non-Executive & Estate Staff Recognition – Dedicated to our operational staff, the annual Staff Awards Ceremony held on 28th July 2025 at Prince Hall, Hatton celebrated exceptional contributions under a strict ten-pillar organizational guideline framework to preserve discipline and community dignity.

Management Performance & Institutional Alignment – Focusing on macro-level leadership, the Estates Performance Awards 2025 evaluated management teams against rigorous corporate governance targets and KPIs tracked via Oracle Fusion HCM, honoring breakthroughs in yeild optimisation, revenue-share models, and elevational averages.

Backed by long-service milestones to preserve institutional memory, this integrated, three-layered framework ensures field-level motivation directly drives macro-level commercial resilience an approach validated externally by top honors at the Best Management Practices Company Awards.

Inclusivity, Corporate Voice, and Feedback Processes

To eliminate communication barriers across a diverse workforce, KVPL runs a standardised translation workflow ensuring all critical notice boards, safety signage, and circulars are posted trilingually in English, Sinhala, and Tamil. This top-down transparency is balanced by a bottom-up feedback loop using secured, physical Suggestion Boxes across all factories and offices. Submissions are securely retrieved and logged by HR on a strict schedule to inform management decisions. Broader corporate milestones are shared via group platforms like Hayplan and Hayleys Connect.

Socio-Cultural Cohesion & Purpose-Driven Engagement

Socio-cultural well-being is fostered through large-scale corporate gatherings like the flagship "KVs Together" initiative and estate staff appreciation events. Teamwork is promoted through annual sports meets, cross-divisional tournaments OBT and estate excursions. Furthermore, KVPL actively hosts multi-religious celebrations and commemorates global milestones including International Women's Day, Children's Day, and Earth Day to embed progressive ESG values within our communities.











Gender Equity & Youth Inclusion

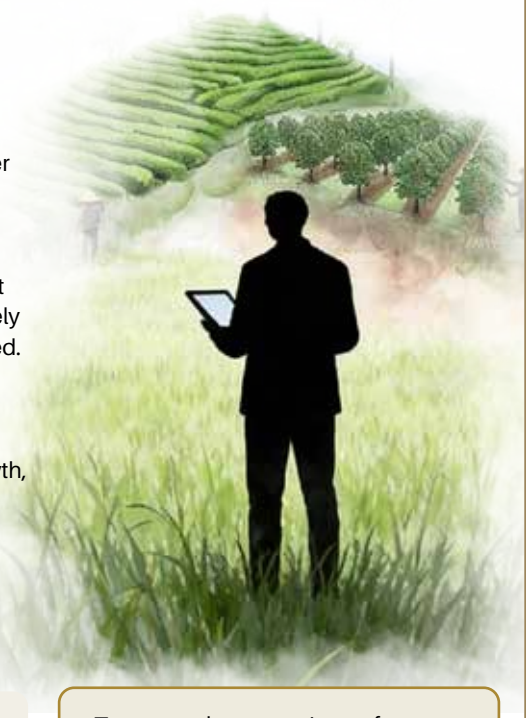
Gender equity and youth engagement are twin imperatives of KVPL's Human Capital strategy. Women constitute 51% of the total workforce whilst during the year, , and the Company has been recognised as one of the *Best Workplaces for Women* under the Great Place to Work certification framework an endorsement driven by the voices and experiences of its own employees.

Succession Planning: Meritocratic and Transparent Future Ready Leadership

At KVPL, succession planning is anchored in the principles of meritocracy and transparency, reinforcing long-term organisational resilience and leadership continuity. High-potential employees are systematically identified through a robust performance management framework and are nurtured through structured mentoring, targeted career development initiatives, and focused leadership training programmes.

The Group places strong emphasis on internal talent development, with the majority of vacancies filled through internal promotions. This approach reflects KVPL's commitment to recognising and advancing in-house capability, while external recruitment is selectively undertaken to address critical skill gaps and bring in specialised expertise where required.

Clearly defined career pathways enable employees to progress across roles from operational and staff levels to senior management and executive leadership positions, including the CEO level. This structured progression framework fosters a culture of growth, opportunity, and accountability, while ensuring the organisation is equipped with a pipeline of future-ready leaders aligned with its strategic priorities.



Commitment to Child Protection and Sustainable Development GRI 13.17.1

Zero Child Labour

KVPL upholds a strict zero-tolerance policy on child labour across all its estates and remains firmly committed to safeguarding the rights, wellbeing, and development of children within its communities. As the first plantation company to join the United Nations Global Compact in 2007, KVPL aligns its practices with the Compact's Ten Principles, encompassing human rights, labour standards, environmental stewardship, and anti-corruption.



This commitment is operationalised through a range of targeted initiatives focused on maternal and child health, nutrition, sanitation, and access to education. Key programmes include the establishment of feeding corners in estate crèches, which provide essential nutritional support and enable working mothers to balance employment with childcare responsibilities.

In addition, selected tea products are certified under the "Mother & Child Friendly Tea" label, reflecting KVPL's continued emphasis on social responsibility and ethical production practices.

Through these initiatives, KVPL not only strengthens child protection mechanisms but also contributes to the broader goal of sustainable community development, fostering healthier, more resilient estate communities for the future.

During the year under review, there were no reported incidents of child labour or forced labour, reaffirming the Group's strong governance and monitoring mechanisms in this area.

To ensure the protection, safety, and wellbeing of children within estate communities, KVPL has implemented the following measures:

- Ensuring that no child below the age of 16 is engaged in any form of labour.
- Making education compulsory for all children up to the age of 16, promoting continuous school attendance.
- Maintaining well-managed crèche facilities, including the presence of at least one trained caregiver at all times.
- Prohibiting all forms of physical punishment by crèche staff and ensuring child-friendly care practices.
- Aligning all disciplinary procedures with internationally accepted child protection standards.
- Establishing procedures to safeguard children during emergencies and natural disasters.

These measures reflect KVPL's continued commitment to upholding children's rights, promoting safe and supportive environments, and strengthening the social fabric of estate communities.

Gender Equity

In line with Sri Lanka's labour laws, all female employees at KVPL are entitled to maternity leave in accordance with statutory provisions. In addition, nursing mothers are granted a daily feeding entitlement of one hour to support childcare and maternal wellbeing.

At present, there is no formal provision for paternity leave within the organisation.

KVPL continues to promote gender equity by creating opportunities for women to grow, participate, and lead across the organisation. We believe meaningful progress requires not only supportive policies, but also continuous efforts to challenge traditional perceptions and encourage inclusive participation within the plantation sector.

GRI 401-3

In a significant step towards strengthening infrastructure for women's health, KVPL constructed 102 eco-friendly bamboo hygiene stations across 25 estates, directly benefiting approximately 3,434 female workers.

Maternity Leave Facets

	2025/26		2024/25	
Category	Number	% of Female Employees	Number	% of Female Employees
Female employees	3,595	51	3,761	51
Maternity leave entitled	2,780	39.22	2,780	37.41
Maternity leave availed	34	48	41	60
Returned to work after maternity leave	34	48	41	60
Resignations after maternity leave	0	0	0	0
Total Currently on maternity leave	14	20	14	20
Retained after 12-months of return from maternity leave	26	37	86	12
Return to work rate (%):		100%		100%
Retention rate after 12 months of return to work (%):		100%		100%

The Company continues to uphold high standards in maternal care, as reflected in its recognition through the 'Mother and Child-Friendly Seal of Approval', underscoring its commitment to promoting gender equality and advancing the health and wellbeing of mothers and children across estate communities.





2. Performance Management and Capacity Building

GRI 404-3

Performance Management

KVPL operates a comprehensive, technology-enabled Performance Management System (PMS) across all workforce categories, designed as a strategic mechanism to assess, guide, and enhance employee performance.

The system ensures that all employees from operational staff to executive leadership contribute effectively to organisational objectives, while providing a structured platform for career development, rewards, and capability building.

As the first plantation company to implement the Oracle Fusion HCM, KVPL integrates goal setting and performance management within a unified digital platform. This enables alignment of organisational strategy with individual and team KPIs through a Balanced Scorecard framework, while ensuring transparency, consistency, and data-driven decision-making across the entire performance lifecycle.

Managing Performance Across Employee Categories

Executive and Management Level

Performance is reviewed through a structured annual cycle, with targets set at the beginning of the financial year and evaluated via mid-year and year-end assessments. KPIs are aligned with the Balanced Scorecard framework, covering financial performance, internal processes, learning and development, and stakeholder engagement.

Regular performance discussions between employees and supervisors provide a transparent platform to assess achievements, identify development needs, and support career planning. These evaluations form the basis for decisions relating to promotions, salary increments, and performance-based rewards.

High-performing executives are identified through this process and supported through targeted leadership development initiatives, including mentoring, international exposure, and structured succession planning. The Board provides oversight of succession planning for key leadership roles, including the Chief Executive Officer.

Non-Executive / Staff Level

Performance at staff level is assessed through a structured evaluation framework incorporating line manager reviews, employee feedback mechanisms, and operational performance indicators. Evaluations conducted by Estate Managers are reviewed and validated by senior management to ensure fairness, consistency, and objectivity.

High-performing staff are recognised through performance-based increments, promotions, and incentives in line with collective agreements.

Operational Workforce

At the operational level, performance management is increasingly enabled through real-time digital systems. Digital weighing mechanisms for tea harvesters and rubber tappers provide immediate visibility of individual output, strengthening transparency and directly linking productivity to earnings.

The "You Are Identified" initiative further enhances recognition by leveraging performance data to reward high-performing employees, including monthly recognition programmes for outstanding tea harvesters.

Exit Interviews and Continuous Improvement

Structured exit interviews are conducted to understand reasons for attrition, identify workforce trends, and inform retention strategies. Insights generated are systematically analysed by HR and escalated to senior leadership to support continuous improvement of talent management practices.

Overall Coverage

Across all employee categories, 100% of employees participate in formal performance and career development reviews conducted annually, reinforcing KVPL's commitment to a transparent, merit-based, and performance-driven culture.

Promoting the Revenue Share Model:

Sustaining plantation operations amid evolving sector challenges requires a paradigm shift from the traditional labour models. Accordingly, in 2021 KVPL introduced the groundbreaking Revenue Share Model (RSM), redefining the traditional attendance-based estate wage structure, to transition towards and entrepreneurial model.

Moving beyond attendance-based remuneration, the RSM empowers estate workers as independent entrepreneurs, enabling income based on output rather than hours worked. Under this model, designated land parcels within estates are allocated to selected "Block Managers," who are responsible for Tea cultivation.

KVPL continues to expand and promote this model across its estates, including opportunities for retired and unemployed individuals, thereby broadening participation and enhancing livelihood creation.







Training & Development

GRI 404-1, 404-2

KVPL recorded its highest-ever investment in Training and Development (T&D) in 2025/26 – a reflection of the commitment to a "Knowledge Centric Culture" and to building human capital capabilities.

Programmes are structured across three segments Executives and Management, Staff, and the Operational Workforce ensuring targeted and impactful learning outcomes.



Investment in Training

Years	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21
Rs.	15,105,869.04	9,013,492.84	7,092551.67	12,041,746.73	1,020,459.00	864,429.30

Average Training Hours

Average Training Hours Per Employee		15.56
Gender Wise	Male	11.77
	Female	19.25
Designation Wise	Managerial	86.72
	Executive	22.92
	All Other	14.77

Year	Training Head Count	P/Hours	% P/Hours Over Previous Year
2020	10,841	54,880	5.85
2021	26,800	56,902	3.68
2022	40,683	70,152	23.29
2023	41,594	79,255	12.98
2024	66,016	91,038	14.87
2025	81,235	110,319	21.18



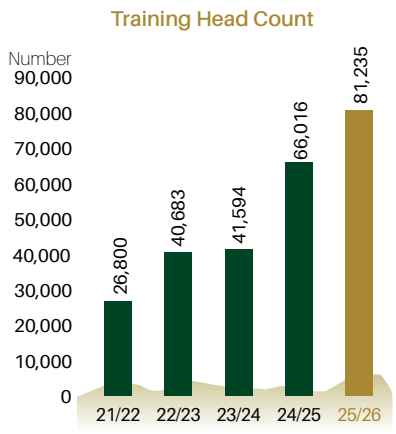
Average Hours of Training per Year per Employee

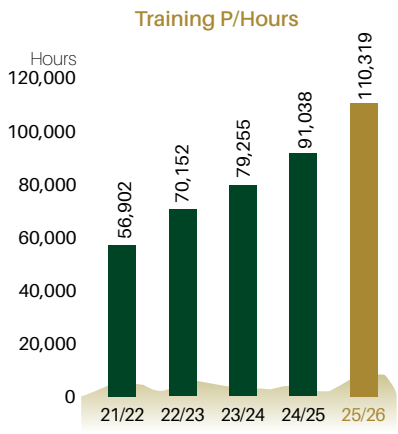
Category	Head Count			P/Hours			P/H Per Person		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Managerial	1,040	17	1,057	6,506	85	6,591	91.63	17	86.72
Executive	593	11	604	535	15	550	44.58	1.25	22.92
All Other	26,600	52,974	79,574	34,083	69,095	103,178	9.99	19.3	14.77
All	28,233	53,002	81,235	41,124	69,195	110,319	11.77	19.2	15.56

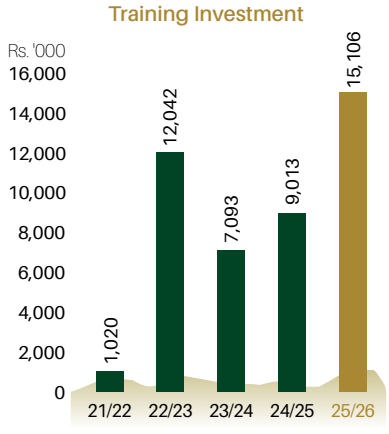
81,235
HIGHEST EVER TRAINING HEAD COUNT

110,319
HIGHEST EVER TRAINING P/ HOURS

Rs.15,105,869
HIGHEST EVER TRAINING INVESTMENT







Key Training & Capability Building Highlights (2025/26)

- **Strategic Leadership & International Exposure:** Elevated executive capabilities through prestigious global initiatives, including the JASTECA Management Development Programme and overseas business innovation exposure across Japan, Thailand, and Vietnam focusing on Kaizen, Lean Management, and Total Quality Management (TQM).
- **Professional Plantation Management (NIPM Partnerships)**: Continuously sponsored estate level- and management-level employees for advanced qualifications through the National Institute of Plantation Management (NIPM), highlighted by our NIPM scholarship recipient actively leading overall accounting and administrative functions at Kitulgala Estate.
- **Agronomy, Value-Chain Expansion & Agroforestry**: Conducted NAITA-accredited NVQ programs for Tea and Rubber operatives via the Sri Lanka School of Agriculture alongside ecological agroforestry, soil-water, and product-development training to secure market certification for premium Kithul and bee honey lines.
- **Sustainability, ESG & Specialised Knowledge**: Driven by our commitment to ESG integration, teams participated in United Nations Global Compact competitions and specialised training in Climate Sustainability, Geology, and Archaeology to actively support the pioneering Halgolla Intellectual Tourism model.
- **Digital Literacy & Advanced Systems Technology**: Upgraded workforce digital competencies through structured training on Oracle Fusion HCM, enterprise ERP networks, supply-chain traceability platforms, and field-level digital weighing systems.
- **Occupational Health, Safety & Community Welfare**: Maintained strict estate safety standards through regular training on pesticide handling, firefighting, first aid, food safety, and community waste management.
- **Social Empowerment, Diversity & Youth Development**: Cultivated an equitable workplace through gender-based violence and sexual harassment prevention programs, women's health hygiene initiatives, household financial literacy workshops, and English and vocational training for estate children.









The KVPL Continuous Learning & Capability Development Framework

KVPL drives operational excellence and workforce transformation through a closed-loop human capital development ecosystem. This framework systematically connects data-driven needs assessment with strategic delivery partners and rigorous business impact evaluation.

Phase 1: Multi-Channel Training Needs Identification (Input)

Our capability building begins with a robust, multi-tier assessment infrastructure that bridges corporate strategy with grass-roots operational needs:

- **Digital Matrixing:** For executive and staff tiers, the Oracle Fusion HCM platform automatically maps and tracks development requirements directly against performance outcomes and career progression targets.
- **Employee Voice Streams**: Ground-level skill gaps, workplace challenges, and structural expectations are captured anonymously via localised Suggestion Boxes and independent Great Place to Work (GPTW) survey analytics.
- **On-Field Diagnostics:** Regular departmental performance reviews are heavily supplemented by real-time, observational inputs from line managers, HR personnel, and field supervisors to pinpoint immediate operational competency gaps.

Phase 2: Outcomes-Driven Programme Design & Delivery (Process)

Once a need is validated, the Human Resources division architects targeted interventions utilising a blended delivery ecosystem backed by world-class institutions:

- **Targeted Architecture:** Custom curricula are distinctively engineered for three focus groups: Executives & Management, Staff, and the Operational Workforce.
- **Blended Modalities:** Delivery methods combine internal coaching, expert-led technical workshops, on-the-job training, and high-value international exposure programs.
- **Strategic Academic Alliances:** To deliver industry-accredited, specialised programs, KVPL actively collaborates with leading educational and vocational bodies.

Phase 3: Rigorous Effectiveness & Learning Impact Evaluation (Output)

To justify human capital investments and ensure continuous improvement, the Group strictly audits the return on training through a multi-dimensional validation loop:

- **Immediate Feedback & Testing:** Post-training satisfaction and delivery relevance are measured via immediate survey instruments, while technical fields (such as NVQ and safety protocols) require formal examinations to certify competency.
- **Performance & System Integration:** Behavioral changes and field-level productivity improvements are monitored on-site by line managers. For executives, training efficacy is directly tied to KPI progression tracked inside Oracle Fusion HCM.
- **Macro Business Impact:** The ultimate value translation of learning into commercial innovation is showcased and verified annually at high-level corporate platforms like the Hayleys Plantations Management Symposium, feeding critical insights right back into the next training cycle.









Subsidiary Highlight: Capability Building at Mabroc International

To drive continuous professional development and reinforce a unified corporate culture, Mabroc launched targeted workforce training initiatives focused on operational excellence and workplace professionalism. A key program implemented during the year was the Effective Office Etiquette and Professional Grooming symposium, designed to elevate workplace behavior, interpersonal communication, and professional representation. The training successfully equipped employees across all tiers with critical strategies to enhance teamwork, minimize operational conflicts, and confidently protect the corporate brand image during customer and stakeholder interactions.

Mabroc Training Performance Metrics

Employee Category	Male Count	Total Male Hours	Female Count	Total Female Hours	Total Training Hours
Managerial	45	147	9	25	172
Executives & Junior Executives	62	246	34	197.5	443.5
All Others (Field & Support Staff)	174	610	229	792	1,402
Total	281	1,003	272	1,014.5	2,017.5

3. Health, Safety, and Wellbeing

GRI 406-1, 13.15.4

Gender Parity Dashboard

	2025/26	2024/25
Remuneration	1:1 Ratio of basic salary between men and women	1:1 Ratio of basic salary between men and women
Sexual Harassment	ZERO Incidents reported	ZERO Incidents reported
Training Opportunities	81,235	66,016
Career Development Opportunities	135	124

Governance Excellence in Human Capital Management:

GRI 13.3, 13.16, 13.25.1, 13.26.1, 205-1, 205-2

ESG Leadership has been a core pillar of KVPL's business strategy, with Governance excellence serving as a fundamental enabler. Within this framework, Human Capital management is fully integrated as a key component, with robust HR policies, structured grievance handling mechanisms, and ethical workplace practices forming the foundation of effective people governance. The governance framework is anchored in transparency, accountability, and ethical leadership, with HR policies designed to embed these principles across the organisation.

- **Anti-Corruption:** Operations are regularly assessed for corruption risks under enterprise risk management, supported by targeted training aligned with the Hayleys Group Anti-Corruption Policy.
- **Whistleblower Mechanism:** A confidential and well-communicated channel enables employees to report unethical conduct and policy violations.
- **Meritocratic Systems:** Oracle Fusion HCM supports data-driven, bias-free performance management, succession planning, and career progression.
- **Performance Accountability:** All employees undergo formal performance and development reviews, with executive evaluations overseen by senior leadership.
- **Board Oversight:** Human capital risks are formally tracked within the enterprise risk framework and reviewed at Board level.
- **Transparent Reporting:** KVPL's recognition at the CA Sri Lanka TAGS Annual Report Awards 2025 and South Asian Federation of Accountants underscores its commitment to high-quality disclosure.
- **Workplace Credibility:** Repeated Great Place to Work Certification status reflects a high-trust, ethical work environment.
- **Information Security:** Certification under ISO/IEC 27001:2022 reinforces strong governance in the digital domain.

KVPL maintains a comprehensive suite of Human Resource policies, largely aligned with and derived from the overarching policy framework of the Hayleys Group. These policies are subject to continuous review and enhancement to ensure relevance, regulatory compliance, and alignment with evolving organisational priorities. They are systematically communicated to all relevant stakeholders to ensure consistency in application and understanding.

Our approach is further guided by KVPL's adherence to the principles of the United Nations Global Compact (UNGC) an initiative to which the Company was an early signatory and remains firmly committed.

KVPL's HR policies which shape

"A Great Place to Work"

- Recruitment Policy Manual
- Leave Policy (for Executives)
- Performance Management Policy
- Learning & Development Policy
- Talent Management Policy
- Grievance Handling Policy
- Human Rights Policy
- Disciplinary Policy
- Anti-Sexual Harassment Policy
- Anti-Corruption Policy
- Whistleblower Policy
- The Hayleys Way – Code of Business Principles
- Industrial Relations Policy
- Employee Performance Management Policy
- Internal Mobility Policy
- Job Description & Job Evaluation Policy
- Child Policy
- Gender Policy
- Social Policy

GRI 2-25

Grievance Handling - Mechanisms and Process

KVPL's Grievance Handling Policy establishes clearly defined procedures for individuals to seek redress in instances of unfair or inappropriate conduct by employees or the Company. The organisation maintains a multi-tiered, accessible, and confidential grievance management framework designed to ensure timely and fair resolution of concerns.

Process Overview

At the estate level, grievances are primarily addressed through weekly meetings held every Wednesday, providing an open and structured forum for dialogue between employees and management. Managers or Assistant Managers are empowered to resolve concerns at source, with more complex matters escalated to Head Office where necessary.

The Company fosters an open-door culture, with both executive and non-executive employees having direct access to the Head of HR and the wider HR leadership team to raise work-related or personal concerns at any time.

A designated Grievance Committee constituted based on industry knowledge, impartiality, accessibility, and gender sensitivity reviews formal grievance submissions. Committee contact details are prominently displayed in muster sheds and communicated through internal channels to ensure accessibility.

Employees may also raise concerns through multiple channels, including immediate supervisors, suggestion boxes, direct verbal or written communication to senior management, and digital communication platforms at the divisional level.

Human Rights, Ethics and Labour Governance Metrics

	2025/26	2024/25
Incidents of Discrimination	Zero	Zero
Sexual harassment cases requiring formal adjudication	Zero	Zero
Incidents of Child Labour	Zero	Zero
Incidents of Forced or Compulsory Labour	Zero	Zero
Employees covered by Collective Agreements	98.6%*	98.6%*
Minimum Notice Periods for Operational Changes	1 month (is specified in agreement)	

**Excludes executives*

Prevention of Forced or Compulsory Labour

GRI 408-1, 13.16.1, 13.16.2, 13.17.2, 13.20.1

KVPL maintains a strict zero-tolerance policy towards forced or compulsory labour across all its operations and value chain. All recruitment is voluntary, based on informed consent, and conducted in full compliance with applicable national labour laws and internationally recognised standards, including those of the International Labour Organization and the United Nations Global Compact.

Employees are recruited through a transparent and structured process, with terms and conditions of employment clearly communicated prior to contract finalisation. This ensures that individuals enter into employment freely and with a full understanding of their rights, responsibilities, and entitlements.

Beyond regulatory compliance, KVPL reinforces ethical labour practices through robust governance and oversight mechanisms. HR teams and estate management are responsible for monitoring recruitment practices and ensuring adherence to established protocols across all locations. Regular internal reviews and audits are conducted to identify, assess, and mitigate any potential risks related to forced or involuntary labour.

KVPL also extends its commitment across the value chain by actively engaging with suppliers and business partners to uphold responsible labour standards. Through awareness programmes and continuous engagement, the Group promotes ethical practices and ensures alignment with its human rights principles.

These efforts are integrated into KVPL's broader ESG framework, recognising that responsible labour practices are fundamental to sustainable plantation management and long-term value creation.

The Company's commitment to ethical recruitment practices is fundamental to its values and reinforces its broader responsibility to uphold human rights across its operations and value chain.





During the year under review, no incidents of forced or compulsory labour were reported across KVPL's operations or value chain.

Anti-Sexual Harassment Framework

GRI 406-1,13.15.4

Recognising that women constitute the majority of KVPL's estate workforce, the prevention of sexual harassment remains a key priority. A dedicated Anti-Sexual Harassment Oversight Committee is in place to manage complaints proactively, following a confidential, fair, and structured process. This includes accurate documentation of complaints, impartial investigations, clear communication of rights, provision of both informal and formal resolution pathways, and full protection of complainants against retaliation.

Ongoing awareness sessions, visual reminders, and educational materials reinforce a zero-tolerance approach across all estates.

Update on 2025/26: No incidents of discrimination were reported during the year. Additionally, no sexual harassment cases requiring formal committee adjudication arose during 2025/26. The grievance management system functioned effectively, with all concerns addressed through established resolution mechanisms at the estate or Head Office level.

GRI 205-1, 205-2

All KVPL operations are regularly assessed for risks related to corruption as part of our enterprise risk management process. We follow the Hayleys Group's Anti-Corruption Policy, which is communicated to all employees and relevant stakeholders. Training on anti-corruption practices is provided to key personnel to ensure full awareness and compliance.

Diversity, Equity and Inclusion (DEI): The Foundation for Our Future

GRI 13.15

At KVPL, we are proud to lead an industry shaped by a richly diverse workforce spanning generations, genders, ethnicities, religions, educational backgrounds, and socioeconomic contexts. This diversity is one of our greatest strengths and a cornerstone of our Human Capital strategy.

The Company has implemented inclusive policies and made targeted investments in social capital to foster a cohesive, collaborative "One Team" culture across all levels of the organisation. Recognising and responding to the distinct needs, values, and aspirations of different demographic groups, particularly across age cohorts, is essential to our ability to attract, retain, and develop talent.

Guided by formal policies, national labour laws, and internationally recognised best practices, KVPL maintains a strict zero-tolerance approach to discrimination in any form. We are committed to creating a workplace where all employees are treated with dignity, fairness, and respect, regardless of gender, background, beliefs, or any other protected characteristic.

All employees are provided with equal access to training, career development opportunities, and progression pathways, ensuring inclusive growth across all workforce segments.

The Company also places strong emphasis on fostering an inclusive culture through awareness and capacity-building initiatives. Managers and supervisors are trained to uphold DEI principles, promote respectful workplaces, and proactively prevent discrimination and bias in day-to-day operations.

KVPL's commitment to DEI extends beyond its direct workforce to its value chain. The Company actively engages with suppliers and business partners to promote responsible practices and alignment with its human rights and inclusion standards.

Through these initiatives, KVPL continues to strengthen a unified, high-performing workforce built on trust, respect, and shared purpose.

During the year under review, no incidents of discrimination were reported across KVPL's operations or value chain

GRI 406-1, 13.15

By embracing diversity and embedding principles of equity and inclusion, KVPL strengthens both organisational performance and the long-term resilience and sustainability of its workforce.

Ratio of Basic Salary between Men and Women

GRI 405-2,13.15.3

Our remuneration and benefits framework is aligned with applicable labour laws and industry best practices, and is structured based on employees' job roles, qualifications, experience, and



performance. KVPL is firmly committed to gender equality in remuneration, ensuring that female employees receive the same entry-level basic salary as their male counterparts, thereby maintaining a 1:1 pay ratio across all staff categories.

Overall, there is no material disparity in basic salary or wage scales between male and female employees, reflecting the Company's commitment to fair, equitable, and non-discriminatory compensation practices.

Living income and living wage

GRI 13.21.1, 13.21.2, 13.21.3

KVPL is committed to ensuring fair, equitable, and responsible compensation practices that support the economic wellbeing of its workforce. Our remuneration structures are aligned with applicable labour regulations, industry standards, and evolving expectations around sustainable and inclusive employment.

Human Rights

GRI 2-30,407-1, 409-1,13.16.2, 13.18.2

KVPL is committed to upholding human rights and ethical labour practices across all its operations, with a strong emphasis on the prevention of forced or compulsory labour. The Company respects every employee's fundamental







right to freely choose their employment without coercion, threats, or intimidation. All terms and conditions of employment including engagement, resignation, and termination are clearly communicated in accordance with national labour laws and internationally accepted ethical standards.

KVPL fully upholds the right to freedom of association and collective bargaining. Approximately 98% of the estate workforce is represented by recognised trade unions, with formal collective agreements in place to facilitate structured engagement and transparent communication on matters relating to wages, working conditions, and operational decisions.

A comprehensive Occupational Health and Safety (OHS) framework is implemented across all estates, aligned with Company policies and collective agreements. Safety procedures and guidelines are communicated in employee-friendly languages, including Sinhala and Tamil, and are reinforced through regular training and awareness programmes to ensure safe and healthy working environments.

The Company promotes an open and transparent workplace culture through a well-established grievance redressal mechanism. Employees are encouraged to raise concerns through multiple channels, including estate management and HR representatives, ensuring timely, fair, and consistent resolution of issues. Continuous engagement platforms further strengthen communication and trust between employees and management.

During the year under review, no grievances, legal actions, or non-monetary fines related to labour or human rights violations were reported across KVPL's operations.

KVPL does not compel any employee to work against their will, and no incidents of forced or compulsory labour were recorded across its operations or value chain during the reporting period. Compliance is supported through internal monitoring mechanisms and periodic reviews, ensuring ongoing adherence to human rights principles and ethical labour standards.



Employee Relations

GRI 2-25,26,30 | 402-1, 407-1, 13.18.1
13.18.2,13.21.1,13.21.2,13.21.3

KVPL places strong emphasis on fostering open communication, mutual trust, and constructive employee relations across all levels of the organisation. As a large employer with over 7,000 employees, the Company is committed to maintaining transparent and structured engagement mechanisms that strengthen relationships between management, employees, and trade unions.

KVPL adopts a collaborative, win-win approach to employee relations, guided by the principles of the United Nations Global Compact, of which the Company is an early signatory. This ensures that labour practices are fair, responsible, and aligned with internationally recognised standards.

Freedom of association and collective bargaining are fully upheld across all operations and suppliers. Approximately 98.6% of employees (excluding executives) are covered under worker and staff collective agreements. These agreements play a critical role in governing wages, incentives, and working conditions, while facilitating structured and transparent engagement between employees and management.

Minimum notice periods of one month are provided for significant operational changes, in line with collective agreements. Executives are informed through formal corporate communication channels, while estate-level updates are disseminated through structured notice systems. Engagement with trade unions is sustained through regular monthly meetings, ensuring continuous dialogue and consultation.



Employee Health, Safety (OHS) and Wellbeing

GRI 403-1, 2, 3, 4, 5, 6, 7, 8, 9,10, 13.19.1
13.19.2, 13.19.3, 13.19.4 13.19.5,
13.19.6, 13.19.8, 13.19.9,13.19.10
13.19.11 FB-AG-320a.1

KVPL formally broadened its occupational Health framework from "Occupational Health and Safety" to "Health, Safety, and Wellbeing" a shift in terminology that reflects the Company's longstanding and holistic approach to the physical, mental, and social wellbeing of its workforce and their families. The scope of this framework extends beyond employees to encompass the wider estate community of over 58,000 individuals.

The Manager, Human Resource Development and Health, reporting directly to the Head of HR, leads a network of over 100 HRD personnel across all estates, supported by Health and Safety Committees. An annual health and wellbeing plan is developed based on systematic risk identification and assessment.







Key wellbeing initiatives during the year included pre-employment health screening; provision of personal protective equipment (PPE) for all hazardous roles; regular fire drills and first-aid training; the introduction of ergonomically designed harvesting baskets; antenatal and postnatal care clinics; immunisation and deworming programmes; eye care camps; dental clinics; and targeted health screening for pesticide handlers.

KVPL recorded a Total Recordable Incident Rate (TRIR) of 6.96, a Fatality Rate of 0.04, and a Near Miss Frequency Rate (NMFR) of 5.40 across its workforce. These metrics were calculated in accordance with internationally accepted occupational health and safety methodologies using total man-days worked converted into total hours worked.

The Company recorded 77 first aid injury cases, 97 occupational injuries resulting in lost days, 135 near miss incidents, and 1 work-related fatality during the reporting period. The reported injuries primarily consisted of workplace operational injuries associated with estate field activities, factory operations, harvesting, tapping, material handling, slips, trips, falls, and other routine plantation-related occupational activities.

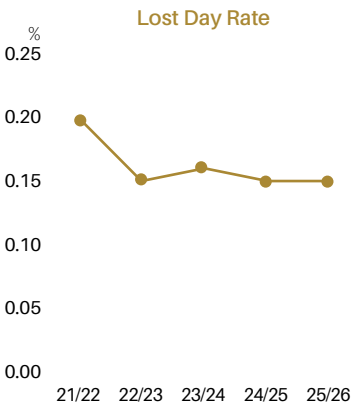


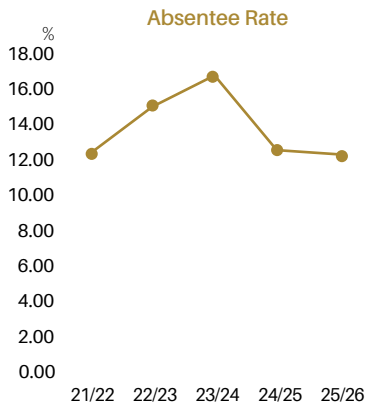


OHS Indicator	2025/26	2024/25
Injury Rate (IR)	0.12%	0.13%
Occupational Decease rate (ODR)	0.01%	0.01%
Lost Day Rate (LDR)	0.16%	0.15%
Absenteeism (AR)	12.08%	12.50%
Work related fatalities	1	0
Workers in high risk situations	N/A	N/A
Work-related ill health	0	0

At a Glance: Health, Safety and well-being Activities GRI 403:3,403:5, 403:6

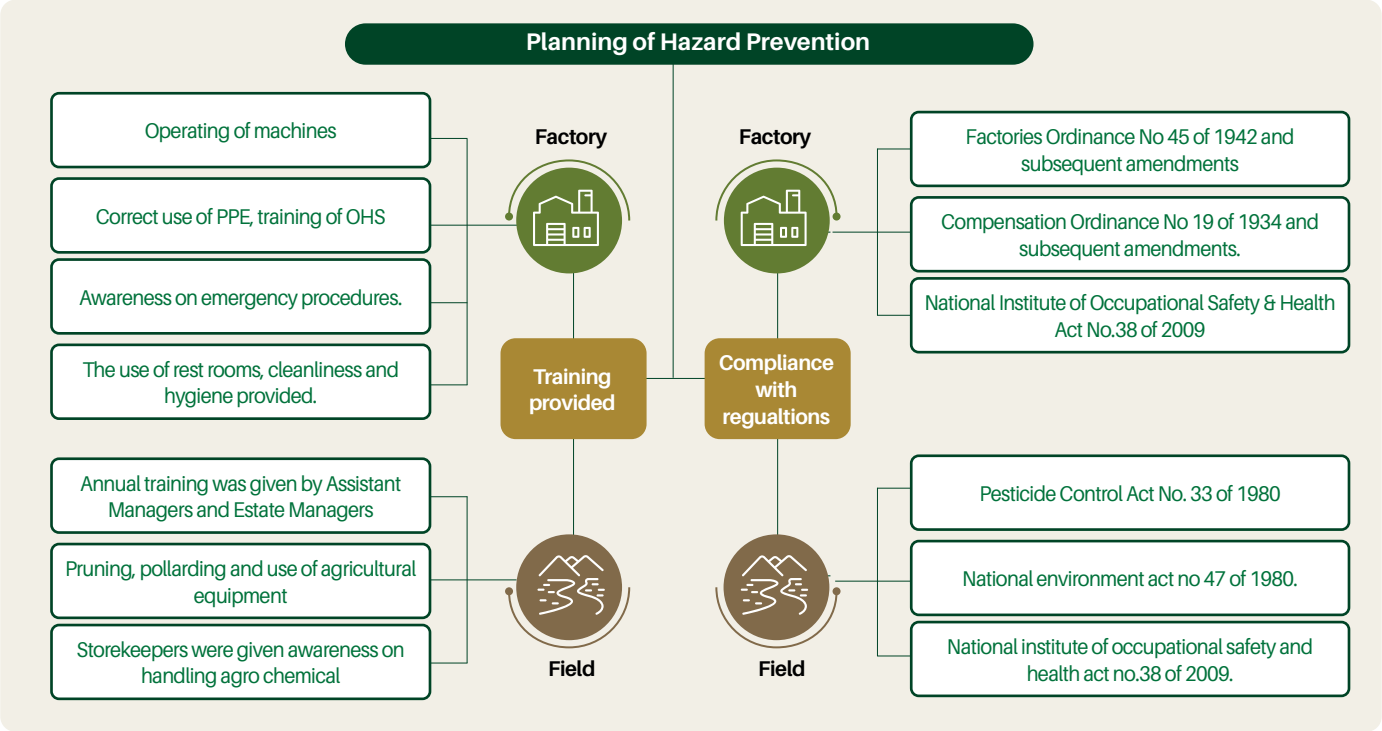






Probable Occupational Hazards as Identified at the OHS Risk Assessment

GRI 403:1-8



Hazard	Person at risk	Risk Rating			Risk Factor	Existing control measures
		P	E	S		
Factory						
Accidents caused by machinery (rotating parts and sharp edges) (Physical)	Machine operators	2	2	4	M	Use of safety signage Trained workers Dangerous parts are guarded Install full machine guarding with interlock system/ Emergency stop buttons /vibration detection system/ Provide ear guards or ear plugs to avoid high noise destruction.
High Noise in machine (Physical)	Mechanic /machine operators	2	3	4	M	Installed enclosures Use of PPEs is mandatory
Poor illumination (Physical)	All workers	1	3	3	L	Improvement of Illumination
Fluff level (Physical)	Dry workers	1	3	3	L	Use of PPEs is mandatory
Boiler, Air Receiver & Pneumatic Hydraulic Vessel						
Explosion cause heavy damage. (Physical)	Operator and all round it.	2	5	10	H	Provide PPE's, training and inspection
Fire Safety						
In case of a fire (Physical)	All workers and property	2	3	6	M	Fire Risk Assestment Fire extinguishers provided & procedure implemented Fire team is formed & training provided
Chemical Spraying						
Agro application (chemical)	Chemical sprayers Community	2	3	6	M	Use of PPEs is mandatory, bathing facilities given Health screening done

P – Probability (How likely is the hazard to occur?)

E – Exposure (How often are people exposed to the hazard?)

S – Severity (What is the potential severity of harm?)

Employee Wellbeing

Enhancing Workplace Hygiene and Wellbeing Infrastructure:

We recognise that empowerment begins with ensuring that basic needs are met. In 2023, KVPL identified a critical gap in hygiene infrastructure for female workers, many of whom spend long hours in the field with limited access to adequate facilities. In response, the Company initiated the construction of low-cost, eco-friendly hygiene stations using sustainably sourced bamboo. The initiative was continued during the year, with progress outlined in the table below.

	2025/2026	2024/25
New hygiene stations constructed	5	97
Total no of Hygiene stations	102	97
No of women benefitting from hygiene stations	3,434	3,589

KVPL recognises its unique responsibility not only to its employees but also to their families. Accordingly, its human capital strategies are closely interwoven with community upliftment initiatives, enabling shared value creation. Beyond fostering goodwill, these efforts contribute to improved employee retention and productivity by enhancing overall quality of life.

In this context, KVPL has identified **06 Key Value Drivers** (elaborated in the Social Capital section) that support inclusive growth and sustainable productivity:

- Zero anaemia and maternal and child malnutrition.
- Achieving 100% workforce attendance to enhance income-earning potential.
- Supporting family and child development to enable long-term prosperity.
- Maintaining clean and organised living and working environments.
- Promoting nutrition and healthy lifestyles to improve wellbeing.
- Strengthening training, development, and talent retention to unlock human potential and increase earning capacity.

Impacts of Pesticide Use and Training for Pesticide Handlers

GRI 403-2, 403-5, 13.6.1, 13.19

KVPL is fully committed to minimising the health and environmental impacts associated with pesticide use. To safeguard employees involved in the handling and application of agrochemicals, the Company has implemented a comprehensive safety framework designed to mitigate risk and promote occupational wellbeing.







Key measures include:

- Annual health and safety training programmes specifically tailored for pesticide handlers
- Mandatory medical examinations to monitor and safeguard employee health
- Provision of appropriate Personal Protective Equipment (PPE) to ensure safe application practices
- Access to bathing facilities and first-aid kits for spraying teams to address any immediate exposure risks
- Clear display of pesticide labels and first-aid instructions in local languages at all chemical storage sites

These measures collectively reinforce KVPL's commitment to responsible agrochemical management and the protection of employee health and safety.

4. Employee Motivation and Satisfaction

GRI 13.19.7

REWARDS AND RECOGNITION

Great Place to Work" Certification – 5th Consecutive Year

KVPL has been recognised as a "Great Place to Work" for the fifth consecutive year, becoming the first Regional Plantation Company (RPC) to achieve this distinction in successive years.



Employee Trust Index 2026/27

Credibility	Respect	Camaraderie	Pride	Fairness
Communication	Support	Intimacy	Personal Job	Equity
Competence	Collaborating	Hospitality	Team	Justice
Integrity	Caring	Community	Company	Impartiality
97%	97%	97%	98%	97%



Great HR Award – Plantation Sector (Gold)

LMD
THE VOICE OF BUSINESS

LMD Most Awarded Oraganisation in Sri Lanka Overall Ranked No. 3



South Asian Business Excellence Awards 6 Prestigious Awards Including: HR Leadership Award- Best Employer Brand in the Agro Food Industry Award

KVPL ROAD AHEAD TOWARDS HUMAN CAPITAL

SHORT TERM



- Strengthen digital HR capabilities through enhanced utilisation of the Oracle Fusion HCM platform, improving employee experience, data-driven decision-making, and workforce analytics.
- Expand employee wellbeing initiatives, including health, safety, and mental wellbeing programmes across estates and corporate locations.
- Enhance performance-driven recognition programmes to further motivate and engage employees across all workforce categories.

MEDIUM TERM



- Develop structured career progression and internal mobility pathways to support skill development and cross-functional exposure.
- Expand the Revenue Share Model (RSM) across additional estates to enhance productivity, employee ownership, and income generation.
- Strengthen youth engagement initiatives to attract and retain the next generation of plantation talent through training, digital integration, and career development opportunities.

LONG TERM



- Establish a comprehensive leadership development framework to build future-ready leaders capable of driving sustainable plantation management.
- Advance workforce transformation through increased digitalisation, automation, and adoption of smart plantation technologies .
- Embed ESG and sustainability principles more deeply into Human Capital strategies, with a focus on inclusive growth, community upliftment, and long-term workforce resilience .

KVPL's Human Capital strategy is forward-looking and structured across short, medium, and long-term horizons, ensuring continuous workforce transformation, enhanced employee value creation, and long-term organisational resilience.

Social & Relationship Capital

Empowering People, Strengthening Communities, Creating Shared Value



Social capital is the strength of our relationships with our customers, communities, suppliers, and partners. It is built on trust, respect, inclusivity, and collaboration. At KVPL, we are committed to uplifting lives, empowering our people, and fostering sustainable development in every community we serve.

Our Approach

We engage meaningfully with stakeholders, invest in community wellbeing, promote education and health, support livelihoods, and nurture long-term partnerships that create lasting positive impact.

Capital Impact

- Financial Capital
- Intellectual Capital
- Human Capital
- Natural Capital

Our Key Focus Areas

- **Education & Youth Development**
- **Health & Wellbeing**
- **Community Engagement & Infrastructure**
- **Livelihood & Economic Empowerment**
- **Partnerships For Impact**

Social KPI Targets 2026/27

≥58,000	≥7,000	≥92,000	≥100	100%
Lives Impacted	Youth Trained & Empowered	Health & Nutrition Beneficiaries	Homes Built/ Upgraded	Supplier Compliance & Partnerships

SDG Targets

KVPL's Social Capital constitutes its Customers, the diverse external partnerships, Suppliers and the Community. KVPL recognises that sustainable value creation is intrinsically linked to the wellbeing and resilience of the communities in which it operates. As a plantation Company with deep-rooted estate communities, KVPL adopts a holistic and integrated approach to Social Capital, focusing on improving living standards, empowering individuals, and fostering inclusive and sustainable development.

Our Social & Relationship Capital

Community

- Estate communities exceeding 58,000 people
- Children, youth, women and families
- Inclusive community wellbeing and development

- Education, digital literacy and youth empowerment
- Health, nutrition and child protection
- Housing, water, sanitation and infrastructure
- Livelihoods, food security and financial inclusion
- Environmental stewardship and community wellbeing

Customers

- Brokers and trade buyers
- Exporters and international buyers
- Retailers, distributors and end consumers

- Premium product development and market diversification
- Sustainability-led positioning and purpose-driven products
- Niche marketing and value-chain ascension
- Buyer engagement, tea tasting and experiential branding
- Digital traceability, information security and customer trust

Suppliers

- Tea and rubber smallholders
- Fertiliser and agri-input suppliers
- Packaging and other service providers

- Sustainable and resilient supply chain
- ESG alignment and responsible sourcing
- Elevating supplier standards and compliance
- Quality assurance and supply continuity

External Partners & Other

- Universities and R&D institutions
- Government, standards and regulatory bodies
- NGOs and international organisations

- Capacity building for sustainable plantations
- Research, innovation and digital inclusion
- ESG leadership and multi-stakeholder collaboration
- Community, child and environmental initiatives
- Upscaling impactful projects and value chain development

Key Business Strategies Shaping Social Capital Engagement & Impact in 2025

KVPL's Social Capital is rooted in the strength of its relationships with customers, a diverse network of external partners and suppliers, and the communities in which it operates. The Group recognises that sustainable value creation is not achieved through isolated actions, but through the careful coordination of every element of the business ecosystem.

COMMUNITY

Priority Areas for Community Impact & Engagement in 2025

- Digital literacy
- Technology education
- Education of children and youth
- Promotion of NextGen Agri Biz model
- Health & Wellbeing with a shift towards proactive wellbeing
- Upliftment of community infrastructure
- Inspiring community based Environmental stewardship

Guided by this philosophy, KVPL adopts a holistic approach to social sustainability, where community upliftment is not a parallel initiative but an integral part of its strategic imperatives. By embedding social considerations into its value creation journey, the Group enhances quality of life, strengthens employee retention, and supports sustained productivity across its operations reflecting its commitment to doing things the "Right Way".

The interwoven nature of community and people impacts is particularly significant in KVPL's context. Unlike many enterprises, the Group's workforce is deeply connected to the surrounding communities, who not only work within its estates but also reside in them. Our "Community" extends beyond our direct workforce of 7,088 direct employees – to over 58,000 individuals. This scale and the unique dynamic elevates the importance of meaningful and continuous community engagement. In this regard, maintaining a strong social license to operate is not merely a responsibility, but a vital strategic driver that underpins KVPL's long-term success. Thus, it underscores the importance of embedding social sustainability at the core of our Value Creation model.



Through its commitment to "doing it the right way," KVPL continues to foster inclusive growth, ensuring that its progress is shared with the communities that form the foundation of its Social Capital.

GRI 413-1

Accordingly, community development and engagement programmes and social impact initiatives are implemented at all our estate operations, covering 100% of our operational sites. They include youth empowerment projects, targeted capacity-building programmes aligned to Social Capital goals, proactive wellness programmes and our flagship "A Home for Every Plantation Worker" initiative.

Selection of Social Sustainability Initiatives

KVPL's social sustainability initiatives are deeply embedded within its strategic planning framework, ensuring that community impact and business priorities evolve in tandem. Every four years, the Company undertakes a comprehensive strategy development process through structured, cross-functional workshops that bring together employees at all levels from senior management to field workers. These sessions are designed to actively surface ideas that advance community wellbeing, workforce empowerment, and inclusive development.

Proposed initiatives are then systematically evaluated for their ability to address community needs, promote equitable growth, and strengthen the long-term sustainability of Tea and Rubber operations. Projects are prioritised through a transparent mapping process that considers organisational strengths, stakeholder relationships, and potential impact. Reflecting the Managing Director's open and inclusive communication approach, grassroots insights play a pivotal role in shaping strategic direction, ensuring that decisions are both grounded and forward-looking.

Evaluating the Effectiveness of Our Social Sustainability Initiatives

KVPL has established structured mechanisms to monitor and evaluate the effectiveness of its social sustainability initiatives, ensuring that programmes deliver meaningful and measurable impact. Projects are assessed against predefined Key Performance Indicators (KPIs), with regular reviews conducted by both management and the Board to maintain accountability and strategic alignment.

Selected initiatives also undergo social impact assessments to evaluate outcomes, identify areas for improvement, and ensure consistency with long-term sustainability objectives. Continuous monitoring and feedback loops further support the refinement and scalability of programmes.

Key evaluation tools include employee perception assessments such as the Great Place to Work Survey, as well as targeted surveys conducted across estates, enabling KVPL to incorporate stakeholder insights into ongoing programme development.

Monitoring & Evaluation

We maintain robust systems to evaluate the effectiveness of our social initiatives:

- KPI-based performance tracking
- Regular management and Board-level reviews
- Social impact assessments for selected programmes
- Stakeholder feedback tools (e.g. employee and community surveys)

This ensures continuous improvement, scalability, and alignment with long-term goals.

Key Challenges Influencing Social Capital Management Strategies in 2025

KVPL's Social Capital Management strategies as well as some of its Human Capital strategies in 2025 continued to be shaped by a range of socio-economic and operational challenges affecting estate communities and broader stakeholder ecosystems.

- **Disaster Impact on Estates (DITWAH):** Several estates experienced significant economic and social disruption due to external shocks, increasing vulnerability among plantation families. This necessitated urgent welfare interventions, including rice distribution and targeted support, while also highlighting gaps in household resilience and food security.

- **Rising Cost of Living:** Ongoing inflationary pressures have reduced purchasing power among estate workers, increasing reliance on Company-led welfare support and reinforcing the need for sustainable livelihood interventions.

- **Healthcare Accessibility:** Despite existing healthcare programmes, ensuring consistent and equitable access to quality medical services across geographically remote estates remains a persistent challenge.

- **Youth Migration and Engagement:** Retaining youth within plantation communities continues to be difficult due to limited access to attractive employment and development opportunities, impacting long-term community sustainability. Limited resources for scaling large-scale initiatives continue to present a constraint in expanding the reach and depth of KVPL's social sustainability programmes.

- **Gender-Specific Needs:** Addressing longstanding gaps in women's health, sanitation, and empowerment requires continued investment, alongside sustained behavioural and cultural change within communities. Ensuring consistent and effective delivery of social initiatives across geographically dispersed estates poses ongoing operational challenges.

- **Stakeholder Coordination Complexity:** Effective engagement with multiple stakeholders including government bodies, NGOs, and development partners requires stronger alignment, coordination, and monitoring to optimise impact and efficiency.

- **Supplier and Value Chain Pressures:** External economic conditions have intensified cost and supply chain pressures, necessitating closer collaboration with suppliers while maintaining ethical sourcing and sustainability standards.

These challenges continue to inform KVPL's approach to strengthening resilient, inclusive, and sustainable estate communities through its Social Capital strategy.

Our social initiatives are embedded within a structured strategic planning process conducted every four years.

- Cross-functional workshops engage employees from all levels
- Grassroots insights are actively incorporated
- Initiatives are evaluated based on:
  - Community needs
  - Alignment with business priorities
  - Long-term sustainability impact

Projects are prioritised through a transparent mapping process and integrated into operational plans with clear accountability.

While many strategies addressing challenges such as youth migration are discussed under Human Capital, certain initiatives also extend into the community sphere. For instance, the Next-Gen Career Pathway programme incorporates broader community engagement elements, helping to bridge aspirations of estate youth with emerging employment and development opportunities. This integrated approach reinforces KVPL's commitment to creating sustainable pathways that connect individual growth with community upliftment.







'A Home for Every Plantation Worker"

GRI 13.12,203-1,203-2,413-1,13.9.1

A HOME FOR EVERY PLANTATION WORKER

TM 2006 Kelani Valley Plantations Limited





Our flagship community upliftment initiative continued into its 19th year. Launched in 2006 as a transformative initiative with a simple yet power goal to ensure that every plantation worker has a place to call home, KVPL has helped 19,634 workers to date, in making home ownership a reality. This year, we expanded beyond basic housing to include infrastructure such as sanitation and electricity.

In alignment with KVPL's values of shared prosperity, we continue to finance this initiative through the sale of our single-origin tea products. Each pack bearing the "A Home for Every Plantation Worker" logo contributes Rs. 1.50 per kilogram directly to the housing fund, allowing consumers to become active participants in our mission of community upliftment. It thus stands as a benchmark in the sector, highlighting the company's proactive role in addressing critical social needs while fostering deeper engagement between our customers and the communities behind our products.

In alignment with KVPL's holistic approach to driving impact through its initiatives, the project is strategically focused on four key areas: Living Environment, Health & Nutrition, Community Capacity Building, and Youth Empowerment. These focus areas ensure a well-rounded and inclusive approach to sustainable development. Beyond its internal efforts, the Company remains committed to actively engaging with external communities, fostering mutually beneficial and long-term partnerships. This outreach, which harnesses synergies with a range of external stakeholders, is structured across five key pillars, as illustrated below.

Through this approach, KVPL aims to create shared value and deliver sustainable impact not only within its estates but also across neighbouring communities and the wider society.







INTERNAL DRIVERS OF SUSTAINABLE IMPACT

Living Environment

- Upgrading & Rehabilitating: Reconstructing traditional worker housing to modern, dignified living standards.
- Infrastructure & Utilities: Providing reliable electricity grid access to all housing and residential quarters.
- Water & Sanitation: Upgrading existing water schemes and installing comprehensive new water delivery systems.
- Access & Connectivity: Improving and resurfacing access roads leading directly to worker housing settlements.
- Workplace Comfort: Provisioning modern factory and field restrooms to enhance daily operational conditions.
- Community Infrastructure: Establishing rural agency post offices within plantation boundaries for seamless communication.

Health & Nutrition

- Preventative Healthcare: Conducting regular health and nutrition checkups, including immunizations and maternal-elder care.
- Development Monitoring: Tracking early childhood physical and nutritional milestones through estate clinics.
- Emergency Medical Support: Deploying shared, localised ambulance services across estate clusters for rapid response.
- Early Childhood Care: Maintaining vibrant Child Development Centres (crèches) to support working parents.
- Comprehensive Medical Care: Providing accessible medical facilities equipped to handle major healthcare requirements.
- Basic Community Care: Ensuring consistent, everyday medical assistance for all resident plantation communities.

Community Capacity Building

- Financial Empowerment: Partnering with Estate Worker Housing Cooperative Societies (EWHCS) to offer micro-financing.
- Educational Financing: Extending direct, low-interest loan facilities to support higher academic pursuits.
- Micro-Enterprise Training: Offering specialised training and guidance for small business and entrepreneurial management.
- Household Literacy: Delivering targeted household cash management and financial literacy programmes.
- Vocational Skilling: Conducting structured bridal, beauty care, and local livelihood development workshops.
- Sustainable Subsidies: Promoting and training communities in self-sufficient home gardening practices.

Youth Empowerment

- Ethical Safeguards: Monitoring youth development (ages 5–18) strictly in line with international ILO standards.
- Skill Diversity: Running vocational training programmes to build a resilient, multi-skilled next generation.
- Foundation Learning: Establishing and maintaining primary school, nursery, and early education facilities.
- Language & Tech Literacy: Organising ongoing English language and foundational computer literacy classes.
- Talent Pipelines: Provisioning corporate internships to selected high-performing youth from the estates.

EXTERNAL IMPACT PILLARS

Community Learning & Education

- Academic Recognition: Offering merit-based scholarships to outstanding Grade 5, O/L, and A/L students.
- Digital Inclusion: Expanding digital learning infrastructure and e-learning hubs through DP Education platforms.
- Crisis Assistance: Deploying dedicated transport facilities for examination students during national fuel and logistics crises.

Community Health & Wellbeing

- Ecosystem Conservation: Driving localised preservation via the flagship Kelani Valley Protectors Initiative.
- Nutritional Security: Introducing innovative, high-yield "Home Gardening" concepts to surrounding villages.
- Ethical Value Chains: Adhering to the Mother and Child Friendly Seal for socially responsible business practices.

Suppoprt to Green Economy

- Youth Advocacy: Establishing active Green Clubs in local schools to foster early environmental consciousness.
- Climate Awareness: Implementing the "Weather Kids" initiative to build climate and weather literacy.
- Sustainable Forestry: Developing and expanding commercial and ecological Agroforestry Models.

External Community Relationship

- Socio-Cultural Unity: Hosting collaborative cultural celebrations to bridge internal and external estate communities.
- Socio-Environmental Synergy: Enabling external stakeholder participation in localised socio-environmental projects.
- Natural Resource Stewardship: Protecting, mapping, and maintaining the pristine natural ecosystems on our plantation lands.

Corporate Value Sharing

- Academic Synergy: Partnering with Universities and intellectual hubs to exchange practical and advanced research.
- Knowledge Management: Running R&D pipelines with University students to derive mutually beneficial socio-environmental outcomes.
- Professional Development: Conducting the KVPL Technical Skills Development Program to award NVQs to office staff.

Kelani Valley Plantations PLC

CSR Summary (2025/26)

Description of work	Total	
Category 1 : Community Capacity Building	Details/ Programmes/ Units	No. of Beneficiaries
Talent Building	24	13,008
Gender based Violence awareness programs for Men	47	
Gender based Violence awareness programs for Female	134	
Prevention of Alcoholism programs	80	
Household Cash Management Program	32	
Number of Differently abled/special need persons	34	
Number of Differently abled Employees	25	
Home Gardening	71	
SDG/ESG Programme	257	
Other	34	
Category 2 : Empowerment of Youth	Details/ Programmes/ Units	No. of Beneficiaries
Vocational Training		7,054
- Bridal & beauty care	32	
- Sewing classes	67	
- IT	14	
- Self Employment	44	
- Cookery	46	
Training for Small Business Management	139	
Youth Clubs	41	
Children's Club	28	
Category 3: Living Environment	Details/ Programmes/ Units	No. of Beneficiaries
New houses built (# units)	6	41,334
Access roads (km)	10	
Water schemes (No of units)	56	
Sanitation - toilets (# units)	16	
Upgrading staff quarters (# units)	3	
Electrification (# housing units)	51	
Field rest room (# units)	6	
Factory rest room (# units)	7	
Any special projects (# units) Issuing gas cooker+cylinders	9	

Description of work	Total	
Category 4: Health & Nutrition	Details/ Programmes/ Units	No. of Beneficiaries
Free feeding program (no. of participants Age category 1 -10 years)	479	92,402
Daycare extended to children	596	
Supplementary feeding program (# Children)	324	
Health & hygiene monitoring & intervention (# program)	339	
No. of mothers registered	208	
No. of pregnant mothers under care	295	
No. of participants for Antenatal Clinics/ Postnatal Clinics	318	
No. of Births	191	
No. of patients Vehicle Transport	30	
Logistic support (km)	275	
Eye care operations		
- Cataract	9	
- Spectacles	42	
- Clinics	1	
Dental Clinics	24	
Children's Clinic	147	
Child Protection Programme/ Maternal Care	51	
Elder's Clinic	98	
Health Camps	27	
Ayurvedic Clinics	42	
De-Worming Programme	17	
Iron supplimentry program	76	
Oral Cancer Programmes	38	
Personnal Health & Hygienic Inspection programmes	147	
OHS programme	447	
First Aid training programmes	45	
Total no immunized (BCG, OPV, Penta, JE, MV, MR,Rubella, DT, TT, DPT, others)	240	
Annual CSR Investment (LKR)		194,258,151.00

GRI 413-1

KVPL has implemented community engagement, development programs, and social impact initiatives in 100% of our estate operations. These programs include our flagship "A Home for Every Plantation Worker" initiative, youth empowerment projects, and targeted capacity-building programs aligned to Social Capital goals.

As such, we confirm that 100% of our operational sites involve local community engagement and development programs.

Supporting Communities in Times of Crisis: Response to Cyclone Ditwah

Reaching out to communities impacted by, or vulnerable to, the effects of Cyclone Ditwah in November 2025 was a key corporate sustainability initiative undertaken by KVPL during the year. The crisis brought by this natural disaster further underscored existing disparities in food security and household resilience within plantation communities, particularly in their ability to withstand and recover from catastrophic events.

Disaster Impact and Infrastructure Damage

The cyclone caused localised but severe disruption across KVPL's operational footprint, primarily impacting estate housing and infrastructure within the Nuwara Eliya and Kegalle districts. Across 25 unique KVPL estates, the structural impact was meticulously assessed to deploy targeted recovery efforts:

- Housing Asset Impact: The severe weather resulted in total housing losses on selected estates, with units completely destroyed at Pedro and Ingestre estates. Strong winds and fallen trees caused extensive partial structural damage, most notably affecting 56 houses at Halgolla estate and 8 houses at Robgill estate.



Key Relief Metrics

Beneficiaries
453
families (1,834 individuals)

Total Rice Distributed
4,530kg
(10 kg per family)

Nuwara Eliya Region
316
families | **1,364** members | **3,160 kg** of rice

Hatton Region
137
families | **470** members | **1,370 kg** of rice





- Internal Flooding & Displacement: Flash floods and water ingress caused significant damage to internal household assets, furniture, and electrical items, heavily impacting 31 households in Halgolla and 19 in Pedro. Precautionary displacement and temporary relocation of goods were executed for several families to ensure safety, followed by deep-cleaning interventions.

- Infrastructure Disruptions: Critical field infrastructure faced disruptions due to earth slips and severe weather. Key incidents included a 20-meter retaining wall collapse at the Annfield Deputy Manager's Bungalow and 30 meters of field road damage, alongside localised damage to estate line rooms and factory premises.

Mobilized Relief and Welfare Delivery

In immediate response to the urgent humanitarian needs identified across the regions, KVPL mobilised rapid relief efforts, distributing essential food rations and welfare support across 13 key estates (Oliphant, Edinburgh, Pedro, Nuwara Eliya, Glassaugh, Uda Radella, Annfield, Battalgalla, Fordyce, Invery, Ingestre, Robgill, and Tillyrie).

This intervention aimed to provide timely, direct assistance to affected households while reinforcing the Group's commitment to safeguarding community wellbeing during periods of crisis.





Partnerships with External Stakeholders:

KVPL's external relationships across academia, government bodies, UN agencies, and NGOs remain vital to its value creation model, embodying SDG 17 Partnerships for the Goals. Grounded in trust and shared purpose, these multi-stakeholder collaborations enable KVPL to amplify its sustainable impact by leveraging complementary strengths, technical expertise, and resource mobilisation.

- **Synergistic Impact:** Drives win-win outcomes that strengthen the interconnectivity of KVPL's capitals (Social, Natural, and Intellectual) to secure long-term performance.
- **Academic and R&D Collaboration:** Links with Universities and specialised research institutions to access cutting-edge knowledge, accelerate innovation, and respond to evolving market and environmental demands.
- **Institutional Alignment:** Partnering with state institutions and international agencies ensures the highly efficient use of resources, maximising shared value across the entire stakeholder ecosystem.



Partnerships that Continue to Kindle Community Activism

Project & Partnering Organization(s)	Community Engagement	Impact on Community
Agroforestry on Halgolla	Value addition to produce and development of niche products (e.g., Wild Coffee and Bee's Honey), creating local employment opportunities.	Expanded income avenues through value-added production and access to premium niche markets.
Community Cultivation Initiatives	Designation of specific land portions for community-led cultivation and sustainable farming.	Enhanced food security, self-sufficiency, and supplementary income streams for estate communities.
The World's First Intellectual Tourism Project	Training local youth as certified tour guides; driving tourist demand for locally sourced produce.	Increased direct income opportunities through guiding, hospitality, and secondary supporting roles.
Ellabedde Ridge Corridor for Leopard Conservation (In partnership with the Wilderness & Wildlife Conservation Trust)	Community-led conservation drives, collaborative monitoring, and localised awareness programs to foster co-existence.	Minimalised human-leopard conflict, safeguarding residents while conserving the leopard population through education and habitat replanting.
Kelani Valley Protectors' Initiative & Surakimu Ganga (For cleaning and maintaining the We Oya catchment of the Kelani Basin)	Established as a Public-Private-People Partnership (4P) to drive community volunteerism and active participation in river cleaning campaigns.	Significantly enhanced health, sanitation, and quality of life for current and future generations relying on the Kelani River water basin.
Green Clubs & School Programs	Fostering environmental stewardship and active green leadership among school children within the plantation eco-systems.	Instilling a lifelong environmental consciousness and empowering youth as local conservation champions.
Climate Change Advocacy (In partnership with UNICEF and Gavesha)	Engaging school children in interactive climate education, weather monitoring, and sustainability workshops.	Building climate resilience and adaptation awareness among youth, preparing the community for long-term environmental shifts.

GRI 3-3

Our Diverse Partnerships / Stakeholder Relationships	
Academic	
Local	University of Peradeniya
	Sabaragamuwa University
	University of Uva Wellessa
	Ruhuna University
	Schools within the estate and surrounding villages
International	Wageningen University & Research, Netherlands
	Jaggelonian University, Poland
Government Institutions	Ministry of Labor
	Plantation Human Development Trust
	Ministry of Plantations Industries
	Central Environmental Authority
	National Water Supply & Drainage Board
	Department of Wild Life Conservation
	Mahaweli Authority of Sri Lanka
	National Institute of Occupational Health & Safety (NIOHS)
	Divisional Secretariat and other legal entities
	Trade Unions
	Sri Lanka Climate Fund
	Tea Research Institute (TRI)
	Rubber Research Institute (RRI)
	Other Government Institutes
Non Governmental	The Mother & Child Friendly Seal for Responsible Business
	Wilderness & Wild Life Conservation Trust
International Organisations	International Union for the Conservation of Nature (IUCN)
	Sri Lanka Red Cross Society
	United Nations Global Compact (UNGC)
	UNICEF Sri Lanka
	United Nations Volunteers Sri Lanka
	United Development Programme
	United Nations Food & Agriculture Organisation
	Science Based Targets (SBTi)
Other overseas	Coffee Research Institute of India

Digital Literacy: Facilitating Inclusion for Estate Communities

Aligned with KVPL's broader digital transformation journey and the growing importance of digital skills in everyday life and employability, the Group implemented several initiatives to enhance digital literacy within estate communities. 06 programmes with 108 beneficiaries such as computer education, access to digital learning platforms, and guided exposure to technology-enabled tools provided individuals with essential skills and confidence to participate in an increasingly digital economy.





In addition, KVPL extended these efforts to include exposure to data-driven agricultural practices, enabling community members to better understand and engage with modern, technology-led approaches to cultivation. Through these initiatives, the Group continues to foster inclusion by equipping individuals with the capabilities needed to access opportunities and adapt to a rapidly evolving, technology-driven landscape. During the year, initial steps were taken to enhance access to knowledge and awareness programmes through strategic partnerships. These efforts focused on:

- Building the capacity of field officers, volunteers, and community leaders to serve as effective knowledge facilitators.
- Strengthening inclusive communication platforms to enable more meaningful and widespread community engagement.



Education -as the Right Way to Empower the Future Generation

Education remained a key priority within KVPL's social sustainability agenda, serving as a vital pathway for school children and youth to elevate their future prospects. The Group continued to invest in education through scholarships, school infrastructure development, provision of learning materials, material assistance programmes, and access to early childhood education facilities. These initiatives collectively enhanced access to quality education for children within estate communities, fostering both opportunity and long-term resilience.

During the year, KVPL awarded scholarships to students at Grade 5, Ordinary Level, and Advanced Level, as well as to university undergraduates, supporting academic progression at critical stages of their educational journey.

In addition, the Company implemented the "School Shoes Distribution Programme" at Oliphant Estate, funded by the ETP–WIL project. With an allocation of Rs. 200,000, the initiative provided school shoes and socks to every school-aged child on the estate. This effort contributed to improved school attendance and confidence among students, while also easing the financial burden on parents, reinforcing KVPL's commitment to inclusive and equitable access to education.





Prioritising Children in Our Communities

Strategic Alignment with UNGC Principle

In strict alignment with the Fifth Principle of the United Nations Global Compact (UNGC) mandate which advocates for the absolute elimination of child labour and the protection of children's rights KVPL continuously invests in targeted policies, infrastructure, and socio-economic projects. These initiatives are strategically designed to enhance maternal health, optimise nutrition and sanitation, and elevate educational access for children within our estate communities.

Key ongoing interventions include the institutionalisation of dedicated feeding corners within creches, the facilitation of active Children's Clubs, and strict enforcement of national statutory laws regarding compulsory school attendance for all children under the age of 16. Furthermore, Company-wide disciplinary procedures are rigidly aligned with international norms to guarantee a safe, protective, and nurturing environment.

Pioneering Child Protection on Sri Lanka's Plantations

Demonstrating visionary industry leadership, KVPL collaborated with Save the Children in 2018 to become the first plantation Company in Sri Lanka to formulate and implement a comprehensive, dedicated Child Protection Policy.

This milestone framework institutionalises KVPL's deep-rooted commitment to shielding the next generation from all forms of harm, violence, abuse, and exploitation. The policy focuses on a holistic development ecosystem encompassing:

- Maternal and child healthcare tracking
- Targeted nutritional security
- Modernised sanitation infrastructure
- Universal access to qualitative education









Operationalising the Framework: A Three-Tiered Strategy

To ensure the long-term efficacy and operational sustainability of the Child Protection Policy, KVPL drives execution through a formalised, three-pronged governance structure:

Strengthened Governance & Institutional Accountability

Child Protection Focal Points (CPFPs)
Formally appointed across all individual estates, sub-offices, and the corporate Head Office to drive, coordinate, and review child welfare activities.

Professionalized Care Standards
KVPL mandates the presence of at least one qualified childcare giver at all estate creches and enforces a strict, zero-tolerance prohibition on any form of physical punishment by staff.

Community-Based Development Networks

Village Child Development Committees (VCDCs):
Established to actively mobilise community engagement, fostering shared responsibility among parents and local leaders and government child protection related authourities.

Children's Clubs:
Formed to provide secure, empowering communal spaces where youth can interact, develop life skills, and freely express their potential.

Technology-Enabled Monitoring & Real-Time Reporting

Digital Accountability
CPFPs utilise a custom online monitoring tool to track daily interventions, log incidents instantly, and evaluate field progress in real time, significantly enhancing corporate responsiveness and governance oversight.

Knowledge Dissemination & Community Empowerment

To foster deep-seated cultural awareness, KVPL has developed and distributed standardised, high-impact capacity-building tool kits across its entire estate network:

Resource Material	Functional Target & Impact Objective
Educational Leaflets	Distributed across estate households to aid families in identifying signs of child abuse and understanding its long-term psychological impacts.
Standardised Case Record Books	Issued to CPFPs and Estate Managers to ensure transparent, consistent, and legally compliant documentation of all reported incidents.
CPFP Training Packs	Utilized for the continuous education of the plantation workforce, ensuring a uniform, company-wide understanding of child protection protocols.

Green Clubs in Schools- Nurturing Tomorrow' Environmental Stewards

Established in 2023, through a collaborative partnership between KVPL and the International Union for Conservation of Nature (IUCN), Green Clubs in schools continued to provide a vibrant platform for students to engage in environmental conservation and sustainability efforts. These clubs foster awareness through interactive knowledge-sharing sessions, inspiring young minds to take an active role in protecting the environment. More than just educational forums, the Green Clubs empower students to become change-makers advocating for both environmental and social responsibility within their schools and broader communities.





Weather Kids Programme: Learning Through Climate and Technology

The "Weather Kids Programme," launched by KVPL in collaboration with UNICEF, continued to engage school children through an innovative blend of education, technology, and environmental stewardship. The initiative introduced 20 child-friendly DIY digital weather stations at Pedro Estate in Nuwara Eliya, marking a significant step in integrating experiential learning within the plantation sector.

Targeting Children's Clubs across KVPL estates, the programme builds digital literacy while deepening understanding of climate dynamics and data management.

Children actively monitor key weather indicators such as temperature, humidity, and rainfall, gaining hands-on scientific knowledge and fostering environmental responsibility.

The programme has been met with strong enthusiasm, empowering young participants with critical skills and nurturing a lasting connection to climate awareness and action.

Promoting Gender Equity and Empowerment at Estate Level

In collaboration with the World University Service of Canada (WUSC), KVPL continued to implement gender equity programmes across its estates, adopting a long-term empowerment approach. These initiatives aim to elevate awareness on gender equality while highlighting the far-reaching impact of gender-based violence on individuals, families, and communities. Central to the programme is the effort to challenge entrenched gender stereotypes and create space for inclusive participation, enabling marginalised groups to exercise greater agency.

In the short term, the programmes focus on targeted behavioural and mindset shifts, particularly among men and youth, recognising their critical role in fostering equitable and harmonious communities. Key objectives include:

- Raising awareness among men and youth on gender-related issues and their impact on wellbeing and productivity within estate communities.
- Encouraging shared responsibility within households to improve the overall quality of family life.
- Promoting the importance of mutual respect and collaboration in building stable and supportive family environments.







- Empowering men and youth to act as advocates, mentors, and change agents for gender equality within their workplaces and communities.
- Enhancing understanding of the Tea industry's historical context and current challenges, while encouraging active participation in its sustainability.
- Bridging communication gaps between men and women workers, fostering a culture of openness, respect, and inclusion.
- Encouraging positive attitudes and behaviours that support women's empowerment both at home and in the workplace.
- Identifying and promoting strategies to engage men in preventing gender-based violence and nurturing safe, inclusive communities.

Through these initiatives, KVPL continues to strengthen social cohesion and contribute to more equitable, resilient estate communities.

Nurturing Safe & Empowered Childhoods

The safety, wellbeing, and rights of children remain a central priority within KVPL's social sustainability and community engagement agenda. This longstanding commitment is reflected in a series of pioneering initiatives and sustained efforts over the decades from the establishment of Child Development Centres (crèches) and pre-schools to continuous awareness programmes on child rights and protection.

KVPL has achieved several important milestones in this journey, including:

- Being the first Regional Plantation Company (RPC) to implement a comprehensive Child Protection Policy in collaboration with the Save the Children Fund,
- The first RPC to receive the Mother & Child Friendly Seal since its introduction in Sri Lanka in 2022, and
- The first RPC to launch a mobile application to monitor child safety as part of its broader protection framework.

Commitment to the Mother & Child Friendly Seal for Responsible Business

KVPL reaffirms its commitment to the Mother & Child Friendly Seal for Responsible Business, a national initiative introduced in Sri Lanka to enhance the wellbeing of women and children within the Tea sector.

Implemented in partnership with the Centre for Child Rights and Business Sri Lanka, the Seal promotes responsible business practices that support child protection, maternal wellbeing, access to education, health and nutrition, environmental sustainability, and the creation of safe and supportive environments for families.

As an active participant, KVPL integrates the principles of this initiative into its community and operational frameworks, contributing to the development of





a more inclusive and family-friendly plantation ecosystem. The programme also encourages meaningful and sustainable investments that strengthen the rights and wellbeing of children and their families across estate communities.

In recognition of this commitment, KVPL tea packs carry the Mother & Child Friendly seal, symbolising the Company's dedication to ethical, responsible, and inclusive value chains.

Our Commitment in Action

Aligned with the principles of the Seal, KVPL continues to:

- **Place child rights at the centre of all initiatives**
- **Commit to continuous improvement in social impact**
- **Assess and monitor the impact of activities on women and children**
- **Maintain transparency in reporting progress and challenges**
- **Promote gender equality across operations and communities**
- **Encourage active participation of children in relevant programmes**

Food Security

GRI 13.9.2

Kelani Valley Plantations PLC (KVPL) recognises food security as a fundamental pillar of community wellbeing, particularly within estate communities where economic vulnerabilities may limit consistent access to nutritious food. Our approach is embedded within our broader social sustainability framework and aligned with the United Nations Sustainable Development Goal 2 – Zero Hunger. We adopt a structured and multi-dimensional approach to food security, integrating nutrition support, sustainable food access, and proactive health monitoring systems to deliver both immediate relief and long-term resilience.

1. Nutrition Support for Vulnerable Groups

- Provision of daily morning and mid-day meals at all Child Development Centres (CDCs), ensuring children receive adequate and balanced nutrition
- Regular distribution of nutrition packs to pregnant and lactating mothers to support maternal and child health during critical stages
- Maintenance of structured feeding schedules and dedicated feeding corners to promote healthy dietary habits from an early age

2. Health Monitoring and Early Intervention

- Regular growth monitoring, school health inspections, and nutrition assessments conducted by estate health staff
- Data-driven identification of malnutrition risks, enabling timely and targeted interventions
- Continued support for national health programmes, including Infant and Young Child Feeding (IYCF) and the Expanded Programme on Immunisation (EPI)

3. Supporting Household Food Access

- Promotion of home gardening through the distribution of vegetable seeds and basic gardening tools
- Technical guidance provided by estate agricultural teams to improve productivity and dietary diversity
- Periodic distribution of food packs to vulnerable households, particularly during periods of economic hardship and crisis situations

4. Integration with Broader Socioeconomic Support

- Initiatives such as the Children's Savings Programme and student transport support help ease household financial pressures, indirectly strengthening food security
- Ongoing community outreach programmes on nutrition, hygiene, and food preparation conducted through parent engagement sessions and health workshops

KVPL continues to address food security in a proactive and sustainable manner, contributing to improved nutrition outcomes, reduced vulnerability, and enhanced resilience across estate communities. Through integrated and innovative approaches there is no food waste recorded where KVPL proactively strengthens food security, improving nutrition and building long-term resilience across our estate communities.









Womens' Day Celebrations

In celebration of International Women's Day 2026, KVPL organised two insightful knowledge-sharing sessions at the KVPL Board Room, aimed at empowering female employees through awareness, dialogue, and capacity building. The programme commenced with a keynote address by Mrs. Gayani Kaushalya Wijesinghe, Commissioner of the Ministry of Women and Child Affairs, who highlighted national priorities on gender equality, women's rights, and the importance of inclusive participation in socio-economic development. This was followed by an engaging session conducted by Mrs. Kanchana Marasinghe, Attorney-at-Law, focusing on legal awareness, workplace rights, and practical guidance to support women in navigating both professional and personal challenges. Together, these sessions created a meaningful platform for knowledge exchange, encouraged open dialogue, and reinforced KVPL's commitment to fostering an inclusive environment that supports the growth, confidence, and leadership potential of women across the organisation.

Livelihood Development Initiatives

KVPL continued to introduce and expand livelihood development programmes aimed at diversifying income sources within plantation communities. These initiatives ranging from small business training and financial literacy programmes to home gardening and access to micro-financing, support greater economic resilience and long-term financial stability among households.

Key efforts during the year included:

- Collaborating with microfinance institutions and banking partners to enhance financial inclusion and access to credit.
- Promoting income stability and fostering a culture of savings within plantation communities.

Community Health and Wellbeing

KVPL strengthened its healthcare initiatives during the year through a comprehensive approach encompassing preventive, curative, and awareness-driven interventions. Regular medical camps, maternal and child health programmes, nutrition support, and disease awareness campaigns continued to enhance health outcomes and overall wellbeing within plantation communities.

Economic Inclusion

GRI 13.22

KVPL promotes economic inclusion across our estates and surrounding communities by enabling equal access to employment, education, and entrepreneurial opportunities. Our initiatives include:

- Prioritising local hiring and skill development for estate youth and women.
- Providing vocational training and small enterprise support for estate families.
- Facilitating access to financial literacy programs and savings schemes (e.g. Children's Savings Programme).
- Supporting supplier diversity by engaging with community-based micro-suppliers where possible.

Political Contributions

GRI 3-3, 13.24.1, 415-1

KVPL maintains a strict policy of not making any form of political contributions monetary or otherwise to political parties, representatives, or affiliated entities, either locally or internationally.

As part of the Hayleys Group, KVPL adheres to a comprehensive Bribery and Anti-Corruption Policy that enforces a zero-tolerance approach to bribery and corruption. Applicable to the Board of Directors and all employees, the policy provides clear guidelines governing areas such as gifts and hospitality, facilitation payments, political and charitable contributions, commission payments to third parties, and partner due diligence.

These measures ensure that KVPL's operations are conducted with the highest standards of integrity, transparency, and accountability, in full compliance with both local and international regulatory frameworks, while safeguarding shareholder trust and confidence.

GRI 13.13.1

Land and Resource Rights

KVPL respects the land and resource rights of local communities across all its operations. We strictly comply with national land laws and obtain legal ownership or leasehold rights for all estate lands. Any land development is carried out with community consultation to ensure transparency and protect traditional land use and access rights. No disputes related to land or resource rights were reported during the period.

GRI 2-27

There were no incidents of non-compliance with any laws or regulations and hence no fines or penalties for non-compliance during the year.

Local Community Impacts

GRI 413-2

KVPL continuously monitors its operations to identify and manage any actual or potential negative impacts on local communities. No significant adverse impacts were reported during the period, and proactive measures are in place to ensure community well-being, including stakeholder engagement, environmental safeguards, and social development initiatives.







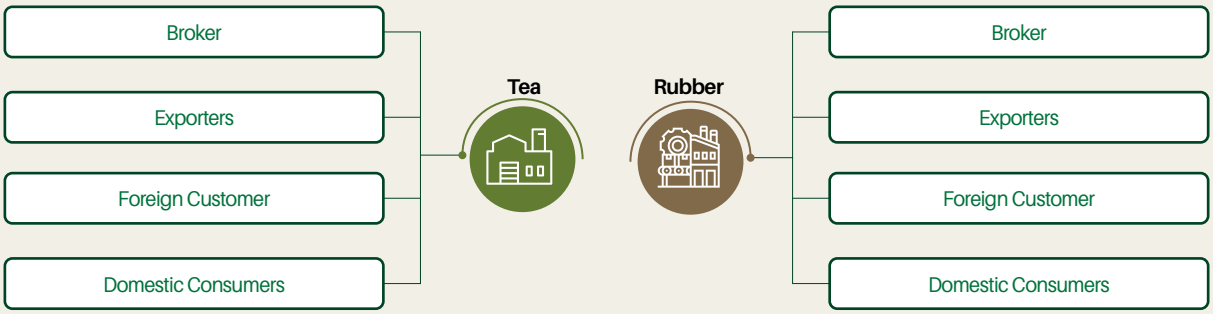
CUSTOMERS

GRI 2-6 FB-AG-430a.1

Priority Areas for Customer Engagement in 2025

- Product development for premium market penetration
- Sustainability led positioning
- Geographic diversification
- Diversification into broader portfolio of agri products
- Expanding two -way communication
- Development of experiential branding platforms

Preparing ourselves to meet the expectations of future customers and stakeholder



KVPL's approach to relationships with customers, suppliers, and stakeholders is anchored in long-term engagement, with trust and reliability forming the foundation of every interaction. Beyond the consistent quality of its products, reflected in the value they command in the market, the Group is guided by a collaborative, win-win philosophy that strengthens mutual growth and resilience.

Customer relationships at KVPL extend well beyond transactions, reflecting a forward-looking mindset and a deep understanding of evolving stakeholder expectations. The Group's ability to anticipate change, coupled with its portfolio of internationally recognised certifications, has enhanced credibility, enabling access to new markets while reinforcing established partnerships.

KVPL serves a diverse customer base across both local and international markets through its Tea, Rubber, and tourism-related operations. Its tea segment caters to export customers across regions including Europe, the Middle East, China, Africa, and Japan; local retail and trade buyers; tea brokers at the Colombo Tea Auctions; and premium niche buyers seeking specialty and single-origin teas. The Rubber segment serves direct export customers in countries such as India, China, Vietnam, Jamaica, Taiwan, and Portugal, as well as local trade buyers and industrial consumers purchasing rubber-based raw materials. In addition, KVPL engages with strategic business partners, and knowledge and tourism partners through estate-based experiences and Tea Centres including Pedro Estate Ethical Tea Boutique, Tea Train at Edinburgh Estate, and Planters Grove at Dewalakanda Estate.



Customer Engagement

KVPL's customer engagements continue to be shaped by the Group's strategic priorities, most notably its focus on ascending the value chain to remain cost competitive in both tea and rubber, while ensuring the long-term sustainability of plantation agriculture. In this context, key areas of focus in customer interactions included new product development, direct niche marketing, ESG-integrated product positioning, and enhanced visibility through direct engagement platforms. Customer feedback also plays a vital role in refining these approaches and strengthening alignment with evolving market expectations.



First-ever Buyers' Gathering

Against this backdrop, the Group hosted its first-ever buyers' gathering at the Water Edge bringing together over 200 participants, including CEOs representing more than 50 companies. The event featured a comprehensive presentation of KVPL's journey, highlighting its ESG commitments and the consistent action taken to embed these values across operations. The gathering proved highly impactful, creating greater awareness, particularly among first-time participants of the depth and breadth of KVPL's social and environmental sustainability footprint, while reinforcing its leadership in operating the "Right Way."





Exporter and Buyer Visits to our estates

KVPL continued to welcome exporters and their clients to experience the estates firsthand, providing them with direct exposure to the Company's quality assurance systems and sustainability practices across both field and factory operations. Tea tasting sessions were also organized to offer buyers a sensory experience of KVPL's teas while enabling the Company to obtain valuable feedback and market insights from key customers. KVPL's Tea Centres, including Pedro Estate Ethical Tea Boutique, Tea Train at Edinburgh Estate, and Planters Grove at Dewalakanda Estate, further served as important platforms for buyer engagement and brand promotion.

In addition, buyer visits incorporated exposure to KVPL's flagship social initiative, "A Home for Every Plantation Worker," through which Rs. 1.50 from every kilogram of single-origin tea sold is contributed towards worker housing development, thereby encouraging buyers to actively participate in the Company's social sustainability mission.

A Customer Intelligence System was implemented to strengthen engagement in niche markets through the development of detailed Premium Buyer Profiles, updated quarterly to capture customer purchasing behaviour, preferences, and feedback, thereby enabling production and R&D activities to align more effectively with evolving global buyer expectations.





Linking Products with Purpose

KVPL continues to advance its sustainability-led product positioning, with plans to launch its second purpose-driven product range further enabling customers to actively participate in the Group's environmental initiatives.

Building on the strong appreciation for its leopard conservation efforts following the buyers' gathering, KVPL, in collaboration with the Wilderness Trust, developed a targeted marketing initiative centred on conservation. This will see the introduction of a Leopard Conservation range of tea packs.

Much like the "Home for Every Plantation Worker" pack launched in 2010, this new range features individual leopards identified and protected through conservation efforts. Each pack will contribute a designated amount in US cents towards the Leopard Conservation Fund, directly supporting ongoing preservation initiatives.

By linking product purchases with tangible conservation outcomes, KVPL continues to strengthen the connection between its customers and its broader social and environmental commitments.



Expanding Retail presence through Development of Experiential Branding Platforms

Aligned with its strategic initiative to expand experiential branding platforms and unlock new revenue streams, KVPL commissioned a research study by a university student (as detailed under Intellectual Capital). The findings identified sensory branding as a powerful tool to enhance customer satisfaction, differentiate offerings, and build long-term brand loyalty.

Building on these insights, KVPL plans to operationalise targeted enhancements across its three Tea Centres Planters' Grove, Edinburgh Tea Train, and Pedro focusing on enriching visual and taste experiences, alongside more interactive and immersive customer engagement initiatives.



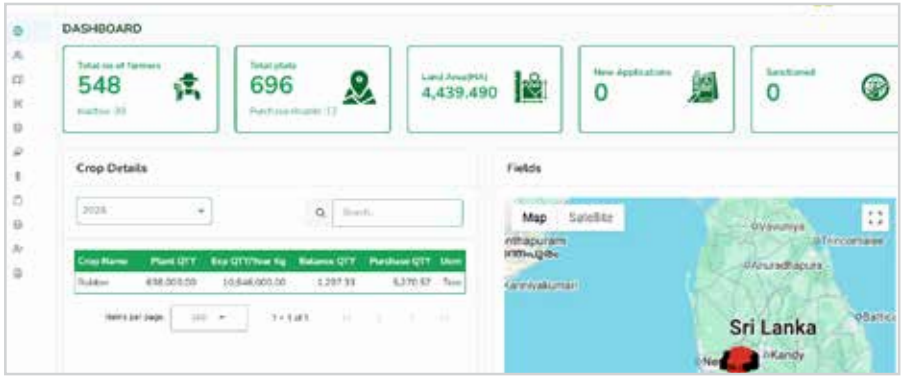


Reinforcing Customer Trust Through Data Security

Marking a significant milestone, KVPL became the first plantation company in Sri Lanka to be awarded the ISO/IEC 27001:2022 certification the leading international standard for Information Security Management Systems (ISMS), in 2024. This certification was successfully renewed during the year, reaffirming the Group's ongoing commitment to safeguarding information assets and maintaining robust digital information security practices. It underscores KVPL's proactive approach to managing data security risks, protecting sensitive information, and enhancing trust among its customers and partners.

Implementation of a Digital Traceability System Strengthens buyer confidence

During the year KVPL implemented the TerRax digital traceability platform, marking a significant advancement in KVPL's traceability capabilities, enabling end-to-end tracking across the Rubber supply chain from Rubber field to final output. It has thus enabled us to strengthen transparency and builds greater confidence among international buyers who increasingly demand verifiable and responsibly sourced products.



Customer Satisfaction

KVPL is encouraged by the results of a comprehensive customer satisfaction survey conducted during the year. The company achieved an average score of 92.1% across ten key parameters, reflecting strong customer confidence and the effectiveness of its relationship management and service delivery.

Customer Attrition and Retention Strategies

GRI 2-6

KVPL adopts a structured and customer-centric approach to strengthening retention and minimizing attrition, underpinned by quality, responsiveness, and long-term relationship building. Key strategies include:

- **Customer Feedback Surveys**: Quarterly surveys across both export and local markets provide valuable insights into customer preferences, expectations, and concerns. These insights drive continuous improvement and enable the customization of products and services to meet diverse market needs.

- **Quality Assurance Programmes**: Stringent quality standards are maintained across all stages of production, supported by rigorous control and assurance systems to ensure consistency and reliability for both international and domestic buyers.

- **Customized Packaging and Branding:** Tailored packaging and branding solutions are developed to align with the cultural nuances and preferences of different markets, enhancing product appeal and positioning.
- **Customer Service Training:** Dedicated training equips customer-facing teams to effectively manage inquiries and feedback, ensuring consistently positive interactions and strengthening long-term relationships.
- **Supply Chain Transparency:** Robust traceability initiatives provide customers with visibility into the origin of their tea, reinforcing trust and meeting the expectations of increasingly sustainability-conscious consumers.
- **Targeted Marketing Campaigns:** Marketing strategies are carefully designed to resonate with distinct customer segments highlighting premium quality and uniqueness in export markets, while emphasizing heritage and craftsmanship locally.
- **Customer Appreciation Initiatives:** Engagement activities such as exclusive tastings, special offers, and loyalty incentives are used to recognize and retain valued customers.
- **Strategic Partnerships and Collaborations:** Ongoing collaboration with retailers, distributors, and key partners supports wider market access and ensures consistent availability across regions and channels.



Strengthening Global Market Presence through Premium Ceylon Tea Promotions

Kelani Valley Plantations PLC participated in Gulfood Dubai, UAE 2026 and FOODEX Tokyo, Japan 2026 to promote its Premium Ceylon Tea portfolio and strengthen its presence in key international markets. At Gulfood, the company showcased its premium Single Estate Teas, including Black Tea, Green Tea, White Tea, and artisanal specialty selections, engaging with 34 customers and creating valuable opportunities for future partnerships and export expansion. At FOODEX Japan, Kelani Valley presented teas from the Dimbula, Nuwara Eliya, and Sabaragamuwa regions, including specialty, rare artisanal, flavoured, and value-added teas tailored to the Japanese premium tea market, engaging with 35 potential customers and establishing 8 promising business leads. Overall, both exhibitions enhanced the global visibility of Kelani Valley Tea products, promoted the heritage and uniqueness of Sri Lankan tea, and reinforced the company's position in the premium Ceylon tea industry.







Tailored Plantation Product Solutions for Global Markets

Kelani Valley Plantations PLC continued to strengthen its value-added product offering through tailored plantation product solutions designed to meet diverse customer requirements across local and international markets. Leveraging its premium estate resources and integrated value chain, the Company provides end-to-end customization capabilities, from estate-level sourcing and processing to packaging, branding, and final consumer presentation.

The Company's vertically integrated model enables greater control over product quality, consistency, traceability, and customer responsiveness. This approach supports the development of customized tea, coffee, and spice-based products aligned with customer-specific brand identities, market positioning, and evolving consumer preferences.

During the year, KVPL continued to offer a range of specialized customization solutions, including private labelling, bespoke tea blends, customized packaging formats, corporate and seasonal gift products, and specialty and rare tea collections. These offerings cater to premium retail, gifting, wellness, and niche market segments, while reinforcing the Company's commitment to product excellence, sustainability, and customer-centric innovation.

Examples of customized solutions delivered include tea pouches for Hayleys Travels, specially blended teas for the Japanese market, wedding gift packs for a customer in the USA, and customized cinnamon bottle labelling. Through these initiatives, KVPL continues to enhance customer value, strengthen global partnerships, and expand opportunities for premium plantation-based products.





Driving Growth through Product Innovation:

The launch of new products continued at an accelerated pace during the year, recording the highest number of introductions to date. This underscores the Group's strategic focus on enhancing value creation for customers while diversifying and expanding revenue streams.

New products launched include specialty tea grades, flavoured teas, and wellness infusions in line with evolving consumer trends.

The Company also developed customised packaging and branding solutions tailored to the preferences of distinct customer segments, including premium gift packs for international buyers and heritage-themed packaging for the local market.

New Products Launched	
Year	Number of Products
2020/21	02
2021/22	03
2022/23	04
2023/24	06
2024/25	19
2025/26	27

Significant progress was made in niche product development during 2025/26, supported by the Company's sustainability certifications and its positioning as a globally certified pioneer in regenerative agriculture. During the year, KVPL introduced a range of estate-level artisanal teas under the "Rare Artisanal Tea Collection," including Fordyce Special, Halgolle Wild Tea, Kelani Special, Nuwara Eliya Red Tea, Mount Elixer, Nasby Dew, Tea Wringle, Uda Radella Twist, UR Mint Twist, and Rose Ball. In addition, spice-infused teas incorporating natural Ceylon cinnamon, ginger, turmeric, and cardamom were launched to cater to wellness and gifting segments, while wellness-focused products such as the Red & Blue Tea Gift Box were developed in response to growing consumer demand for health-oriented beverages.

Product Responsibility & Customer Health and Safety

GRI 3.3, 13.10

As a manufacturer of a beverage to the ultimate consumer; product responsibility and customer health and safety are fundamental to KVPL's operations. The Group is committed to delivering products that meet the highest international standards of quality, safety, and sustainability, with robust systems in place to monitor every stage of the value chain from field to factory to final packaging.

	2023		2024		2025	
	Grades	Revenue (Rs)	Grades	Revenue (Rs)	Grades	Revenue (Rs)
Special Tea	6	1,256,383	15	2,364,839	18	3,689,837



Tea manufacturing processes are governed by stringent food safety and quality management systems, ensuring consistent compliance and product integrity. All our products and processes are fully compliant with Good Manufacturing Practices (GMP). Annual quality testing in line with ISO 3720 standards further evaluates parameters such as heavy metals, microbiological content, and agrochemical residues. KVPL consistently exceeds national and international regulatory requirements, including Maximum Residue Limits (MRLs) specified for sensitive markets such as Japan and the European Union. These efforts are complemented by the adoption of responsible agricultural practices, reducing reliance on agrochemicals.

Key Certifications - Tea Sector:

- ISO 22000:2018
- HACCP
- Good Manufacturing Practices (GMP)
- regenagri
- Eco Label

In the Rubber sector, KVPL maintains a strong focus on environmental stewardship and product safety, ensuring adherence to globally recognised sustainability benchmarks. Furthermore, the implementation of the TerRax System (EUDR Compliance Readiness) -the digital traceability platform marks a significant advancement in KVPL's traceability capabilities, enabling end-to-end tracking across the Rubber supply chain from Rubber field to final output. In doing so, it ensures verifiability, and thus strengthens transparency and builds greater confidence among international buyers that the product is responsibly sourced.

Key Certifications - Rubber Sector:

- Forest Stewardship Council™ Certified Rubber
  FSC™ C006694
- FSC Chain of Custody Certification
- Global Organic Latex Standard (GOLS)
- Organic Rubber Certifications (USDA/ NOP & EU)

In addition to these certifications, KVPL aligns its operations with broader international frameworks and sustainability mandates, including the United Nations Global Compact, the CEO Water Mandate, the ReGen Agri Certification and the Rainforest Alliance, among others. These commitments further reinforce the Group's dedication to responsible practices across its entire value chain. Through this comprehensive approach, KVPL continues to uphold the highest standards of product integrity while safeguarding customer health and promoting sustainable production.

SUPPLIERS

Priority Areas for Supplier Engagement in 2025

- ESG Compliance
- Alignment with KVPL standards on ESG and Product quality

KVPL's supplier relationships are a critical component of its Social Capital, underpinned by long-term collaboration, mutual trust, and shared commitment to responsible business practices.

KVPL's supplier base comprises a diverse range of stakeholders supporting its agricultural, manufacturing, operational, technological, and service-related activities. These include suppliers of agricultural inputs such as fertiliser and seedlings; manufacturing and operational suppliers providing packaging materials and factory-related requirements; IT and technology providers; and service suppliers engaged in areas such as transportation, construction, legal services, and audit and assurance functions.

The Group recognises that the strength of its value chain is closely linked to the performance, integrity, and sustainability practices of its suppliers. Accordingly, KVPL engages its suppliers through structured assessments, capacity-building initiatives, and continuous dialogue to ensure alignment with the Group's standards on quality, environmental stewardship, labour practices, and ethical conduct. This collaborative approach not only safeguards product integrity but also promotes responsible sourcing and sustainable value creation across the supply chain.

FB-AG-430a.1

Percentage of agriculture products sourced that are certified to a third-party environmental or social standard and percentages by standard

Crop	Certification	% of Totals
Tea	RA	96%
Rubber	FSC	66%

Assessing Suppliers' Social and Environmental Responsibility and Product Quality

FB-AG-430a.3

During the year, KVPL conducted a comprehensive supplier assessment to evaluate performance across key areas of social and environmental responsibility, as well as product quality. The survey, based on 23 questions and covering a sample of eight suppliers, yielded encouraging results, with suppliers achieving over 90% in five of the six parameters assessed.

The only area requiring further improvement was Climate Change and GHG Emissions, where the average score was 67%, primarily due to two suppliers lagging in emissions monitoring and reporting practices.

Summary of Assessment Results:

- Legal Compliance: 90%
- Quality and Product Compliance: 98%
- Environmental Compliance: 100%
- Social Responsibility: 100%
- Occupational Health and Safety: 94%
- Climate Change and GHG Emissions: 67%

These findings reinforce the overall strength of KVPL's supplier base, while also highlighting opportunities for targeted engagement and capacity building in climate-related performance.

Supply Chain Traceability

GRI 13.23.1

KVPL is committed to ensuring traceability across its supply chain, especially in the sourcing of agricultural inputs. We maintain detailed records of raw material origins, supplier certifications and transport logistics to promote transparency and accountability. All major suppliers are assessed for environmental and social compliance, and their materials can be traced back to estate-level sources. This enables KVPL to uphold quality, ethical sourcing and quality standards in alignment with national and international guidelines.

During the year, the implementation of the TerRax digital traceability platform marked a significant advancement in KVPL's traceability capabilities, enabling end-to-end tracking across the Rubber supply chain, from Latex to rubber field. This system enhances data accuracy, real-time visibility, and risk identification, supporting alignment with EUDR requirements. In doing so, it strengthens transparency and builds greater confidence among international buyers who increasingly demand verifiable and responsibly sourced products.

In addition, KVPL has established several internationally recognised traceability standards and mechanisms across its tea and rubber operations. These include

- Rainforest Alliance Certification covering approximately 96% of our tea crop, which requires documented traceability throughout the tea supply chain under the RA's Chain of Custody standards.

- Forest Stewardship Council™ Certified Rubber (FSC™ C006694) for approximately 66% of its Rubber crop, ensuring full traceability of sole crepe, latex crepe, and centrifuged latex all under Forest Stewardship Council™ Certified Rubber (FSC™ C006694) standards.

- GOLS (Global Organic Latex Standard) Certification for Centrifuged Latex demonstrating compliance with global organic and sustainable production standards.
- ISO/IEC 27001:2022 Certification strengthening our digital governance and traceability capabilities which KVPL obtained this certification in 2024 becoming the first plantation company to achieve this certification and successfully renewed it in 2025, thereby enhancing data security, supplier information management, and the integrity of traceability records.

In addition, KVPL complies with several other certifications and partnership standards that support the alignment of its suppliers with the Company's social sustainability commitments. These include adherence to

- Fair Rubber Association Partnership standards, under which the Fair Rubber Premium received during 2025/26 was utilised to support community development initiatives within estate communities.
- The Mother and Child-Friendly Seal for Responsible Business, reinforcing the Company's commitment to safeguarding the well-being of women and children throughout its tea supply chain.
- Environmental and Social Risk Assessments (ESRAs) are conducted for Highly Hazardous Pesticides (HHPs) in line with the requirements of Rainforest Alliance and Forest Stewardship Council certification standards.

GRI 416-1, 416-2

- ISO 22000:2018 and HACCP Certifications: Food safety management standards applied across its tea manufacturing operations ensuring the implementation of internationally recognised food safety management systems and rigorous quality controls throughout the production process from field to factory.

No incidents of non-compliance concerning the health and safety impacts of products and services.

GRI 2-27

There were no incidents of non-compliance with laws or regulations during the year. Therefore, no penalties or fines were incurred during the reporting period.

GRI 13.10

As a beverage supplied to the ultimate consumer, our products and manufacturing standards strictly comply with health and safety requirements. Accordingly, all products and processes are fully compliant with ISO 22000:2018 and HACCP Good Manufacturing Practices (GMP) certification standards.

Risks, Responses, and Capital Outcomes Matrix

Identified Key Risk & Vulnerability	Strategic Management Response	Tangible Capital Outcomes (2025/2026)
Socio-Economic & Climate Instability	• Emergency relief deployment • Nutrition & feeding networks • Accelerated housing programs	• Rs. 194.2 Mn total welfare investment • 19,634 workers moved to homeownership • 92,402 beneficiaries supported
Market Shifting & Traceability Demands	• Field-to-field cloud tracking systems • Premium niche product innovation	• Full deployment of TerRax System (EUDR) • Launched Rare Artisanal Tea Collection • 100% ISO & HACCP compliance maintained
Supply Chain Compliance & Disruptions	• Continuous outgrower capacity building • Rigid procurement ESG screening matrices	• SASB FB-AG-430a.3 standard met • Uninterrupted raw material supply
Youth Out-Migration & Vulnerabilities	• Modernized tech-driven career tracks • Strict 3-tiered child safety frameworks	• 7,054 youth digitally & vocationally empowered • 100% compliance with Mother & Child Seal

KVPL ROAD AHEAD TOWARDS SOCIAL CAPITAL

SHORT TERM

- Strengthen community engagement through digital literacy, education support, health and wellbeing initiatives across estate communities
- Expand child protection, gender equality, food security, and mother-and-child friendly programmes to improve family wellbeing

MEDIUM TERM

- Build deeper partnerships with universities, NGOs, government bodies, and development agencies to support sustainable community projects
- Strengthen supplier ESG compliance, ethical sourcing, and traceability across tea and rubber value chains

LONG TERM

- Establish a resilient and inclusive Social Capital framework connecting communities, customers, suppliers, and external partners
- Advance long-term community upliftment through education, health, housing, youth engagement, and sustainable livelihood development

Natural Capital

Nurturing Nature, Strengthening Resilience, Creating Enduring Value



Natural Capital comprises the renewable and non-renewable environmental resources that support our business and the ecosystems we depend on. At KVPL, we are committed to conserving, restoring, and enhancing these resources to ensure long-term ecological balance, business resilience, and the well-being of future generations.

Our Approach

We adopt a holistic and science-based approach to protect and enhance natural capital through responsible land stewardship, biodiversity conservation, water and soil management, climate action, and sustainable resource use. These efforts strengthen resilience, reduce environmental impact, and create shared value for all stakeholders.

Capital Impact

- Financial Capital
- Manufactured Capital
- Human Capital
- Social & Relationship Capital
- Intellectual Capital

Our Key Focus Areas

Biodiversity Conservation

Protecting ecosystems and wildlife, maintaining habitats, and conserving diverse species.

Water Stewardship

Safeguarding water resources through watershed management, conservation, and efficient use.

Soil Health & Land Management

Enhancing soil fertility and preventing degradation through sustainable agricultural practices.

Climate Action & Carbon Stewardship

Reducing emissions, enhancing carbon sequestration, and building climate resilience.

Responsible Resource Use & Circularity

Promoting efficiency, reducing waste, and advancing circular economy practices across operations.

Nature Base KPI Targets 2026/27

≥5%	≥5%	≥5%	≥10%	≥90%
INCREASE GREEN COVER	IMPROVE WATER USE EFFICIENCY	ENHANCE SOIL HEALTH INDEX	REDUCE GHG EMISSIONS (INTENSITY BASIS)	INCREASE WASTE DIVERSION FROM LANDFILL

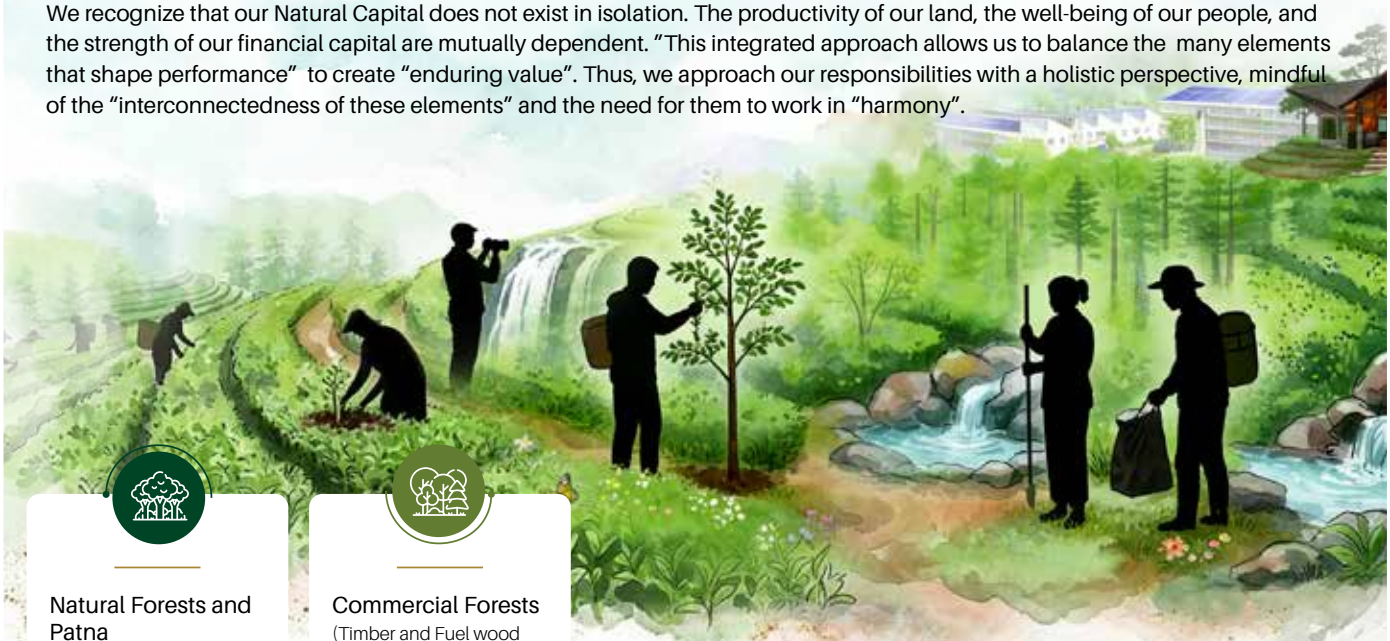
SDG Targets



At KVPL, managing our Natural Capital is about supporting "both present performance and future sustainability", which is fundamentally the "Right Way". Yet, the "Right Way' is not a fixed endpoint, it is a dynamic evolving process that must constantly adapt to new insights -whether it be on climate change or soil health, Biodiversity or emerging technologies that reshape how we operate. This journey requires more than intent, it calls for applying what is " right" with care, "clarity and consistency", ensuring that each decision contributes to a balanced and sustainable whole.

As stewards of Sri Lanka's invaluable natural resources, encompassing over 13,000 hectares of land across the diverse landscapes of the Up Country and Low Country, we bear a profound responsibility. We understand that the sustainability of these resources is not merely vital for the success of KVPL, but is intrinsically linked to the health of the nation's ecosystems and, ultimately, the well-being of its people.

We recognize that our Natural Capital does not exist in isolation. The productivity of our land, the well-being of our people, and the strength of our financial capital are mutually dependent. "This integrated approach allows us to balance the many elements that shape performance" to create "enduring value". Thus, we approach our responsibilities with a holistic perspective, mindful of the "interconnectedness of these elements" and the need for them to work in "harmony".



Natural Forests and Patna

1,464 Ha

Commercial Forests (Timber and Fuel wood Planting)

681 Ha

2,145 Total (Ha)

Our Green Vision

"To be the most environmentally sensitive Tea and Rubber producer in the world" is a natural extension of this strategy. As an agri-enterprise, four of the six strategic imperatives for the Company are directly focused on sustaining Natural Capital and strengthening resilience in the face of climate change.

Today, KVPL's strategies and initiatives to protect and enhance Sri Lanka's Natural Capital are guided by the Hayleys Life code and the Company's own Corporate DNA, underpinned by a clear ambition to achieve **long term Net Zero targets by 2049**.

In this context, the Company has defined key strategic priorities to drive its environmental sustainability agenda across the short, medium, and long term:

Short Term

Expand renewable energy adoption and Biodiversity conservation programmes, while strengthening employee engagement and awareness.

Medium Term

Develop climate-resilient plantation systems and scale circular economy practices across operations

Long Term

Achieve Net Zero emissions by 2049, ensure full alignment with the Science Based Targets initiative (SBTi), and attain globally recognized environmental certifications.

Over the decades, KVPL has adopted a two-pronged approach to sustaining its Natural Capital: firstly, through proactive measures to conserve, protect, and enhance environmental resources; and secondly, through targeted efforts to mitigate the adverse impacts of its operations.

However, in the face of escalating climate change risks whose impacts are increasingly immediate and tangible, the Company has identified a third strategic imperative: the need to strengthen climate "adaptation". This expanded approach reflects KVPL's commitment to building resilience while continuing to safeguard and responsibly manage its Natural Capital.

Sustaining Our Natural Capital

At Terra Gold, we recognise that healthy ecosystems are the foundation of a thriving future.
Our approach to Natural Capital is rooted in science, innovation, and long-term stewardship.

Our Three Pillars

Proactive Measures

Taking science-led action today to build a resilient tomorrow.

Minimising Our Carbon Footprint

Reducing our environmental impact across all operations and value chains.

Adaptation to Climate Change

Building resilience in our ecosystems and communities to adapt and thrive in a changing climate.

Our Focus Areas

Proactive Measures

Science Based Targets Initiative (SBTi)

Aligning with global science to reduce emissions and protect nature.

Research Tourism

Promoting, deep learning and research toward sustainable natural strategies for responsible eco-tourism

Kelani Valley Protectors' Initiative

Safeguarding Biodiversity and water resources in the Kelani Valley.

Regenerative Agriculture

Restoring soil health, enhancing productivity, and strengthening livelihoods.

Minimising Our Carbon Footprint

- Materials Management
- Energy Management
- Water Management
- Biodiversity & Ecosystem Conservation
- Waste Management

Adaptation to Climate Change

- Climate-resilient varieties of crop
- Crop Diversification
- Geographic Diversification
- Precision Agriculture

Our Commitment

We are committed to protecting, restoring, and enhancing Natural Capital for future generations. Together, we can build a resilient planet and a sustainable legacy.

Key Commitments

- Science-driven decisions
- Community partnerships
- Innovation for a sustainable future
- Responsible stewardship

The impacts of our agricultural business on the environment encompasses both positive and negative aspects. A summary of the positive impacts:

- **Soil Conservation:** KVPL's agricultural practices support improved soil structure by enhancing porosity, water retention capacity, and nutrient availability, thereby reducing soil degradation and promoting beneficial microbial activity.
- **Watershed Management:** The Company actively protects and conserves water catchment areas to enhance the quality and sustainability of both surface and groundwater resources.
- **Increased Green Cover:** Tree planting initiatives contribute to the expansion of green cover, supporting environmental conservation while improving microclimatic conditions within and surrounding estate areas.
- **Biological Pest Control:** Biodiversity conservation efforts support natural pest management mechanisms, thereby reducing reliance on chemical pesticides.
- **Greenhouse Gas (GHG) Reduction:** Plantation crops, particularly rubber trees, function as natural carbon sinks by absorbing atmospheric carbon dioxide through photosynthesis, thereby contributing to greenhouse gas mitigation. Rubber plantations, in particular, exhibit forest-like carbon sequestration properties.
- **Biodiversity Conservation:** KVPL maintains a biodiversity inventory and actively undertakes measures to conserve and protect diverse plant and animal species within its operational landscapes.
- **Wildlife Corridor Conservation:** The Company preserves and maintains wildlife corridors to ensure habitat connectivity and facilitate the safe movement of wildlife populations across ecosystems.

GRI 13.2.1

- **Climate Change Mitigation:** Through its environmental conservation and sustainable plantation management initiatives, KVPL contributes meaningfully towards broader climate change mitigation efforts.

The negative impacts and how we strive to mitigate them :

Negative Impact	Ways in which we mitigate
Agrochemical usage	Minimize the usage, Deployment of Drones Integrated Pest Management Plan approved by TRI, improve soil condition to maximize fertilizer efficiency, training and awareness, buffer zone, empty hazardous can recycling Spot fertilizer application (for Rubber) Improve the accuracy of dosage measurements Rotations of active ingredient Avoid calendar application
Soil erosion due to soil disturbances in agriculture practices and soil erosion due to vacant patches	Soil conservation practices such as draining, terracing, hedge row planting, incorporating organic matter to soil, avoid clean weeding, cover the vacant patches with crops or planting cover crops
Waste water release to environment	Tea factories- release through soak pits & Rubber factories after effluent treatment Regular testing of waste water and drinking water
Mono crop cultivation	Increasing the Biodiversity in riverine boundaries, forest patches Crop diversification Introducing the Agroforestry model
Fuelwood usage for Tea factories	Using sustainable biomass, screening of biomass suppliers for environmental sustainability initiatives/Forestry management plan
Loss of Biodiversity	Proactive conservation measures such as the Leopard conservation in Ellabedda Ridge Corridor project
	Integration conservation to business model such as Agroforestry Model
	Inventories and HCV assessments
	Proposal for Biodiversity research centre which will promote conservation and also be a revenue earner through Intellectual tourism
	Partnerships with IUCN and WWCT
Loss of Habitat	The Ellabadda Ridge Corridor Project and Leopard conservation with WWCT
	Partnerships with IUCN
	Proposal for Biodiversity research centre
	Commitment to SBTi FLAG to support sustainable land management, ecosystem conservation, and Biodiversity enhancement
Carbon Emissions & Climate Impact	Commitment to SBTi in 2024 and commitment to SBTi FLAG in 2025
	Renewable energy adoption

Certifications Reflecting Our Commitment Across the Value Chain: From Responsible Sourcing to Regenerative Agriculture

- regenagri (Tea)
- Rainforest Alliance certification (Tea)
- Forest Stewardship Council ™ Certified Rubber
  FSC™ C006694
- ISO 14064-1:2018 GHG Verification
- Eco Label Certification
- EUDR for Rubber smallholders
- ISO 22000:2018 (FSMS, GMP & HACCP)
- ISO 45001:2018 (OHS)

Our Commitment to International & Local Environmental Frameworks

Reflecting responsible business practices and our drive to continuously acquire and share knowledge in support of environmental sustainability, KVPL aligns itself with leading global and national environmental frameworks and initiatives. They include:

- The CEO Water Mandate
- Member of the United Nations Global Compact (UNGC)
- Commitment to its 10 UNGC Principles
- The UN's Sustainable Development Goals
- Science Based Target initiative (SBTi)
- Active membership of Biodiversity Sri Lanka

KVPL continues to hold a leadership role as the Head of the Water and Ocean Stewardship Working Group at the United Nations Global Compact (UNGC) Sri Lanka. In addition, the Company serves as the Patron of the same Working Group, further strengthening its longstanding commitment to advancing sustainable water stewardship and ocean resilience.

Internal Policy Framework Guiding Environmental Sustainability at KVPL:

- Environmental Policy
- Ecosystem & Biodiversity Conservation Policy
- Energy & Emissions Policy
- Chemical Management Policy
- Rainforest Alliance Commitment Policy
- Water Policy
- Material & Waste Policy
- ESG Policy -Environmental DNA of KVPL
- Food Safety Policy

Driving Green Impact in 2025: Progress of Key Ongoing Environmental Initiatives

KVPL Secures Group-wide regenagri Certification

Following the landmark achievement in 2024, when the KVPL's Halgolla Estate became the first Tea estate in the world to receive the prestigious regenagri certification, the year under review marked a significant milestone with the entire Company attaining regenagri certification.

This accomplishment reflects the strength of the Company's ability to apply advanced agronomic expertise, data-driven practices, and integrated sustainability frameworks to deliver outcomes "the Right way". Setting a new benchmark in regenerative agriculture, the certification reinforces KVPL's commitment to soil restoration, enhanced Biodiversity, and climate resilience, while demonstrating how interconnected knowledge systems can drive both environmental stewardship and sustained gains in productivity and profitability.

KVPL Further Strengthens Global Leadership in Regenerative Agriculture with Solidaridad Partnership

During the year, KVPL further strengthened its global leadership in regenerative agriculture through a strategic partnership with Solidaridad Network Asia and its Sri Lankan partner, Nucleus Foundation, to advance regenerative agriculture and carbon insetting programmes across its estates. Under this collaboration, regenagri protocols, carbon insetting initiatives, and digital agriculture technologies including hyperlocal weather monitoring, soil and leaf analysis, and biodiversity mapping will be progressively expanded across estates, further enhancing traceability, climate resilience, and alignment with emerging global sustainability frameworks including the EU Deforestation Regulation (EUDR) and Corporate Sustainability Due Diligence Directive (CSDDD).



Halgolla Agroforestry Project Recognised as a Regional Case Study, Delivering Tangible Progress

During the year, the Asian Development Bank (ADB), following a field visit by one of its environmental scientists, selected KVPL's Halgolla Agroforestry Project as a case study an encouraging recognition of the progress achieved within a relatively short period.

The Halgolla Agroforestry Project was initiated in 2022 as a pilot project, with KVPL developing the Halgolla Estate into a pioneering hub for sustainable Agroforestry under an initiative supported by the Netherlands Enterprise Agency (RVO). Within just four years, the project has evolved into a model of best practice, demonstrating the Company's capacity to translate sustainability vision into measurable outcomes. Its high value adding crops which are now being harvested include Coffee, Arecanut, Pepper, Avacado, Durian and Kithul Palms. In addition, community food crops such as Jack fruit and Bread Fruit also serve the neighbouring community whilst ecosystem supporting flora such as shade trees and cover crops play a valuable role in sustaining the ecosystem.

The successful harvests of Coffee which we have branded as "Rare Coffee" is now being marketed as a high value product . And similarly, 'Rare Tea' grown at Halgolla has been positioned as a premium value-adding offering enabling KVPL to progress in its strategic imperatives – of sustainability led marketing and premium market positioning.

Implemented as a public–private collaboration, the project brings together leading institutions including the International Union for Conservation of Nature Sri Lanka, the University of

Peradeniya, Wageningen University & Research, and RVO, positioning KVPL at the forefront of advancing Agroforestry within the plantation sector.

In parallel, KVPL conceptualised two additional pioneering initiatives at Halgolla Estate in 2023: the development of the world's first Intellectual Tourism model, and the establishment of an on-location Centre for Biodiversity Research and Sustainable Knowledge Management.

Halgolla Estate encompasses six distinct natural habitats, earning recognition as a Biodiversity-rich landscape of global significance. Acknowledging both the need to safeguard these valuable ecosystems and the opportunity to promote eco-tourism and research, KVPL's integrated approach represents a forward-looking shift in sustainable business strategy. While the formal launch of these initiatives is currently on hold, implementation is expected in the coming years.

GRI 13.3.1,13.4.1

KVPL's Biodiversity Conservation, Including Leopard Protection, evolves to become a Pillar of Sustainability Positioning

KVPL has, over the years, progressively integrated Biodiversity conservation into its business model as a natural extension of its commitment to protecting the rich ecosystems within and around its estate boundaries. Operating in landscapes that encompass some of Sri Lanka's most Biodiversity-rich forests, the Company recognises that safeguarding Natural Capital is inseparable from long-term business sustainability.

A cornerstone of KVPL's Leopard conservation efforts has been its partnership, established in 2022, with the Wilderness and Wildlife Conservation Trust, to strengthen wildlife corridors across estate landscapes. Through this collaboration, KVPL has developed the Elbedda Ridge Corridor (ERC), spanning seven estates in the Hatton region, creating a continuous ecological linkage to support wildlife movement and habitat connectivity. During the year, the corridor was further strengthened through native tree planting initiatives, supported by KVPL's own native forest plant nursery at Ingestre Estate in Dickoya, which supplies saplings for forest regeneration activities.

The project also operates six camera trap stations across estate landscapes, enabling researchers to identify more than 15 leopards across multiple generations. In parallel, KVPL actively supports snare removal patrols to mitigate one of the most significant threats to Leopard and broader wildlife populations. Community engagement and awareness-building remain central to the initiative, with programmes focused on coexistence, Biodiversity value, and ecosystem stewardship delivered to estate employees and surrounding communities. Collaborative partnerships with organisations such as the Wildlife and Nature Protection Society and Rainforest Alliance have further strengthened outreach and capacity-building efforts. Importantly, no Leopard fatalities or injuries were recorded during the year, reflecting the effectiveness of these interventions.

Beyond conservation operations, KVPL has expanded its Biodiversity awareness initiatives through signage installations, structured training programmes, and stakeholder engagement activities. These combined efforts have contributed to increased Leopard sightings and measurable improvements in ecosystem health across estate landscapes.







Another notable example is the Halgolla Estate, which alone comprises six distinct natural habitats and is widely recognised as a biodiversity-rich landscape of global significance. During the year, a dedicated research study was commissioned to further explore how these ecological assets can be sustainably harnessed to deliver both conservation and shared value outcomes.

Marking a significant milestone, KVPL advanced its Biodiversity strategy beyond operational integration to brand positioning, initiating a conservation-linked product approach. As part of this initiative, a Leopard conservation-themed tea pack range is being developed, featuring individually identified Leopards. This pioneering approach enables conservation value to be embedded directly into product identity, allowing customers globally to actively participate in conservation outcomes. Similar to the Company's earlier "Home for Every Plantation Worker" initiative launched in 2010, this model links commercial products with measurable social and environmental impact. A defined contribution per pack, in US cents, will be directed to a dedicated Leopard Conservation Fund supporting ongoing protection efforts.

Further reinforcing KVPL's science-led approach to Biodiversity management, a research study conducted by a researcher

from the University of Colombo assessed the Company's contribution to Sri Lanka's national Biodiversity baseline. The study documented species richness across estate landscapes, including endemic and threatened taxa, and identified opportunities to enhance business value through the responsible leveraging of biodiversity assets. The insights from this research have been integrated into KVPL's 2025/26 Forestry Plan, High Conservation Value (HCV) area management strategies, and reporting frameworks aligned with the United Nations Sustainable Development Goals (SDGs), particularly SDG 15 (Life on Land). Conducting HCV assessments across KVPL's estates helps identify sensitive areas that must be protected or managed carefully. This ensures that plantation operations are carried out responsibly while conserving Biodiversity, safeguarding water resources, and supporting surrounding communities.







Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside of protected areas.

Conservation Area Type	Extent in Ha
Forest	1,501.61
Marsh Land	180.09
Rock Area	266.93
Watersheds	83.10
River/water sources and relevant land area	15.95
Total	2,047.68

IUCN Red List Species and National Conservation List Species with Habitats in areas affected by Operations.

IUCN						
Category	Total SR		Endemic Taxa		Threatened Taxa	
	Sri Lanka	KVPL	Sri Lanka	KVPL	Sri Lanka	KVPL
Mammals	125	39	33	10	62	13
Birds	240	163	35	31	81	33
Reptiles	211	48	163	23	100	11
Amphibians	111	33	99	28	63	25
Freshwater Fish	91	33	60	17	52	13
Butterflies	245	106	31	11	101	22
Odonates	118	58	59	23	60	27
Land Snails	253	20	205	16	165	14
Sub Total Flora	3,087	738	863	139	1,496	152
Sub Total Fauna	1,394	500	685	159	684	158
Total	5,875	1,738	2,233	457	2,864	468



Kelani Valley Protectors Initiative (KVPI) Continues to Strengthen the We Oya Catchment

The Kelani Valley Protectors Initiative (KVPI), launched on 28 February 2022 at KVPL's We Oya Estate in Yatiyanthota, continues to play a vital role in safeguarding the We Oya catchment area. This initiative was established in support of the Government's Surakimu Ganga Programme within the Kelani River Basin. Recognising the critical importance of Sri Lanka's water resources, from drinking water supply to ecosystem sustenance, KVPL undertook this project to protect a key water source that serves over 6 million people in Colombo and its surrounding areas.

The initiative is implemented through a multi-stakeholder approach, with partnerships spanning Divisional Secretariats and key government institutions, including the Department of Forestry, Wildlife, Agriculture and Health authorities, the Central Environmental Authority, and the National Water Supply and Drainage Board, alongside several private sector organisations.

During the year, KVPL further expanded its network of external collaborators and continued native tree planting efforts, planting 10,000 plants and increasing the

total number of trees planted within the catchment area to 8,366. The project's partnership model, where external organisations sponsor tree planting at an investment of Rs. 850 per plant, has proven to be both scalable and sustainable.
As part of this initiative, Hirdaramani International supported the programme by sponsoring the planting of 500 trees, sourced from KVPL's nursery at Rathnapura Forest Department. The funds generated are reinvested into the ongoing maintenance and nurturing of the plants, ensuring their survival and long-term contribution to ecosystem restoration.





Green Clubs continue to Ignite Action and Spark a Passion for Conserving Nature



Launched in 2022, the "Green Clubs" initiative in schools located within the We Oya and Kelani River basins continues to play a meaningful role in fostering environmental awareness and active engagement among children and youth. Established in collaboration with the Central Environmental Authority, the Forest Department, and the International Union for Conservation of Nature, these clubs provide a structured platform for students to participate in activities that promote environmental conservation and sustainable practices.

During the year under review, educational programmes conducted under this initiative with the support of IUCN focused on helping students develop a deeper understanding of natural resources, ecosystems and Biodiversity and on identification and conservation of flora and fauna.

As part of the Hayleys Plantations–Rotary Club "1 Million Trees Planting" initiative, KVPL supports efforts to increase forest cover and biodiversity. The initiative has planted over 450,000 trees to date, contributing to ecosystem restoration and climate resilience.

Circularity in Our Operations

At KVPL, our environmental strategy is firmly grounded in the principles of sustainability and circularity. Through the systematic application of the 7Rs Refuse, Reduce, Reuse, Reclaim, Recycle, Repair, and Replace we continue to minimise our ecological footprint while enhancing resource efficiency across all operations.



From Trash to Treasure

During the year KVPL initiated Trash to Treasure- an innovative upcycling initiative of transforming electronic waste into decorative wearable jewelry and other value added eco-friendly products. As part of this initiative, KVPL formalised a collaboration with SPJ Creation through the signing of a Memorandum of Understanding (MOU) in March 2026. The initiative centres on the collection, repurposing, and upcycling of discarded electronic materials, converting waste into resources of both economic and environmental value. By combining sustainability with design innovation, the partnership introduces a scalable model that aligns local action with broader global sustainability priorities.

In addition to promoting green innovation and advancing circular economy principles, the initiative also supports women's entrepreneurship and community engagement. It reflects KVPL's growing capability in sustainability-driven innovation and demonstrates the Company's ability to transform waste into value through creativity and applied knowledge. During the reporting period, 155 units of e-waste, including computer motherboards and related electronic components, were provided to the external vendor for conversion into value-added products.



Circularity in Our Operations

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Our Three Pillars

1 REFUSE

- Buffer zones are maintained around natural ecosystems, aquatic systems, High Conservation Value (HCV) areas, and conservation zones to prevent agrochemical runoff and other operational impacts.
- The use of jungle firewood is strictly avoided, supporting efforts to reduce deforestation and forest degradation.

2 REDUCE

- Selective plucking practices are implemented to minimise production waste.
- Soil conservation and improvement measures are applied as standard practice across estates.
- Site-specific fertiliser application is used to optimise input efficiency and reduce excess usage.

3 REUSE

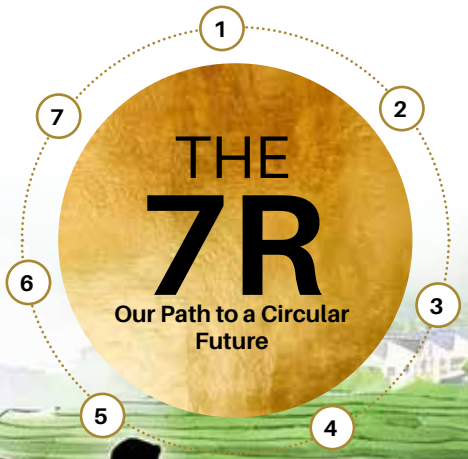
- Reusable twill cloth bags are used for storing and transporting refuse Tea

4 RECLAIM

- Value is recovered from production streams through the operation of refuse tea factories and skim rubber factories, reducing overall environmental burden.

5 RECYCLE

- All used agrochemical containers are centrally collected and handed over to CEA-approved recyclers, ensuring safe and responsible waste management.
- Innovative recycling initiatives have been introduced, including the transformation of electronic waste into decorative and wearable jewellery.
- This emerging initiative reflects KVPL's growing intellectual capital in sustainability innovation and circular economy practices, demonstrating the ability to reimagine waste as value through creativity and applied knowledge.



6 REPAIR

- Watershed restoration and rehabilitation initiatives are undertaken to strengthen the long-term health and resilience of critical ecosystems.
- This includes programmes such as the We Oya Catchment conservation initiative under the Surakimu Ganga programme and restoration activities within the Kelani Estate.

7 REPLACE

- A five-year forestry management plan has been implemented to ensure the sustainable management and regeneration of commercial timber and fuelwood resources.
- Under this approach, initiatives such as agroforestry development at Kelani Estate and bamboo planting plots aimed at biochar production further support long-term resource renewal and ecosystem enhancement.

During the year, 155 units of e-waste, including computer motherboards and related components, were provided to an external vendor for conversion into value-added products.

Weather Kids Programme Continues to Inspire young Environmental Stewards:

The Weather Kids Programme, initiated in 2022 at the Pedro and Nuwara Eliya estates, continued to be strengthened by the Company's adoption of smart technology during the year. Through automated weather monitoring systems, the programme has enhanced digital capabilities while improving data literacy and data management skills among employees.

In addition, predictive yield modelling is now enabled through integrated digital dashboards, which are interconnected across estates and the Head Office. This real-time data ecosystem supports more informed decision-making, improves operational efficiency, and reinforces the Company's transition toward data-driven plantation management.

Importantly, the programme also promotes environmental awareness and activism among schoolchildren, encouraging them to engage with climate-related data and develop a deeper understanding of sustainability, climate impacts and environmental stewardship from an early age.





Our Strategic Progress Towards Net Zero under SBTi , & becomes the first to be SBTi FLAG Validated

KVPL has made significant strategic progress in advancing its climate commitments under the Science Based Targets initiative (SBTi). Following its formal commitment to the initiative in 2024, the Company embarked on a clear pathway towards becoming a carbon-conscious and climate-resilient organisation, initially targeting the achievement of net-zero emissions by 2050. Demonstrating enhanced ambition and commitment to climate action, KVPL subsequently advanced this target year to 2049.

A major milestone was achieved in 2025 when KVPL extended its commitment to the SBTi FLAG (Forest, Land and Agriculture) framework, becoming the first tea plantation company globally to do so. In addition, the Company received formal validation of its emission reduction targets from the SBTi following a rigorous assessment process. This validation confirms that KVPL's climate targets are aligned with a 1.5°C pathway, reinforcing the credibility, scientific robustness, and long-term integrity of the Company's climate action strategy.

During the year under review, KVPL made meaningful progress against its Net Zero pathway, guided by its SBTi-validated targets:

Near-Term Targets (by FY2033, base year FY2022)

Energy & Industry

- Reduce absolute Scope 1 and 2 GHG emissions by 58.8%

FLAG (Forest, Land and Agriculture)

- Maintain zero deforestation across all primary deforestation-linked commodities
- Targets include FLAG emissions and removals

Long-Term Targets (by FY2049, base year FY2022)

Energy & Industry

- Reduce absolute Scope 1 and 2 GHG emissions by 90%

FLAG:

- Targets include FLAG emissions and removals

Progress during the year was driven through a multi-pronged approach:

- **Expansion of Renewable Energy**

KVPL accelerated its transition to clean energy through the installation of rooftop solar systems at key processing facilities, including the Ingestre Tea Estate during the year whilst the installations completed in 2024 in Dewalakanda and Panawatte Rubber Estates began to generate this year, reducing reliance on grid electricity and fossil fuels.

- **Comprehensive Carbon Footprint Measurement**

The Company further strengthened its greenhouse gas (GHG) inventory, covering Scope 1, Scope 2, and expanded Scope 3 emissions, including upstream and downstream transportation as well as employee commuting. This enhances transparency and enables more targeted emission reduction strategies.

- **Energy Efficiency Improvements**

Operational efficiencies were enhanced across tea and rubber processing centres through improved energy management practices, contributing to reduced emission intensity.

- **Nature-Based Solutions and Carbon Sequestration**

Reforestation, Agroforestry, and native tree planting initiatives were scaled up, enhancing carbon sequestration potential while strengthening Biodiversity and ecosystem resilience.

- **Integration into Business Strategy**

Climate considerations and emission reduction targets were embedded into strategic planning and operational decision-making, ensuring alignment across estates and functions.

- **Strengthening Climate Governance and Reporting**

KVPL continued aligning its climate disclosures with global frameworks, including SLFRS Foundation standards (S1 and S2), Sustainability Accounting Standards Board (SASB), and Global Reporting Initiative (GRI), while improving data accuracy and assurance processes.

- **Targeted Training and Awareness Programmes**

Recognizing the importance of building strong alignment and awareness across all levels of the organisation from the Board to field employees; Targeted training and awareness programmes were conducted across the Group, leveraging the expertise of Control Union and KVPL's Head of Sustainability. These initiatives were designed to deepen understanding of SBTi principles and foster a shared sense of responsibility in achieving the Company's climate goals.

- Number of SBTi Training Programmes Conducted: 4
- Targeted Employee Groups: Executives – Head Office, Suboffice, Estate Management, Corporate Management



The Company remains committed to accelerating its decarbonisation journey through innovation, stakeholder engagement, and continuous monitoring of its Net Zero pathway.

Aligning Suppliers with ESG Commitments

KVPL has initiated structured efforts to align its suppliers and contractors with the Company's ESG benchmarks, thereby extending sustainability principles across the value chain. Suppliers are encouraged to adopt eco-friendly materials and implement measures to reduce emissions, with performance monitored through regular supplier evaluations.

Insights from these assessments highlighted climate action as a key area where some suppliers demonstrated comparatively lower awareness and performance. These gaps are being actively addressed through targeted engagement and support initiatives.

To facilitate this transition, KVPL conducted capacity-building workshops on sustainability practices, enabling suppliers and contractors to better understand ESG expectations and strengthen their environmental performance.

Materials Management and Smart Resource Use

GRI 3-3

At KVPL, both renewable and non-renewable materials are utilised across operations, with a strong emphasis on improving resource efficiency and minimising environmental impact. Key renewable inputs include green leaf, latex, and environmentally friendly packaging materials such as paper-based products, all of which constitute a significant component of the Company's supply chain. At the same time, essential non-renewable inputs including fertilisers, dolomite, and agrochemicals in both liquid and solid forms continue to support agricultural productivity and operational continuity.

A core element of KVPL's sustainability strategy is the adoption of smart and precision agriculture supported by advanced technology. Building on the successful introduction of drone technology in the previous year, the Group continued to utilise these state-of-the-art systems integrated with digital platforms to optimise agricultural operations. This precision-based approach enables the accurate application of inputs only where and when required, thereby reducing excessive use of fertilisers and agrochemicals. As a result, the Company is able to support improved soil health, minimise environmental impact, and reduce the risk of nutrient runoff into surrounding ecosystems. These initiatives demonstrate how technology-driven solutions are being leveraged to strengthen both sustainability and operational efficiency, reinforcing KVPL's commitment to responsible and future-ready agricultural practices.

In addition, KVPL continues to utilise tools such as soil augers for testing and implements targeted weed control techniques to ensure efficient resource application. Fertiliser usage is guided by detailed soil analysis, enabling accurate site-specific application and minimising material wastage. The Company also promotes the use of organic alternatives, including compost produced from biodegradable estate waste and weeds, which are blended with synthetic fertilisers to further reduce environmental impact.

GRI 301-1

KVPL consistently maintains standards that exceed national regulatory benchmarks established by the Tea Research Institute of Sri Lanka and the Rubber Research Institute of Sri Lanka, reflecting the Company's continued commitment to sustainable and responsible plantation management.

GRI 301-1

Usage of nonrenewable Material

Type of Material	Unit	2025/26	2024/25	2023/24
Fertiliser	Kg	2,891,221	2,671,210	2,230,667
Dolomite	Kg	986,683	903,592	1,482,961
Agrochemicals(Liquid form)	Litres	25,411	51,619	18,342
Agrochemicals (Solid form)	Kg	3,347	1,355	2,838

Renewable Materials Used

Type of Material	Units	2025/26	2024/25	2023/24
Bought leaf	kg	2,422,144	2,578,459	17,037,712
Estate leaf	kg	16,174,366	16,305,426	19,992,590
Total green leaf	kg	18,596,510	18,883,885	37,030,302
Bought latex	kg	669,879	387,935	245,306
Estate latex	kg	1,957,524	2,178,806	2,069,872
Total latex	kg	2,627,403	2,179,194	2,315,178
Packing materials	kg	100,326	80,830	66,478
Firewood	m3/ Cubes	19,416	27,183	29,182

GRI 301-2, 301-3, 13.10.4

Due to the export-oriented nature of its operations and the stringent requirements associated with ISO 22000:2018 certification across all tea processing centres, KVPL has limited scope to reclaim or reuse packaging materials. Consequently, the use of recycled materials within the production process remains restricted.

FB-AG-440a.2

Based on internal assessments and global water stress indices, 100% of our agricultural raw materials are sourced classified as having High Baseline Water Stress.

GRI 13.6.1

Pesticide Usage and Management

KVPL adheres to standards that exceed the minimum agrochemical guidelines set by the Tea Research Institute and the Rubber Research Institute, reflecting its commitment to internationally recognized sustainable agricultural practices and long-term environmental stewardship.

An Integrated Pest Management (IPM) approach is implemented across operations, prioritising physical, cultural, and biological control methods, with chemical pesticides used only when pest levels exceed economic thresholds. In line with Rainforest Alliance and Forest Stewardship Council requirements, Environmental and Social Risk Assessments (ESRAs) are conducted for Highly Hazardous Pesticides (HHPs), with appropriate mitigation measures in place to safeguard ecosystems, wildlife, and human health.

To reinforce safe practices, annual Occupational Health and Safety training is provided by qualified experts to agrochemical applicators, storekeepers, and relevant personnel, ensuring proper handling, storage, and use of all chemicals.

Energy Management and Renewable Energy

Tea processing is inherently energy-intensive, prompting KVPL to adopt a proactive approach to energy management. The Company's strategy focuses on improving energy efficiency while progressively integrating renewable energy solutions, driven by both operational benefits and the need to reduce greenhouse gas emissions in line with its commitment to the Science Based Targets initiative.

KVPL's renewable energy journey began with the establishment of hydropower plants on its estates and has since evolved into a diversified energy portfolio comprising hydropower, biomass, and solar energy. During the year, renewable energy capacity was further expanded through the installation of rooftop solar systems at the Ingestre Tea Factory whilst the installations at Panawatte and Dewalakanda factories began to generate power this year.

Energy performance continues to be monitored and strengthened through regular audits conducted as part of Rainforest Alliance and regenagri certification processes, supporting continuous improvement in energy efficiency and sustainability.

Hydro Power Generation on our Estates

	2025/26	2024/25
	Units (kWh)	
Kalupahana	2,070,840	2,693,402
Glassaugh	9,348,467	9,751,773
Batalgalla	107,000	142,662
Uda Radella	2,439	-
Total	11,528,746	12,587,837

Biomass

- Rubber
- Mixed firewood

Solar Power Generation on our Estates

	2025/26	2024/25
	Units (kWh)	
Dewalakanda	312,719	122,173
Panawatte	62,701	-
Total	375,420	-

Energy Consumption within the Organisation

GRI 302-1 FB-AG-130a.1

Energy Source	Amount (GJ)		
	2025/26	2024/25	2023/24
Total Diesel Usage	14,168	13,910	13,234
Total Petrol Usage	2,883	2,189	2,346
Firewood	94,651	110,431	118,554
LP Gas	387	388	364
Total energy consumption from direct energy sources (GJ)	112,090	126,918	134,497

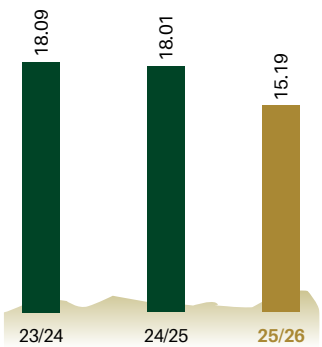
Location	Amount of Electricity Energy Consumed (GJ)	
	2025/26	2024/25
Factory	17,725	17,135
Office	568	175
Bungalow(s)	967	513
Quarters	195	954
Others	357	230
Total energy consumption from indirect energy sources (GJ)	19,811	19,007

Energy Source	Amount of Electricity Energy Consumed (GJ)		
	2025/26	2024/25	2023/24
Total non-renewable energy usage (GJ)	37,250	35,495	37,875
Total renewable energy usage (GJ)	94,651	110,431	118,554
Percentage of renewable energy used	72%	76%	76%
Percentage grid electricity	15%	13%	14%

GRI 302-3

Energy Intensity

GJ/Rs.



GRI 302-4

Reducing Energy Consumption

KVPL continuously explores opportunities to reduce energy consumption within its factory processes and enhance overall operational efficiency. During the year, the Company commenced the implementation of a firewood reduction method across its Up Country tea factories during the dry season. This initiative, which has previously demonstrated successful results within the industry, is designed to optimise combustion efficiency during the withering process and thereby reduce firewood consumption. The initiative is expected to contribute to a meaningful reduction in firewood usage while supporting the conservation of forest resources.

In parallel, KVPL continued to prioritise the adoption of energy-efficient technologies across its operations. The Company expanded the use of LED lighting systems within factories, offices, and estate premises to minimise electricity consumption. Additional energy optimisation measures implemented during the year included the installation of Variable Frequency Drives (VFDs) in factory machinery and the use of capacitor banks for power factor correction, both of which contribute towards improved energy efficiency and reduced power losses. KVPL also introduced solar-powered lighting facilities at selected locations to encourage the use of renewable energy and reduce dependence on conventional electricity sources.

These initiatives form part of the Company's broader commitment to energy conservation, operational sustainability, and environmental stewardship. However, given the nature of plantation manufacturing operations, KVPL has limited opportunities to substantially reduce the energy intensity associated with its core products and services, as processes such as tea drying and withering remain inherently energy-intensive and currently have limited low-energy alternatives.

Energy Source	Amount (GJ)		Energy Reduction (GJ)
	2025/26	2024/25	
Total Diesel usage	14,168	13,910	(258)
Total Petrol usage	2,883	2,189	(694)
Firewood	94,651	110,431	15780
LP Gas	387	388	1
Electricity	19,811	19,007	(804)

GRI 302-5

Given the nature of its production processes, KVPL has limited scope to substantially reduce energy consumption, as key activities such as tea withering and drying are inherently energy-intensive and cannot be easily replaced with lower-energy alternatives.

Water and Effluents

GRI 13.7, 303-1 FB-AG-140a.2

Watershed conservation remains a key priority for KVPL, recognising the critical role that healthy catchment areas play in sustaining water resources, supporting Biodiversity, and ensuring long-term agricultural productivity. The Company continues to implement targeted initiatives to protect and restore watershed ecosystems across its estates, including soil conservation measures, reforestation, and the maintenance of riparian buffer zones to minimise erosion and enhance water retention.

Complementing these efforts, KVPL has strengthened its rainwater harvesting initiatives as a practical approach to water stewardship and climate resilience. Rainwater harvesting systems have been implemented at estates such as We Oya, Uda Radella, Inverey, and Tillyrie, enabling the collection and storage of rainfall for operational use. These systems help reduce dependence on external water sources, improve water availability during dry periods, and contribute to more efficient water management across estate operations.

Together, these initiatives enhance the resilience of KVPL's plantation landscapes, supporting sustainable water use while safeguarding critical ecosystems for the future.

During the year, KVPL further strengthened its water management practices through enhanced monitoring and maintenance of estate-level water infrastructure. Regular inspections and upkeep of water distribution networks, soak pits, and wastewater management systems were carried out to improve operational efficiency and minimise potential contamination risks. In parallel, periodic laboratory testing of drinking water and wastewater quality continued across estates to ensure compliance with prescribed standards and safeguard the health and wellbeing of estate communities. These measures support KVPL's ongoing commitment to responsible water stewardship and effective effluent management.

Water Withdrawal by Source

GRI 303-3, 303-5 FB-AG-140a.1 FB-AG-140a.3

As an agricultural enterprise, KVPL primarily depends on natural surface water sources to meet the demands for its manufacturing processes and overall operational needs.

Water is not consumed in the product manufacturing process; it is used only for cleaning and maintanace activities.

Total water withdrawn	99,448,942 L
Surface water withdrawal	99,448,942 L
Water Consumption for Agriculture	
Monthly average rainfall	539.76mm
Number of wet days	199

There were no incidents of non-compliance with water quality permits, standards or regulations.

Effluent Management

GRI 303-2 FB-AG-140a.3

In response to increasing concerns surrounding effluent and waste management in the Rubber industry, KVPL has outfitted all its Rubber processing facilities, namely -Panawatte, Lavant, Kiriporuwa and Dewalakanda with effluent treatment plants that are fully approved by the Central Environmental Authority (CEA).

GRI 303-4

74,688,181 L
Water treated by Effluent Treatment Plant

8,435,690 L
Water discharge through soak pits

GRI 13.5

Soil Conservation & Management

As an agricultural enterprise, KVPL recognises the fundamental importance of preserving and enhancing soil health its most critical natural asset. The Company adopts a comprehensive and forward-looking soil management approach to ensure long-term productivity, environmental sustainability, and ecosystem resilience across its estates.

KVPL implements a variety of techniques to maintain soil fertility, reduce environmental impact, and support Biodiversity:

- Crop rotation is strategically practiced to maintain soil nutrient balance and reduce depletion.
- Cover cropping is prioritized to prevent erosion, improve soil structure, and support microbial life.
- We minimize chemical usage by favoring sustainable agricultural practices that enhance soil Biodiversity and ensure long-term viability.

To conserve moisture and protect soil from evaporation and degradation, KVPL employs targeted ground cover

management methods, including:

- Burying pruned litter in tea inter-rows to retain moisture in the soil for over two years.
- Mulching inter-rows with thatching materials or shade loppings to reduce water loss.
- Pruning tea bushes appropriately to support soil health and plant vigor.
- Applying organic matter, such as compost, weed compost, and refuse tea, to boost water retention capacity.
- Planting cover crops and cutting them back before the onset of drought to maintain ground cover.
- Leaving soft leaves on the soil surface as natural mulch.
- Soil rehabilitation, particularly in drought-prone areas, to improve moisture retention and soil structure.

Erosion Prevention Measures

KVPL actively mitigates soil erosion through a mix of proactive and restorative measures:

- Thorough land preparation before planting tea, including forking of mature fields, enhances soil aeration and water retention.
- Contour-based drain systems are used to manage runoff and prevent erosion. "Lock and spill" lateral drains with slit or reverse slopes are constructed along contour lines, enabling rainwater retention and promoting gradual absorption into the soil. These structures also trap sediment, reducing soil loss during heavy rains.
- A combination of on-farm and off-farm conservation techniques ensures landscape-level resilience against soil erosion.

Waste Management

GRI 13.8, 306-1, 306-2

As part of KVPL's integrated waste management programme, both employees and estate communities are actively engaged in sustainable waste handling practices, including the segregation, collection, and composting of biodegradable waste. In parallel, empty agrochemical containers are responsibly collected and recycled through approved channels, ensuring safe disposal and minimising environmental impact.

KVPL further reinforces circularity within its operations through the adoption of the 7Rs Refuse, Reduce, Reuse, Reclaim, Recycle, Repair, and Replace embedding resource efficiency across its value chain.

To strengthen this approach, regular training and awareness programmes are conducted to build employee capacity and promote environmentally responsible behaviours. These initiatives foster a culture of environmental stewardship, reinforcing shared responsibility for sustainable waste management and long-term conservation.

Waste type and disposal method

GRI 306-3, 306-4, 306-5

Waste type and their disposal method :

Type of Waste (nonhazardous)	Weight (Mt)	Disposal method
Bio degradable waste	53.035	Composting and Dumping M)
Non-bio degradable waste :		
Metal	0.011	Onsite storage
Glass	0.031	Recycling and dumping
Plastic	0.12	Recycling and dumping
Polythene	0.189	Recycling and dumping
Paper	0.286	Stationary land filling
Hazardous waste		
Empty chemical cans	0.115	Recycling
Medical waste	0.014	Incineration
Batteries	-	Onsite storage
Bulbs	0.036	Onsite storage
E-waste	0.058	Onsite storage

Waste Diverted from Disposal

0.466Mt
Recycling

Waste Directed to Disposal

0.286Mt
Open dumping/ sanitroy land filling

0.094Mt
Onsite Storage

0.014Mt
Insineration

Emissions

Quantification of our Carbon Emissions :

GHG Emissions (tCO2e)

Direct (Scope 1) GHG emissions, Energy indirect (Scope 2) GHG emissions, other indirect (Scope 3), GHG emissions Reduction of GHG emissions.

GRI 13-1, 305-1, 305-2, 305-3, 305-5 FB-AG-110a.1

Scope	2025/26	2024/25	Change in GHG Emissions (tCO2e)
Direct (Scope 1) GHG Emissions	6,366	5,732	↑634
Energy indirect (Scope 2) GHG Emissions	2,368	2,259	↑109
Total GHG emissions From Scope 1 and Scope 2	8,734	7,991	↑743

Base year 2022

This difference in emission has occurred since both head office and sub office emission has also considered along with 25 estates for this year calculation unlike last year.

Emission Sources FB-AG-110a.3

- Diesel used in generators, biomass fuel used in tea factories, LPG, and other fuel oil
- During the reporting period, fleet vehicle operations recorded a total fuel consumption of 2,182.8 GJ of petrol and 11,461.1 GJ of diesel.
- Refrigerant leakages from air conditioning and refrigeration systems, nitrogen-based fertilizer applied in the estate, CO_2 fire extinguishers, wastewater treatment plant
- Grid electricity consumed at all operational locations supplied by the Ceylon Electricity Board
- Employee commuting
- Business Air travel details
- Direct shipment details
- Waste Records
- Scope 1:Stationary combustion, Mobile combustion, Fugitive emissions arise from the release of GHG in anthropogenic systems.
- Scope 2: Indirect GHG emissions from imported energy
- Scope 3 Indirect GHG emissions from transportation, Indirect GHG emissions from product used by the organization, indirect emissions from other sources.

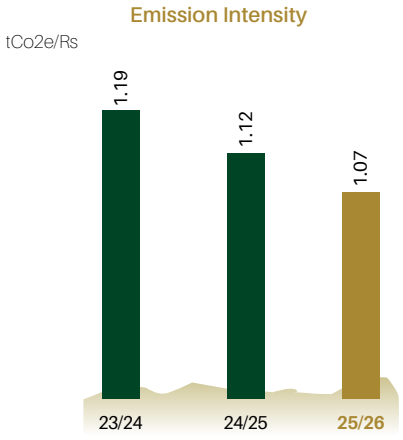
GWP Source: IPCC AR6 2019 factors

Category wise emission as per the ISO 14064 -1:2018 standard GRI 13.1.1

GHG Emission Summary - Kelani Valley Plantations PLC 2025/26			
Emission Source	**Quantity (Total)**	**Units**	**GHG Emission (tCO2e)**
Total Direct Emission (Round-up)			6,366.00
Category 1: Direct GHG emissions in tonnes CO2e			6,366.00
1.1 Direct emission from stationary combustion			349.39
Generators - Diesel	37,193.30	L	100.13
Generators - Petrol	418.00	L	0.97
Firewood cutting - Chainsaw machine - Petrol	16,188.50	L	37.63
Boilers - Firewood	6,310,091.75	kg	187.23
LPG Consumption	7,827.50	kg	23.42
1.2 Direct emission from mobile combustion			1,078.14
Road Transport - Diesel	157,275.97	L	427.59
Road Transport - Petrol	27,941.87	L	66.19
Manager Fuel - Petrol	35,882.73	L	85.01
Manager Fuel - Diesel	19,234.49	L	52.29
Off-road Vehicles - Diesel	120,408.10	L	356.72
Off-road Agricultural Machineries - Pertrol	37,025.06	L	90.33
1.4 Direct fugitive emissions arise from the release of GHGs in anthropogenic systems			4,938.47
CO2 emission from Urea application	700,676.16	kg	666.49
CO2 emission from Dolomite application	1,235,553.00	kg	588.95
N2O emissions from Nitrogenous Fertilizers	506,345.33	kg	2,172.22
N2O emissions from Nitrogen Volatilization	506,345.33	kg	217.22
N2O emissions from Nitrogen leaching & run-off	506,345.33	kg	488.75
Waste Water Treatment	75,040,195.00	L	804.45
CO2 fire extinguishers	380.00	kg	0.38
Total Indirect Emission (Round-up)			2,367.86
Indirect GHG emissions from imported energy in tonnes CO2e			2,367.86
Category 2: Indirect GHG emissions from imported energy			2,367.86
Grid Electricity	5,673,909.82	kWh	2,367.85
Total emissions in tones CO2e			8,733.86

GHG Emission Intensity

GRI 305-4



GRI 305-6, 305-7 FB-AG-110a.2

It is important to note that KVPL's operations do not contribute to the release of ozone-depleting substances. Furthermore, emissions of nitrogen oxides (NOx) and sulfur oxides (SOx) resulting from our day-to-day operations and estate community activities are considered negligible.

KVPL continues to take proactive steps to reduce its greenhouse gas (GHG) emissions through a range of targeted initiatives, including:

- Reforestation programmes aimed at carbon sequestration and ecosystem restoration
- Solar power projects to reduce dependence on fossil fuels and lower Scope 2 emissions
- Hydropower development, providing clean, renewable energy to support estate operations

MANAGING ENVIRONMENTAL RISKS RESPONSIBLY

Environmental Risk Identified	KVPL Mitigation Strategy
Agrochemical Usage	Integrated Pest Management (IPM), drone application, TRI-approved plans, buffer zones, hazardous can recycling
Soil Erosion & Land Degradation	Soil conservation, hedge row planting, cover crops, organic matter incorporation, controlled drainage
Wastewater Release	Effluent treatment plants, soak pits, regular water quality testing
Biodiversity Loss from Monocropping	Agroforestry, crop diversification, riverine Biodiversity enhancement
Climate Change Impacts	Climate adaptation strategies, renewable energy expansion, reforestation
High Carbon Emissions	Solar energy, hydropower, biomass, SBTi-aligned Net Zero pathway
Wildlife Habitat Fragmentation	Wildlife corridors, native forest restoration, leopard conservation initiatives
Resource Inefficiency & Waste	Circular economy practices through the 7Rs framework
Watershed Degradation	Catchment restoration, riparian buffer protection, rainwater harvesting
Supplier ESG Gaps	Supplier awareness programmes and ESG capacity-building workshops

KVPL ROAD AHEAD TOWARDS ENVIRONMENTAL SUSTAINABILITY

SHORT TERM (1-2 Years)



Strengthening Foundations

- Expand renewable energy adoption
- Strengthen Biodiversity conservation programmes
- Increase employee sustainability awareness
- Enhance ESG supplier engagement
- Improve climate data monitoring systems

MEDIUM TERM (3-7 Years)



Building Climate Resilience

- Scale circular economy practices
- Develop climate-resilient plantation systems
- Expand Agroforestry initiatives
- Improve precision agriculture through technology
- Strengthen watershed restoration programmes

LONG TERM (8-25 Years)



Achieving Net Zero Leadership

- Achieve Net Zero emissions by 2049
- Full Science Based Targets initiative (SBTi) alignment
- Attain globally recognized environmental certifications
- Establish regenerative plantation landscapes
- Position KVPL as a global sustainability leader in tea & rubber

Our Journey to NET ZERO by 2049

2024 — **Strengthening Foundations**

2030 — **Accelerating Climate Action**

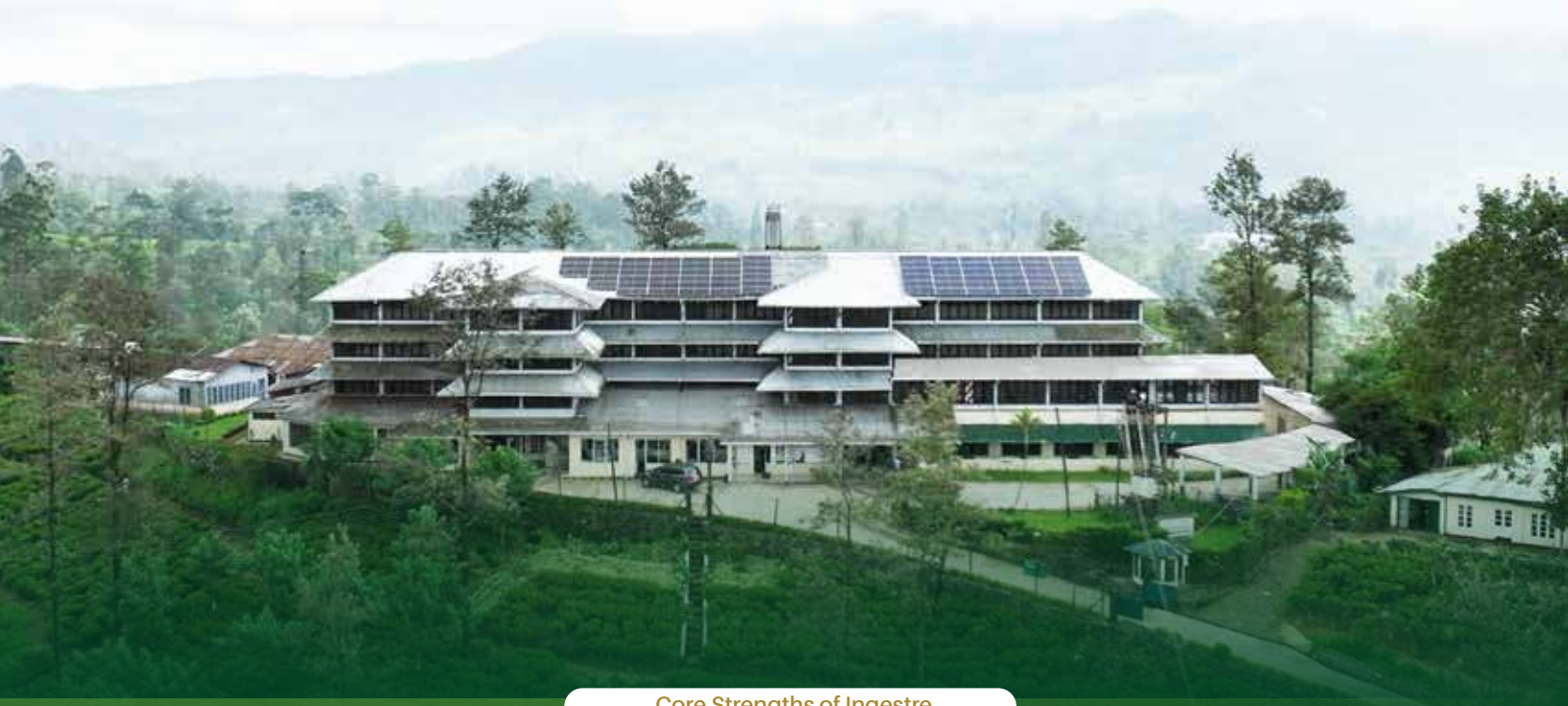
2040 — **Scaling Nature-based Solutions**

2049 — **Net Zero Achieved Sustainble Legacy**

INGESTRE ESTATE

The Powerhouse of Climate-Smart Terra Gold

STRENGTH IN TEA. INTELLIGENCE IN ACTION. VALUE FOR GENERATIONS.



Core Strengths of Ingestre

- Rich Coloury High-Strength Tea
- Water Conservation
- Tea & Coffee Harmony
- Biodiversity Leadership
- Smart Agriculture
- Renewable Energy

Ingestre Estate in Dickoya, Hatton, is renowned for producing world-famous rich, coloury and high-strength teas. Beyond tea, Ingestre is a living example of how innovation, conservation and responsible stewardship transform a traditional plantation into a modern agribusiness ecosystem.

Landscape of Excellence, People & Purpose

830 Ha	451 Ha	61 Ha	4,700 – 4,750 ft	2,500 – 3,500 mm
Total Extent	Tea Area	Coffee Area	Elevation Range	Annual Rainfall

The Ingestre Advantage

- **Elbedda Ridge Corridor - Leopard Conservation Initiative**
- **Strategic Conservation Partnerships**
- **Biodiversity & Ecosystem Stewardship**
- **Smart Agriculture for a Sustainable Future**
- **Renewable Energy for Cleaner Tomorrow**
- **Value Beyond Tea**



Rooted in a Land of Legacy & Natural Splendour

Close visibility to Sripada Mountain Range

Near Bogawantalawa Valley

Upper-mid elevation biodiversity hotspot

Abundant wildlife & forest corridors

Healthy soils, pure waters, resilient ecosystem

A Home for Every Plantation Worker

Ingestre is a community hub that uplifts lives through quality housing, education, healthcare, recreation and empowerment.

Better living. Dignified work. Stronger communities.

Our Signature Tea

Rich. Bright. Coloury. Strong.
A favourite of tea lovers around the world.

Our Commitment

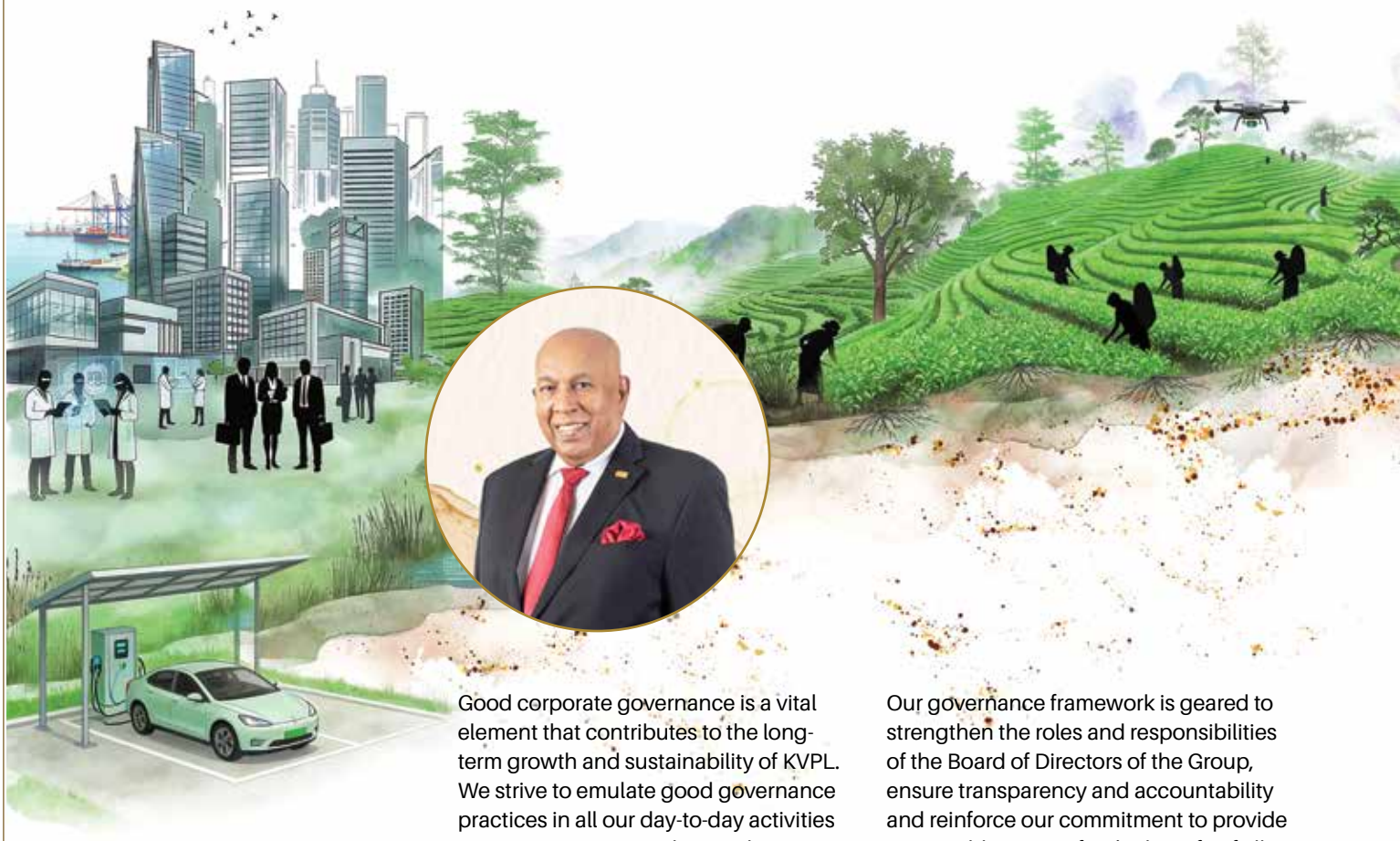
- Responsible stewardship of land, water, soil & Biodiversity
- Innovating continuously to enhance productivity & resilience
- Creating shared value for people, communities & stakeholders
- Delivering world-class teas with integrity & excellence
- Building a climate-smart future for generations to come

"Where strength meets sustainability, nature meets innovation, and tradition meets tomorrow."



E- Tour to Ingestre Estate

Statement from the Chairman on Corporate Governance



Good corporate governance is a vital element that contributes to the long-term growth and sustainability of KVPL. We strive to emulate good governance practices in all our day-to-day activities vis-à-vis strategies and procedures to facilitate good ethical behavior and a sound ethical culture. Our Corporate Governance framework consists of strong business principles, sound policies and procedures, underpinned by an efficient monitoring mechanism, where The Board of Directors stands as the apex governing body.

The Board consists of a diverse mix of individuals drawn from various disciplines. Their collective experience and varied perspectives have enabled the Company to implement strategic initiatives to enhance performance of KVPL, to overcome numerous sector-specific business challenges that we had to face in the period under review.

Our governance framework is geared to strengthen the roles and responsibilities of the Board of Directors of the Group, ensure transparency and accountability and reinforce our commitment to provide sustainable returns for the benefit of all internal and external stakeholders, even in challenging circumstances. Our Code of Conduct and Business Governance offers direction for all the employees across the organization, where we continually stress on the values of good governance, honesty, integrity and fairness.

This section of the Annual Report seeks to demonstrate KVPL's governance framework in action and its correlation to the regulatory framework applicable to our business. Accordingly, our business principles reflect the standards set out to ensure that we operate lawfully and comply with all mandatory and voluntary requirements including the



Companies Act, No. 07 of 2007 and the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka and Listing Rules of the Colombo Stock Exchange and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

We hope that this brief message will be of value to you in assessing how the regulatory requirements and best practices are being put into action across KVPL.

I assure you that we make every effort to continuously improve our Corporate Governance practices by complying with the relevant regulatory and governance framework to achieve ethical and stewardship obligations, while supporting the creation of long - term sustainable stakeholder value.

As required in the above Code, I together with the Board of Directors hereby confirm that, we are not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics as the case maybe by any Director or any member of the Corporate Management of KVPL.

Mohan Pandithage
Chairman

Growing Sustainable Value through Governance

At KVPL, corporate governance forms the foundation of responsible business stewardship and sustainable value creation. The Company is committed to maintaining the highest standards of integrity, accountability, transparency, and ethical conduct across all aspects of its operations, recognising that effective governance is essential to preserving stakeholder confidence and supporting long-term organisational resilience.

KVPL's governance framework provides the structure through which strategic direction is established, business objectives are achieved, risks are managed, and performance is monitored. The framework promotes disciplined decision-making, effective oversight, and accountability across all levels of the organisation, while ensuring that the interests of shareholders and other stakeholders are safeguarded.

The Company's governance practices are guided by its Articles of Association, Board-approved policies, Board Committee Charters, internal control mechanisms, and Code of Business Conduct. These are supported by clearly defined governance processes and systems designed to uphold regulatory compliance, ethical business practices, and responsible corporate behaviour throughout the organisation.

KVPL'S GOVERNANCE PHILOSOPHY

Rooted in Integrity. Guided by Purpose. Creating Lasting Value.

Our governance philosophy reflects our unwavering commitment to ethical leadership, responsible business conduct, and sustainable value creation for all stakeholders. It guides the way we lead, make decisions, manage risks, and create long-term resilience across the organisation.

Integrity

Building confidence through openness and accountability

We foster transparent, timely, and balanced communication with stakeholders through responsible disclosure practices and ethical decision-making, strengthening trust and confidence in the Company.

Sustainable Impact

Creating value for people, the environment, and the economy

We integrate Environmental, Social, and Governance (ESG) considerations into our strategies and operations to promote responsible plantation management and sustainable long-term growth.

Responsible Conduct

Upholding ethics, compliance, and governance excellence

We conduct business in compliance with applicable laws, regulations, and governance standards while maintaining a strong culture of integrity, fairness, accountability, and zero tolerance for unethical conduct.

Accountable Stewardship

Leading responsibly with discipline and foresight

We promote prudent decision-making, effective risk management, and responsible oversight to safeguard stakeholder interests and support sustainable business performance.

Our Governance is Shaped By

Governance Framework
A structured system of policies, oversight mechanisms, and delegated responsibilities that support transparency, accountability, and effective governance.

Legal and Regulatory Requirements
Compliance with the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange, and other applicable laws and regulations.

Internal Governance Documents
Board-approved policies, committee charters, Articles of Association, and codes of conduct that guide ethical and responsible business practices.

Industry Standards and Guidelines
Alignment with recognised governance principles, sector expectations, and evolving sustainability-related requirements.

Global Best Practices
Continuous enhancement of governance practices through benchmarking, independent assurance, and adoption of emerging governance standards.

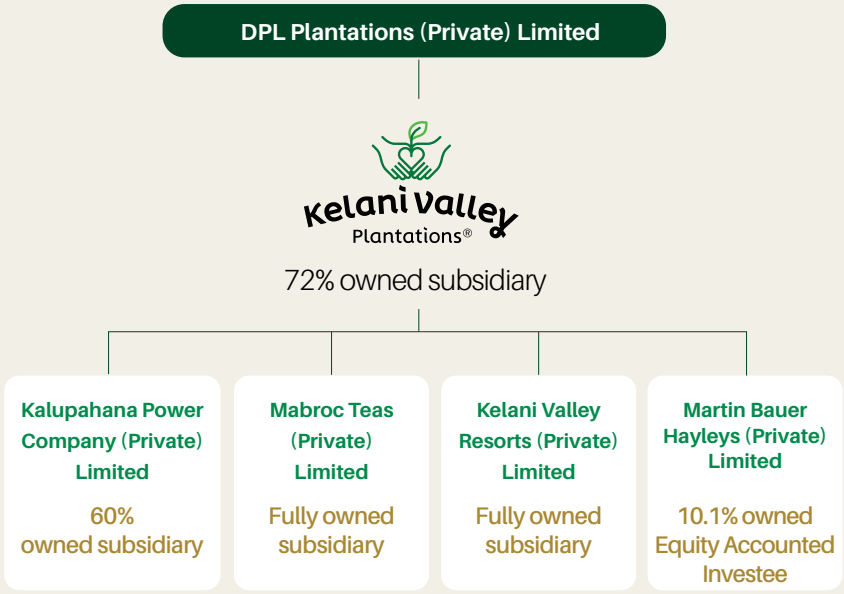
KVPL continuously strengthens its governance framework in line with the requirements of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, the Code of Best Practice on Corporate Governance issued by Institute of Chartered Accountants of Sri Lanka, and other applicable regulatory and industry standards. The Company also remains committed to adopting evolving governance practices and industry benchmarks that enhance transparency, accountability, and sustainable business management.

Through this governance framework, KVPL seeks to foster a culture of professionalism, integrity, and responsible leadership while creating sustainable long-term value for all stakeholders.

Ownership

Kelani Valley Plantations PLC is a member of the Hayleys Group and a subsidiary of DPL Plantations (Private) Limited, which is a fully owned subsidiary of Dipped Products PLC (DPL), a leading manufacturer of hand-protection wear in the world. Mabroc Teas (Private) Limited and Kelani Valley Resorts (Private) Limited are fully owned subsidiaries of KVPL. Mabroc Teas (Private) Limited is one of Sri Lanka's leading Tea exporters supplying a wide range of teas to the global markets. Kelani Valley Resorts (Private) Limited operates the Oliphant Boutique Bungalow which is managed by Hayleys Leisure PLC.

In association with Eco-Power (Private) Limited, KVPL established Kalupahana Power Company (Private) Limited, in 2003, contributing 1 Mw of electricity through its mini-hydro plant. 60% of Kalupahana Power Company (Private) Limited is owned by KVPL. Martin Bauer Hayleys (Private) Ltd. is an equity accounted investee of KVPL and has a 10.1% of ownership.



These guidelines, which are updated periodically, outline matters that require Board and respective Committee approval, advice or review. The Company adopts the Code of Best Practice on Corporate Governance 2023, which has been recommended for adoption by listed companies by the CSE. In addition to the Listing Rules, the Code of Best Practice on Corporate Governance 2023 is used as a guideline to determine operational structures and processes that exemplify good Governance practices across the business.

A Balanced Board

GRI 2-9, 2-17

The Board of Directors at KVPL plays a vital role in steering the Company's strategic direction and ensuring its long-term success and sustainability. They oversee and guide the Company's overall operations with integrity, always acting in good faith and in the best interest of the organization.

The Board is committed to upholding the highest standards of corporate governance and ethical conduct, maintaining transparency and accountability in all decision-making processes. The Board has established clear policies to identify, disclose, and manage conflicts of interest. Directors are required to declare any personal or professional interests that may affect their impartiality. Such disclosures are regularly reviewed, and appropriate measures are taken to ensure decisions are made in the best interest of the Company, maintaining transparency and integrity in governance.

Board Transition Highlights - FY 2025/26

New Appointments:

Mr. Senaka Alawattegama was appointed as Director/Chief Executive Officer, Executive Director with effect from 1 August 2025

Mr. Milinda Hewagama was appointed as Non-Executive Director with effect from 15 September 2025

Resignations:

Mr. Chatura Vishvajit Cabral Non Executive Director, resigned with effect from 15 September 2025

Retirements:

Mr. Anura Weerakoon, Director/Chief Executive Officer, Executive Director retired on 31 July 2025

> The Board of Directors of KVPL demonstrates strong leadership and sound governance, fostering sustainable growth, encouraging innovation, and delivering long term value through a firm commitment to integrity and excellence.

The Board comprises ten Directors, seven of whom are Non-Executive Directors, including three who are independent. The remaining three are Executive Directors, including the Chairman and the Managing Director.

The overall effectiveness of the Board is enhanced by the diversity and breadth of perspectives of its members, who combine professional and academic skills and experience. Collectively, the Board also has sufficient financial acumen and knowledge; with three of the Directors holding membership in professional accountancy bodies. All Directors have received a comprehensive training which encompasses both general aspects of directorship and matters specific to the Company and industry.

In line with our commitment to sustainability and responsible governance, the Board of Directors of KVPL has actively participated in ESG and sustainability related training and awareness sessions. These initiatives enhance the Board's capacity to oversee and integrate sustainability considerations into strategic decision making and corporate governance practices.

The Board considered that the preset composition and expertise is sufficient to meet the needs of the Group. The Non-Executive Directors contribute with their knowledge and experience collectively gained through their experience in serving or having served in a variety of public and private organisations.

The profiles of the Directors are found on pages 22 and 25 of this report.

Board Composition

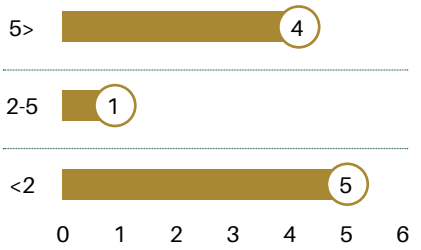
3	4	3
Executive Directors	**Non-Independent Non-Executive Directors**	**Independent Non-Executive Directors**

Gender Representation

10% **Female**

90% **Male**

Tenure of Service

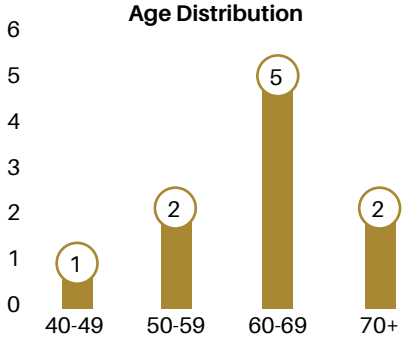


Board Age Diversity

Having 30% of its Directors below the age of 60, the Board benefits from a balanced mix of experienced leadership and new perspectives, fostering dynamic and forward thinking decision making

62 Average Age

Age Distribution



The Board comprises directors across a broad age spectrum , bringing together deep experience and fresh perspectives to strengthen governance and drive long term value

Board Skill Composition

- 10 Strategic Leadership
- 4 Accounting & Finance
- 4 Marketing
- 3 ESG Expertise
- 2 Agribusiness Management
- 2 Manufacturing & Engineering
- 1 Legal

Attendance at Meetings

Directors	Classification of the Directorship	Attendance				
		Board	Audit Committee	Related Party Transactions Review Department	Remuneration Committee	Nominations and Governance Committee
Mr. Mohan Pandithage	Chairman/ Executive Director	4/4				
Dr. Roshan Rajadurai	Managing Director/ Executive Director	4/4				
Mr. Senaka Alawattegama *(appointed with effect from 1 August 2025)*	Chief Executive Officer/ Executive Director	4/4				
Mr. Sarath Ganegoda	Non-Executive Director	4/4				
Mr. Nandana Ekanayake	Independent Non-Executive Director	4/4	4/4	4/4	2/2	2/2
Mr. Faiz Mohideen	Non-Executive Director	4/4	4/4	4/4	2/2	2/2
Mr. Sujeewa Peiris	Non-Executive Director	4/4				
Mr. Malaka Talwatte	Independent Non-Executive Director	4/4	4/4	4/4	2/2	2/2
Mrs. Saumya Amarasekera	Independent Non-Executive Director	4/4				
Mr. Milinda Hewagama *(appointed with effect from 15 September 2025)*	Non-Executive Director	3/3				
Mr. Anura Weerakoon *(retired with effect from 31 July 2025)*	Chief Executive Officer/ Executive Director	N/A				
Mr. Chatura Cabraal *(resigned with effect from 15 September 2025)*	Non-Executive Director	1/1				

Number and Name of Directorships Held in Sri Lanka

Mr. Mohan Pandithage
Executive Chairman

Total Directorships - 156

Listed Companies;
Executive - 12 and Non-Executive – 01

Unlisted Companies;
Executive - 132 and Non-Executive – 11

Listed Companies
Executive

- Hayleys PLC
- Haycarb PLC
- Dipped Products PLC
- Singer (Sri Lanka) PLC
- Hayleys Fabric PLC
- The Kingsbury PLC
- Horana Plantations PLC
- Kelani Valley Plantations PLC
- Hayleys Leisure PLC
- Talawakelle Tea Estates PLC
- Hayleys Fibre PLC
- Alumex PLC

Non-Executive
- Diesel & Motor Enginering PLC

Unlisted Companies
Executive
Hayleys Group - 132 Companies

Non-Executive
- Sojitz Kelanitissa (Private) Limited
- Beata Power (Pvt) Ltd
- Joule Power (Pvt) Ltd
- Ocean Network Express Lanka (Private) Limited
- The Beach Resorts Ltd
- Delmege Forsyth & Co. Exports (Pvt) Ltd
- Delmege Coir (Pvt) Ltd
- Delmege Forsyth & Co. (Shipping) Ltd
- Delmege Freight Services (Pvt) Ltd
- Lwwis Shipping (Pvt) Ltd
- Lewis Brown Air Services (Pvt) Ltd

Dr. Roshan Rajadurai
Managing Director

Total Directorships - 13

Listed Companies;
Executive - 03 and Non-Executive – Nil

Unlisted Companies;
Executive - 09 and Non-Executive – 01

Listed Companies
Executive

- Talawakelle Tea Estates PLC
- Horana Plantations PLC
- Kelani Valley Plantations PLC

Unlisted Companies
Executive
Hayleys Group - 9 Companies

Non-Executive
World Vision Lanka (Gurantee) Limited

Mr. Sarath Ganegoda
Non-Executive Director

Total Directorships - 68

Listed Companies;
Executive - 02 and Non-Executive – 09

Unlisted Companies;
Executive - Nil and Non-Executive – 57

Listed Companies
Executive

- Hayleys PLC
- Alumex PLC

Non-Executive
- Dipped Products PLC
- Hayleys Fabric PLC
- Singer (Sri Lanka) PLC
- Hayleys Leisure PLC
- Horana Plantations PLC
- Haycarb PLC
- Kelani Valley Plantations PLC
- Hayleys Fibre PLC
- The Kingsbury PLC

Unlisted Companies

Non-Executive
Hayleys Group - 57 Companies

Mr. Senaka Alawattegama
Chief Executive Officer/Executive Director

Total Directorships - 05

Listed Companies;
Executive - 01 and Non-Executive – Nil

Unlisted Companies;
Executive - 04 and Non-Executive – Nil

Listed Companies
Executive

- Kelani Valley Plantations PLC

Unlisted Companies
Executive
Hayleys Group - 4 Companies

Mr. Nandana Ekanayake
Independent Non-Executive Director

Total Directorships - 06

Listed Companies;
Executive - Nil and Non-Executive – 03

Unlisted Companies;
Executive - 03 and Non-Executive – Nil

Listed Companies

Non-Executive
- Kelani Valley Plantations PLC
- Talawakelle Tea Estates PLC
- Hayleys Fabric PLC

Unlisted Companies
Executive
- Siam City Cement (Lanka) Ltd
- Mahaweli Marine (Pvt) Ltd
- Insee Ecocycle Lanka (Pvt) Ltd

Mr. Faiz Mohideen
Non-Executive Director

Total Directorships - 01

Listed Companies;
Executive - Nil and Non-Executive – 01

Unlisted Companies;
Executive - Nil and Non-Executive – Nil

Listed Companies

Non-Executive
- Kelani Valley Plantations PLC

Mr. Milinda Hewagama
Non-Executive Director

Total Directorships - 44

Listed Companies;
Executive - Nil and Non-Executive – 04

Unlisted Companies;
Executive - Nil and Non-Executive – 40

Listed Companies
Executive

Non-Executive
- Hayleys Leisure PLC
- Kelani Valley Plantations PLC
- Talawakelle Tea Estates PLC
- The Kingsbury PLC

Unlisted Companies
Non-Executive
- Hayleys Group - 40 Companies

Mr. Sujeewa Peiris
Non-Executive Director

Total Directorships - 04

Listed Companies;
Executive – Nil and Non-Executive – 01

Unlisted Companies;
Executive - 01 and Non-Executive – 02

Listed Companies

Non-Executive
- Kelani Valley Plantations PLC

Unlisted Companies
Executive
- Bartleet Religare Securities (Pvt) Ltd

Non-Executive
- Colombo Stock Exchange
- CSE Clear (Pvt) Ltd

Mr. Malaka Talwatte
Independent Non-Executive Director

Total Directorships - 18

Listed Companies;
Executive – Nil and Non-Executive – 03

Unlisted Companies;
Executive - 15 and Non-Executive – Nill

Listed Companies

Non-Executive
- Talawakelle Tea Estates PLC
- Horana Plantations PLC
- Kelani Valley Plantations PLC

Unlisted Companies
Executive
- Saffron Capital (Pvt) Ltd
- Saffron Solutions (Pvt) Ltd
- Saffron Leisure (Pvt) Ltd
- Saffron Telecom (Pvt) Ltd
- Saffron Investments (Pvt) Ltd
- Commercial Equipment Supplier (Pvt) Ltd
- Turtle Beach Properties (Pvt) Ltd
- Jesselton (Pvt) Ltd
- Gammapila Investments (Pvt) Ltd
- Sandvillage (Pvt) Ltd
- Faris Developers (Pvt) Ltd
- Slice Foods (Pvt) Ltd
- The Ceylon Tea Collection (Pvt) Ltd
- Leisure Beach (Pvt) Ltd
- Island Hospitality (Pvt) Ltd

Mrs. Saumya Amarasekera
Independent Non-Executive Director

Total Directorships - 07

Listed Companies;
Executive – Nil and Non-Executive – 03

Unlisted Companies;
Executive - Nill and Non-Executive – 04

Listed Companies

Non-Executive
- Kelani Valley Plantations PLC
- Hayleys Fibre PLC
- Windforce PLC

Unlisted Companies

Non-Executive
- Silver Aisle (Pvt) Ltd
- Manson Investments (Pvt) Ltd
- Leisure Holdings (Pvt) Ltd
- Leisure Lines Lanka (Pvt) Ltd

Board Responsibilities

The Board of Directors of KVPL carries the ultimate responsibility for the stewardship of the Company, ensuring long-term sustainable value creation while safeguarding the interests of all stakeholders. The Board provides strategic direction, approves key policies, and oversees the effectiveness of governance, risk management, and internal control frameworks.

The Board's role is supported by a structured governance framework that clearly delineates oversight, delegation, and accountability across management and Board sub-committees.

Key Responsibilities of the Board

Strategic Direction & Leadership

- Approves and reviews the Company's strategic direction and long-term objectives
- Ensures alignment of business strategy with sustainable value creation
- Monitors execution of strategic priorities through performance reviews

Governance & Oversight

- Ensures the effectiveness of corporate governance practices
- Reviews and approves key policies, frameworks, and governance structures
- Oversees compliance with applicable laws, regulations, and listing requirements

Risk & Internal Control Oversight

- Ensures establishment of robust risk management and internal control systems
- Reviews principal risks including operational, financial, ESG, and emerging risks
- Monitors effectiveness of mitigation actions through Audit Committee reporting

Performance Monitoring

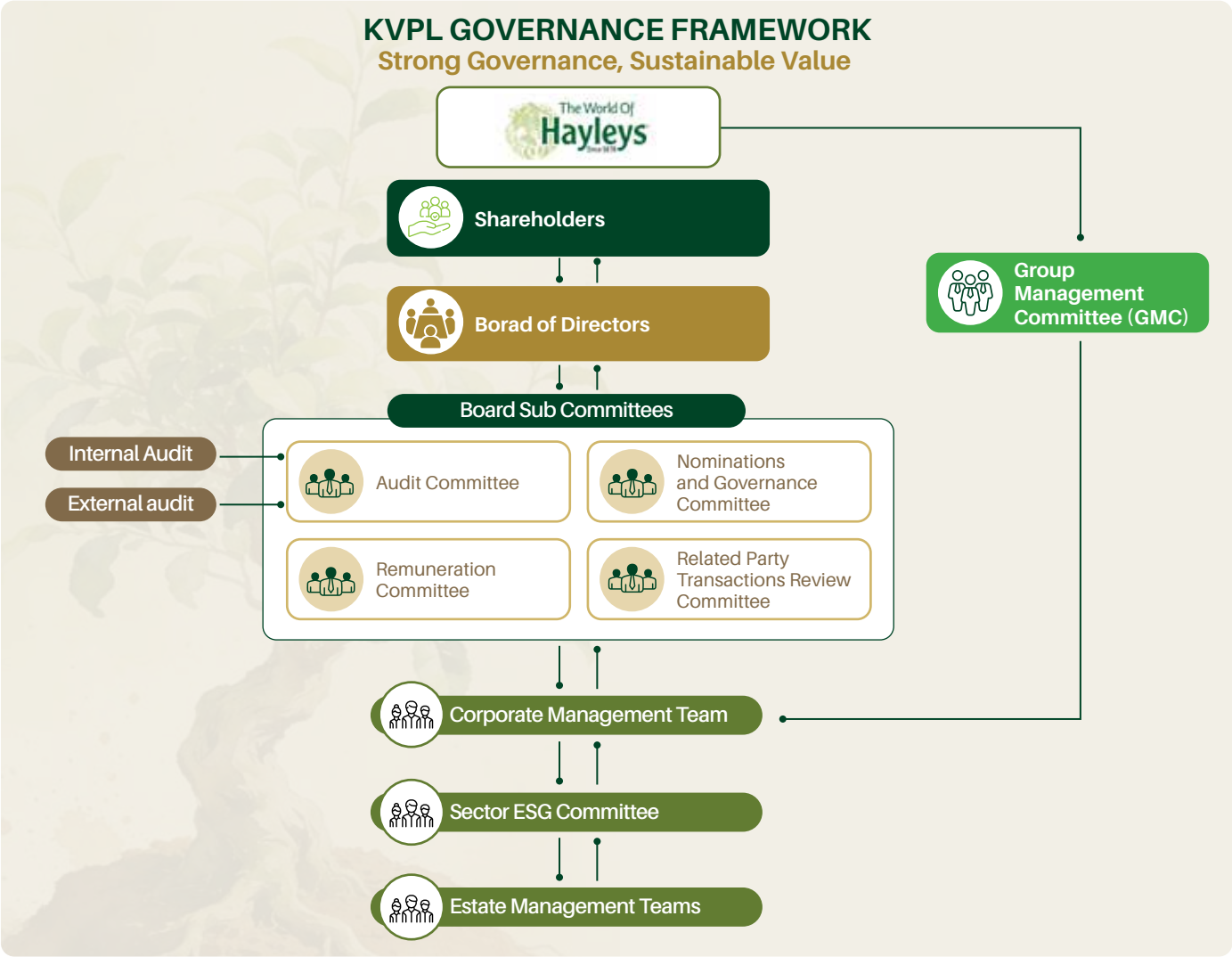
- Reviews financial and operational performance against approved budgets and targets
- Ensures capital allocation decisions are aligned with strategic priorities
- Monitors management performance through structured reporting mechanisms

Ethics & Compliance

- Promotes a strong ethical culture across the organisation
- Oversees compliance with the Code of Conduct and key policies
- Ensures effective whistleblowing and anti-corruption frameworks are in place

Corporate Governance Framework GRI 2-9

KVPL Governance guidelines provide Directors and the Management with a road map of their respective responsibilities.
The Governance Framework of KVPL is depicted as follows;



GRI 2-9, 2-10

Corporate Governance Structure

KVPL Group Governance structure comprises of two levels,

KVPL Corporate Governance Structure

Internal Governance

- KVPL Board of Directors
- Hayleys PLC Board of Directors
- Hayleys PLC Group Management Committee (GMC)
- Audit Committee
- Nominations and Governance Committee
- Related Party Transactions Review Committee
- Remuneration Committee
- Corporate Management
- Hayleys Lifecode
- ESG Steering Committee

External Governance

- Code of Best Practice on Corporate Governance 2023 – CA Sri Lanka
- Companies Act No 7 of 2007
- Listing Rules of the Colombo Stock Exchange
- Inland Revenue (Amendment) Act No. 45 of 2022
- Customs Ordinance No. 17 of 1869
- Exchange Control Act No. 24 of 1953
- Ministry of Plantations
- Chamber of Commerce
- Tea Board of Sri Lanka
- Tea Research Institute
- Financial Reporting Standards - CA Sri Lanka
- Rubber Research Institute of Sri Lanka – RRISL
- GRI Standards
- SLFRS S1 and S2 Sustainability Reporting Standards
- Sustainability Accounting Standards Board (SASB) Disclosures

Internal Governance Structure

GRI 2-9,2-11

Internal controls are designed with a strong emphasis on safeguarding the Company's assets, ensuring the integrity of accurate and timely information, and promoting disciplined and structured decision-making. This section outlines the key elements embedded within the organisation that collectively support the implementation, oversight, and continuous monitoring of governance-related frameworks, systems, and processes.

The Company's Internal Governance Structure is built on the following core components:

- Board of Directors
- Board Subcommittees
- Group Management Committee and other management-level committees
- Sector ESG Committee
- Hayleys Lifecode framework
- Employee empowerment practices

Chairman & Chief Executive of Hayleys PLC is considered as the chair of the highest Governance body. We refer him as the Executive Director instead of Senior Executive of the Company.

These structural elements are reinforced by a comprehensive set of internal policies, procedures, and operational guidelines. These include strategy development and decision-making processes, human resource governance, integrated risk management, IT governance, stakeholder engagement, and effective internal communication mechanisms.

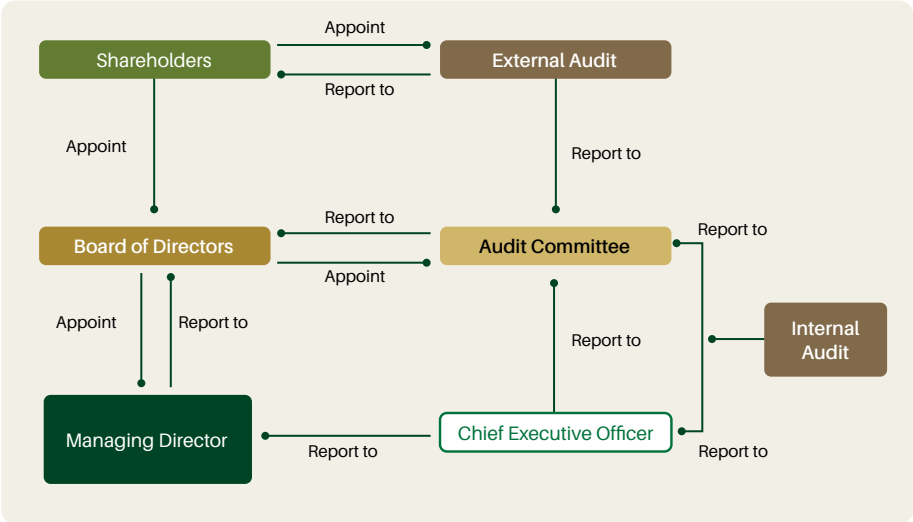
Under the stewardship of the KVPL Board of Directors, these governance mechanisms collectively enable sound and efficient decision-making aligned with established Corporate Governance standards. They also clearly define stakeholder roles and responsibilities, ensuring alignment with the Company's strategic direction and long term objectives.

Corporate Management Team

GRI 2-13

The Corporate Management Team, comprising the Managing Director, the Director/Chief Executive Officer ("CEO"), and senior management, is responsible for operationalising the strategic direction approved by the KVPL Board. This includes the development of strategic initiatives, securing requisite Board approvals, and ensuring disciplined execution of approved strategies in line with the established policy framework.

The Management Committee supports effective operational governance through the review of the annual budget, establishment of operational performance targets, and ongoing monitoring of monthly performance against agreed benchmarks. It also evaluates capital expenditure proposals and submits recommendations to the Board to facilitate informed decision-making and prudent resource allocation. Risk management and internal control oversight are jointly exercised by the Audit Committee and the Corporate Management Team, reflecting a collaborative governance approach. This framework ensures the structured identification, assessment, and mitigation of risks, while reinforcing robust internal control systems to safeguard the Company's assets. It also supports the integrity of financial and operational reporting and ensures the timely dissemination of reliable management information to underpin effective decision-making and strong governance outcomes.



Sustainability & ESG Governance

KVPL's Board of Directors carries the overall accountability for ESG governance, ensuring that sustainability considerations are embedded within the Company's strategic priorities and operational practices. This governance approach is consistent with the Hayleys Group ESG framework, where the Group provides overarching direction for ESG strategy, policy formulation, and sustainable development initiatives across the organisation.

At Company level, ESG oversight is facilitated through the ESG Steering Committee, chaired by the Chief Executive Officer. The Committee is responsible for the ongoing oversight of Sustainability-Related Risks and Opportunities (SRROs) as well as Climate-Related Risks and Opportunities (CRROs). It reviews performance, monitors implementation, and reports key developments to the KVPL Board on a quarterly basis, thereby ensuring structured governance and alignment across all levels. The Audit Committee further supports this framework by reviewing principal risks, including those arising from sustainability and climate-related factors, as part of its risk oversight responsibilities.

KVPL's ESG strategy is centred on integrating sustainability considerations into core business planning and execution, ensuring alignment with short-, medium-, and long-term business objectives. Progress against defined ESG targets is regularly tracked and evaluated to strengthen accountability, enhance transparency, and support sustainable value creation.

In accordance with the Colombo Stock Exchange Corporate Governance Rules, the Board formally approved an Environmental, Social and Governance (ESG) Policy, which was implemented in September 2024. This policy strengthens the Company's governance structure for sustainability and reinforces its commitment to regulatory compliance and responsible business practices.

KVPL continues to enhance its ESG disclosure practices through transparent reporting in its Annual Report, reflecting its commitment to responsible stewardship and long term value creation for stakeholders.

Stakeholder Engagement

The Board of Directors maintains overall oversight responsibility for stakeholder engagement, recognising the importance of building strong and transparent relationships with all stakeholder groups. The execution of stakeholder engagement activities is delegated to the Company's management team, which is responsible for implementing appropriate mechanisms and initiatives to engage with stakeholders and gain an understanding of their expectations, concerns, and evolving priorities.

Guided by the direction provided by the Board, management continuously engages with stakeholders through structured communication channels and regular interactions to support informed decision-making, strengthen relationships, and enhance long-term value creation.

Further information on the Company's stakeholder engagement approach, including stakeholder groups, engagement methods, frequency of engagement, and key areas of focus, is provided in the Stakeholder Engagement section on pages 44 to 47 of this Annual Report.

Operational Leadership

The Board has delegated primary responsibility to the Managing Director (MD) for carrying out Company policies and achieving its strategic goals. The MD is expected to operate within the boundaries of the Board's policy guidelines and uphold the ethical standards and business principles that define the Company. This includes adhering to best practices in interactions with employees, customers, suppliers, and the broader community.

The MD is also responsible for ensuring the efficient use of the Company's resources and for executing the financial strategies laid out in the annual corporate plan and budget. To support this, the MD must lead a continuous planning process that involves all senior executives, and oversee a regular system for reviewing operations. This enables close tracking of performance and ensures timely corrective actions when required

Monthly Review Committees

The Finance, Corporate Communications, and HR Clusters of the Hayleys Group hold meetings that bring together representatives from various sectors to discuss key issues, share concerns, and exchange best practices. As a member of the Hayleys Group Management Committee (GMC), the Managing Director of KVPL is expected to attend this meeting weekly. The GMC supports strong governance through its weekly meetings, where members engage in discussions on:

- Developments at the sector level, including market trends, operational performance, and other relevant updates.
- Key insights and updates from central functions of Hayleys PLC, such as HR, treasury, corporate communications, tax, strategic business development, IT, freight management, procurement, finance, and ESG initiatives.
- New and emerging issues that may influence the Group's overall performance and direction.

The Company's Director Finance provides quarterly reports to the Hayleys Group CFO, highlighting any significant risks or issues impacting KVPL's operations and related financial matters. This reporting may occur more frequently if circumstances require. Additionally, the Hayleys Group CFO's Forum serves as a platform for the Group's CFOs to discuss and address key financial concerns, ensuring the protection of the Group's overall interests.

Executive management meetings are regularly convened with the participation of the MD, CEO, and all Department Heads to review performance, discuss new initiatives, address challenges, and explore strategic directions. These sessions also serve as a platform for collaborative thinking, where key aspects such as KVPL's performance, growth, governance, and administrative matters are evaluated and discussed.

The Director of Plantations for both Up Country and Low Country organizes regional review meetings to evaluate estate performance and address relevant issues, strategies, and initiatives. These meetings also serve as an important communication link between estate level management and corporate leadership. The decisions made during these discussions are documented and reported to the Head Office.

DIGITAL TRANSFORMATION & IT GOVERNANCE

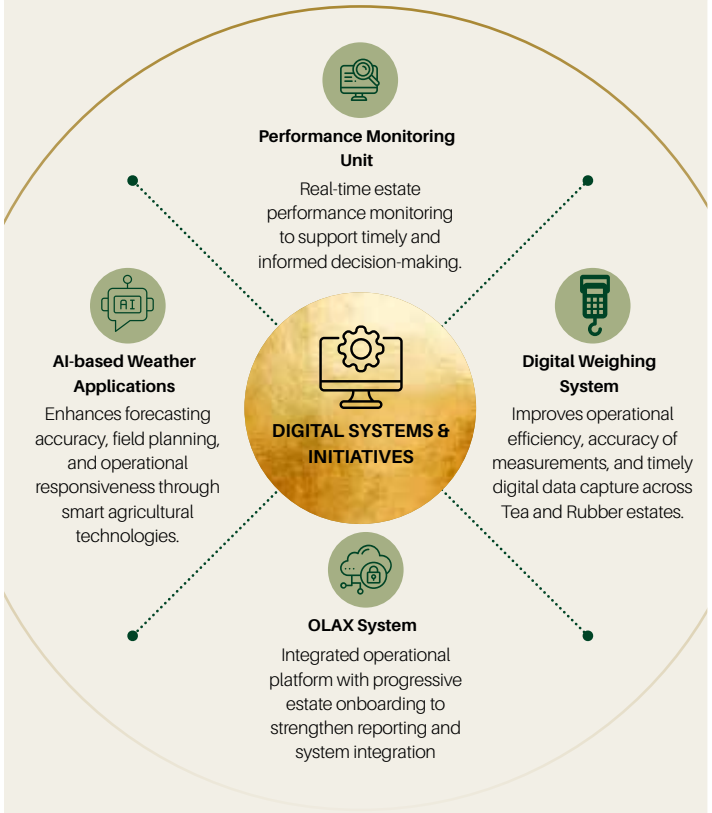
Driving Efficiency. Strengthening Governance. Creating Value.

Governance & Oversight

Board of Directors
Provides overall oversight and strategic direction for digital transformation and IT governance initiatives.

IT Governance Oversight
Ensures technology investments, digital systems, and cybersecurity practices are aligned with business priorities and governance requirements.

Senior Management Review Forums
Regularly evaluate system performance, digital initiatives, cybersecurity posture, and technology-related risks.



IT Risk & Security Management

Licensed Software Management

Antivirus & Firewall Protection

Controlled Mail Server Operations

Internet Usage Monitoring

Data Protection & Access Controls

Business Continuity & System Resilience

KVPL recognises digital transformation and strong IT governance as key drivers of operational efficiency, risk management, and long-term value creation. The Board of Directors retains overall responsibility for IT governance, ensuring alignment of technology investments and digital initiatives with the Company's strategic objectives.

IT oversight is supported through structured governance mechanisms, including senior management review forums that monitor system performance, cybersecurity, digital initiatives, and related risks. This ensures effective, controlled, and business-aligned IT decision-making.

The Company continues to strengthen its digital capabilities through integrated systems, automation, and improved system integration. These initiatives enhance operational efficiency, data accuracy, internal controls, and the timeliness of reporting.

Cybersecurity and data governance remain priorities, with robust preventive and detective controls in place to safeguard information systems and ensure data integrity, confidentiality, and availability. These practices are regularly reviewed to address emerging risks.

KVPL's digital strategy is aligned with the wider Hayleys Group IT governance framework, supporting secure, scalable, and future-ready infrastructure across operations.

Digital Initiatives and Operational Improvements

KVPL continues to adopt digital technologies to improve efficiency, accuracy, and decision-making. Investments are prioritised based on strategic relevance, cost effectiveness, and expected value creation.

Key initiatives include a Performance Monitoring Unit that enables real-time tracking of estate performance, supporting timely management decisions. A Digital Weighing System has been implemented across Tea and Rubber estates, improving accuracy and operational efficiency. The

OLAX System rollout is now fully complete, with all estates succesfully onboarded.

In addition, AI-based weather forecasting tools are being used to enhance agricultural planning and operational responsiveness.

IT Risk Management

IT risks are managed within KVPL's overall Risk Management Framework through a range of preventive and detective controls. These include licensed software usage, controlled internet access, email system administration, antivirus protection, and firewall security.

These measures ensure the protection of systems and data while maintaining operational continuity and resilience against cyber threats

External Audit

For the 10th consecutive year, Messrs. Ernst & Young (EY), Charted Accountants were reappointed as the Company's external auditors, with the partner being rotated in accordance with regulatory requirements. The Company benefits from the oversight and expertise of the Audit Committee, which ensures that the external auditors' independence is maintained while leveraging their professional expertise to deliver a set of financial statements that are both transparent and certified annually.

Whistleblower Policy

GRI 2-23, 2-24, 2-26

KVPL is committed to maintaining the highest standards of integrity, accountability, and ethical conduct across all levels of the organisation. In line with this commitment, the Company has established a Whistleblower Policy to provide employees and relevant stakeholders with a secure and confidential mechanism to report any suspected unethical behaviour, fraud, corruption, or violations of laws, regulations, or internal policies.

The Whistleblower Policy is designed to ensure that all concerns are addressed in a fair, transparent, and timely manner, without fear of retaliation. It reinforces a culture of openness and responsibility, encouraging employees to raise genuine concerns in good faith while safeguarding their identity and protecting them from any form of victimisation.

Reports made under the Policy are treated with strict confidentiality and are independently reviewed through appropriate governance channels, depending on the nature and severity of the issue raised. Matters escalated through the whistleblowing mechanism are subject to investigation and, where necessary, corrective and disciplinary actions are taken in accordance with established procedures.

KVPL's Whistleblower Policy is aligned with the Hayleys Group governance framework and the Policy is overseen through the Company's governance structure and supports the Audit Committee in strengthening internal controls, risk management, and ethical compliance.

Through this framework, KVPL continues to promote a strong ethical culture, enhance stakeholder confidence, and reinforce its commitment to transparent and responsible business practices.

Anti-Corruption Policy

GRI 205-3

KVPL maintains a strict zero-tolerance stance towards bribery and corruption in all forms, reinforcing its commitment to ethical business conduct, transparency, and regulatory compliance. The Company's Bribery and Anti-Corruption Policy is embedded within its broader compliance and risk management framework, supported by a range of governance instruments including the Whistleblower Policy, procurement guidelines, employee contracts, share dealing and insider trading guidelines, and controls relating to price-sensitive information.

The Policy establishes clear expectations and behavioural standards applicable to all employees and relevant business partners. It explicitly prohibits bribery, corruption, facilitation payments to public officials, and political contributions to parties, candidates, or related activities. It also sets out structured guidelines governing the acceptance and offering of gifts, hospitality, and charitable donations to ensure that such interactions remain appropriate, transparent, and free from any undue influence.

A key feature of the Policy is the protection of whistleblowers, with a firm prohibition on retaliation, intimidation, or victimisation against individuals who report concerns in good faith. In addition, the Company requires the inclusion of anti-bribery and corruption clauses in agreements with business partners, supported by appropriate due diligence processes to ensure alignment with KVPL's ethical standards.

Following the implementation of the updated Policy in the previous year, increased focus has been placed on employee awareness, training, and capacity building to strengthen understanding and consistent application across the organisation. These efforts reinforce KVPL's commitment to fostering a strong ethical culture and ensuring that all business activities are conducted with integrity.

Through this framework, KVPL continues to uphold robust anti-corruption standards, strengthen stakeholder confidence, and align its practices with recognised corporate governance expectations and best practices.

Code Ref.	Details of Compliance
Section 1: The Company	
A. Directors	
Principle A.1 The Board Every public Company should be headed by an effective Board, which should direct, lead and control the Company	
A.1.1 Board Meetings Complied	The Board meets on a quarterly basis with special meetings convened if and when the need arises. During the year under review, the Board met on four occasions. Attendance of meetings are set out on page 219 of this Report. The information is provided to the Board on a structured manner and regular basis as agreed by the Board. Information to be reported to the Board includes; ◉ Financial and operational results on pre-agreed Key Performance Indicators ◉ Financial performance compared to previous periods, budgets and targets ◉ Impact of risk factors on financial and operating results and actions to mitigate such risks ◉ Compliance with laws and regulations and any non-compliances ◉ Internal control review ◉ Sustainability/ESG related risks and opportunities during the period ◉ Cyber security risks, mitigative measures and a security breach report (if any) ◉ Share trading of the Company and Related Party Transactions by Key Management Personnel ◉ Any other matters the Board should be aware of the minutes of the previous Board Meeting The above information distributed among the Board members well in advance.
GRI 2-12 A.1.2 Responsibilities of the Board Complied	The Board Charter sets out the responsibility of the Board. The Board is responsible to the shareholders for creating and delivering long-term sustainable shareholder value through entrepreneurial leadership. The Role and Responsibilities of the Board are inset on page 264 and encompass those set out in the Code.
GRI 2-17, 2-27 A.1.3 Compliance with the laws of the country and agreed to obtain independent professional advice Complied	The Board, collectively, as well the Directors individually, recognise their duty to comply with laws of the country which are applicable to the Company. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations. Directors have the power to obtain independent professional advice as deemed necessary, in furtherance of their duties, at the Company's expense. This will be coordinated through the Company Secretary and the corporate secretarial function is provided by Hayleys Group Services (Private) Limited.
A.1.4 Access to the advice and services of the Company Secretary Complied	The services and advice of the Company Secretary are available to all the Directors The Company Secretary ensures that Board procedures and all applicable rules and regulations are complied with. The removal of the Secretary is a matter for the Board as a whole. The Parent Company Hayleys PLC has obtained a Directors and Officers' liability insurance, providing worldwide cover to indemnify all Directors and Officers.
A.1.5 Independent judgment of the Directors Complied	Non-Executive Directors are independent from the management and free from any business and other relations. None of the other Directors are related to each other. This enables all the members of the Board to bring independent judgment to bear on issues of strategy, performance, resources and standards of business conduct.

Code Ref.	Details of Compliance
A.1.6 Dedication of adequate time and effort of the Directors Complied	The Board of Directors dedicates adequate time and effort to ensure that their duties and responsibilities towards the Company and the Board are discharged Dates of Board Meetings and Board Sub-Committee Meetings are scheduled at the beginning of the calendar year and the relevant papers required for the meetings are circulated to the Directors well in advance providing sufficient time for review. Hence, the Directors are able to familiarise themselves with the business changes, operations, risks and controls which ultimately help to satisfactorily discharge the duties and responsibilities owed to the Company. The Board is satisfied that the Chairman and the Non-Executive Directors committed sufficient time during the year to fulfill their duties.
A.1.7 Call for Resolutions Complied	Any Director can call for a resolution to be presented to the Board if deemed necessary.
GRI 2-17 A.1.8 Training for new and existing Directors Complied	The Board of Directors recognises the need for continuous training and expansion of knowledge and undertakes such professional development as they consider necessary to carry out their duties as Directors. Every new Director and existing Directors are provided training on general aspects of directorship and matters specific to the industry when they are first appointed to the Board Training programmes for top management cover the training requirement for the Directors as well. Training was provided through the ultimate parent company, Hayleys PLC during the year
Principle: A.2 Chairman and Chief Executive Officer (CEO) There are two key tasks at the top of every Public Company – conducting of the business of the Board, and facilitating executive responsibility for management of the Company's business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no individual has unfettered powers of decision	
A.2.1 Division of responsibilities of Chairman and CEO Complied	The Chairman and the Chief Executive Officer of the Company are two different persons with clearly defined and separated power and authority. The Chairman of the Company is also the Chairman of DPL Plantations (Private) Limited, Dipped Products PLC and Hayleys PLC. The separation between the position of the Chairman and Officers with executive powers in the Company ensure a balance of power and authority
GRI 2-12 **Principle: A.3 Chairman's Role** The Chairman's role in preserving good Corporate Governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.	
A.3.1 Chairman's role Complied	The Chairman's role includes: ◉ Approving the agenda for each meeting prepared in consultation with the Managing Director, Chief Executive Officer and other directors and the Company Secretary taking in to consideration matters relating to strategy, performance, resource allocation, Risk Management and compliance ◉ Ensuring that sufficiently detailed information on matters included in the agenda are made available to Directors in a timely manner ◉ Ensuring that all Directors are aware of their duties and responsibilities ◉ All Directors are encouraged to make an effective contribution, within their respective capabilities for the benefit of the Company ◉ All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusions of matters of corporate concern on the agenda ◉ Maintaining the balance of power between Executive and Non-Executive Directors ◉ Ascertaining the views of Directors on issues under consideration ◉ Ensuring that the Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders

Code Ref.	Details of Compliance
Principle: A.4 Financial Acumen The Board should ensure the availability within it, of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	
A.4 Financial acumen Complied	The Board includes three Chartered Accountants, who possess the necessary knowledge and competence to offer the Board guidance on matters of finance. One of them serves as an Executive Director of Hayleys PLC, while another serves as the Hayleys Group Chief Financial Officer and another serves as the Chairman of the Audit Committee. Other members of the Board are adequately experienced in handling matters of finance by serving in different organisations. Hence the Board is with sufficient financial acumen and knowledge to offer guidance on matters of finance.
Principle: A.5 Board Balance It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision making.	
A.5.1 Non-Executive Directors Complied	Seven out of Ten Directors on the Board, are Non-Executive Directors. The composition of the Executive and Non-Executive Directors (over one third of the total number of Directors) satisfy the requirements laid down in the Listing Rules of the CSE. Further the Chairman and the Managing Director not the same person.
A.5.2 Independence of Non-Executive Directors Complied	Three of Seven Non-Executive Directors are independent. The Board has determined that three Non-Executive Directors satisfy the criteria for "independence" set out in the Listing Rules
A.5.3 Independence of Non-Executive Directors Complied	Non-Executive Directors' profiles reflect their caliber and the weight their views carry in Board deliberations. Each is independent of management and free from any relationship that can interfere with independent judgment. The balance of Executive, Non-Executive and Independent Non-Executive Directors on the Board, ensures that no individual Director or small Group of Directors dominate Board discussions and decision making
A.5.4 Annual declaration of independence – of Non-Executive Directors Complied	Each Non-Executive Director submits annual declarations on his independence or non-independence in a prescribed format
A.5.5 Board determination of independence of Non-Executive Directors and disclosure in Annual Report Complied	The Board considers the declaration of independence submitted by each Non- Executive Director with the basis for determination laid down by the Listing Rule of the CSE and the Code of Best Practices on Corporate Governance 2023 as a fair representation and will continue to evaluate their independence on this basis annually. Brief resume of all the Directors is available on pages 22 and 25.
A.5.6 Appointment of alternate Director Complied	None of the Directors have appointed alternate directors.
A.5.7, A.5.8 Requirement to appoint Senior Independent Director (SID) Complied	The Company has appointed Mr. Nandana Ekanayake as the Senior Independent Director since the Chairman is not an Independent Director. The Senior Independent Director Report is enclosed in page 272.

Code Ref.	Details of Compliance
A.5.9 Chairman's meetings with Non-Executive Directors Complied	The Chairman holds meetings with the Non-Executive Directors, without Executive Directors, at least once in each year and at any other time where necessary
A.5.10 Record in the Board minutes of Concerns not unanimously resolved Complied	All Board/Committee matters of the Company are minuted with sufficient detail to enable a proper assessment to be made of the deliberations and discussions at the meeting. All discussions during the year were unanimously agreed on. If there are any dissenting opinions, they are clearly minuted.
Principle: A.6 Supply of Information The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.	
A.6.1 GRI 2-16 Timely and appropriate information to the Board Complied	Management provides the Board with appropriate and timely information. When information volunteered by management is inadequate Directors could make further inquiries. Chairman ensures that all Directors are properly briefed on issues arising at meetings
A.6.2 Information provided in advance to the Board meetings. Complied	The Board meetings are arranged in advance and all Directors are informed. The Chairman ensures that all Directors are properly briefed on issues arising at Board Meetings by requiring management to provide comprehensive information including both quantitative and qualitative information for the quarterly Board Meetings 7 days prior to the Board/Sub-Committee meetings.
GRI 2-10 **Principle: A.7 Appointments to the Board** There should be a formal and transparent procedure for the appointment of new Directors to the Board.	
A.7.1, A.7.2 Nomination and Governance Committee and assessment of the Board Composition Complied	The Committee comprises two (02) Independent Non-Executive Directors and One (01) Non-Executive Directors. The Nomination and Governance Committee annually assesses Board composition against pre-defined criteria of skill and knowledge requirements to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. Further refer the Nomination and Governance Committee report on pages 270 to 271. The Nomination and Governance Committee annually assesses Board composition against pre-defined criteria of skill and knowledge requirements to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. Further refer the Nomination and Governance Committee report on pages 270 to 271.
A.7.3 Succession Plan for Key Management Personal Complied	The Committee should ensure that there is a succession plan for the Chief Executive Officer and for all key management personnel and determine the training and development requirements for those identified for succession.
A.7.4 Appointment of a new Director Complied	There were two new directors appointed to the Board during the year under review. Following the retirement of Director/CEO Mr. Anura Weerakoon, Mr. Senaka Alawattegama was appointed as the new Director/CEO. Further, consequent to the resignation of Mr. Chatura Vishvajit Cabraal with effect from 15 September 2025, Mr. Milinda Hewagama was appointed as a Non-Executive Director. These new appointments were informed to the Colombo Stock Exchange together with a brief résumé of the directors, the nature of their experience, and their independence status in line with the Listing Rules, and were disclosed in the Annual Report on pages 244 to 247.

Code Ref.	Details of Compliance
A.7.5, A.7.6 Nomination and Governance Committeereport and Terms of Refernce Complied	Please refer Nominations and Governance Committee Report on pages 270 to 271. Terms of reference for the Nominations and Governance Committee are in compliance to the schedule "E" of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.
Principle: A.8 Re-Election All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.	
A.8.1, A.8.2 Re-election of Directors Complied	The provisions of the Company's Articles require a Director appointed by the Board during a financial year, to hold office until the next Annual General Meeting (AGM), and seek re-appointment by the shareholders at that meeting. The Articles call for one third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment /re-appointment. Retiring Directors are generally eligible for re-election. Please refer Nominations and Governance Committee Report in pages 270 to 271. The Managing Director does not retire by rotation and is not counted in the number of Directors who retire at the AGM.
A.8.3 Resignation	There were two resignations of Directors during the financial year. Mr. Anura Weerakoon retired, and Mr. Chatura Cabraal resigned from his duties. In the event of the resignation of a Director prior to the completion of his appointed term, the Director is required to provide a written communication to the Board stating the reasons for such resignation.
GRI 2-18 **Principle: A.9 Appraisal of Board Performance** Board periodically appraises their own performance in order to ensure that Board responsibilities are satisfactorily discharged.	
A.9.1, A.9.2, A.9.3, A.9.4 Appraisal of Board Performance Complied	The performance of the Board and Sub-Committees is evaluated annually on self-assessment basis. The annual self-evaluation is carried out by each Director and the collective outcome is made available to the Nominations and Governance Committee. The Nominations and Governance Committee consider the results and makes recommendations to improve the balance of skill, experience, industry and company knowledge training of Directors where necessary.
Principle: A.10 Disclosure of Information in respect of Directors Shareholder should be kept advised of relevant details in respect of Directors	
A.10.1 Disclosures about Directors Complied	Name, qualifications, brief profile and nature of expertise of the Directors are given on pages 22 to 25 of this Annual Report. Directors' interests in contracts are given on the pages 258 to 259 of this Report. The number of Board meetings attended by the Directors are available on the page 219 of this Report. Names of listed companies in Sri Lanka in which the director concerned serves as a Director is given on page 220 and 221. Names of the Directors who serve as Chairman or as member of a Board Committee, and their attendance are given on page 219.

Code Ref.	Details of Compliance
Principle: A.11 Appraisal of Chief Executive Officer ("CEO") The Board should be required at least annually, to assess the performance of the CEO	
A.11.1, A.11.2 Evaluation of the performance of the CEO Complied	The short, medium and long-term objectives determined by the Board including financial and non-financial targets that should be met by the CEO are set and evaluated at the commencement of each fiscal year. The performances were evaluated annually and ascertained whether the targets were achieved or whether achievement is reasonable in the circumstances.
GRI 2-19, 2-20 **B. Directors Remuneration**	
Principle: B.1 Remuneration Procedure Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.	
B.1.1 Remuneration Committee. Complied	Kelani Valley Plantations PLC has its own Remuneration Committee, and this committee decides and recommend the Remuneration payable for the Executive Directors and Corporate Management. The Board makes the final determination after considering such recommendations. No Director is involved in deciding his own remuneration. Refer governance structure in Corporate Governance Report on page 216 Payment of remuneration to Directors is disclosed in Note 9 on page 305 of this report.
Principle: B.2 The Level and Make up of Remuneration Levels of Remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' Remuneration should be structured to link rewards to corporate and individual performance.	
B.2.1, B.2.2, B.2.3 Composition and the purpose of the Remuneration Committee Complied	Remuneration Committee of the Company comprises the following three Independent Non-Executive Directors. Mr. N Ekanayake - Chairman Mr. F Mohideen Mr. M C B Talwatte No Director is involved in deciding his remuneration. Remuneration Committee is sets up to make recommendations to the board on remunerating the chief executive officer, executive and non-executive directors, and guidelines for fair and transparent procedures for remunerating senior management, including post-employment benefits as well as terminal benefits. Remuneration Committee consults the Chairman, Managing Director and Chief Executive Officer about its proposal regarding the Remuneration of other Executive Directors. Both internal and external professional advice has been taken during the year under review. Refer the Remuneration Committee report on page 269.

Code Ref.	Details of Compliance
B.2.4 Determining annual salary increases and employment conditions Complied	The Remuneration Committee considers remuneration and employment conditions sensitively elsewhere in the Company or the group of which it is part.
B.2.5 Performance related elements of Remuneration for Executive Directors Complied	The performance-based incentives have been determined by the Remuneration Committee to ensure that the earnings of the executives are aligned with the achievement of objectives and budgets of the Group companies
B.2.6 Remuneration Levels for positions of the Company Complied	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance
B.2.7 Sensitivity of the Remuneration Company Complied	The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or group of which it is a part.
B.2.8 , B.2.10 Designing performance related Remuneration and the balance of remuneration Complied	Performance-related Remuneration is designed by the Remuneration Committee based on the provisions set out. The performance related elements should be transparent and should review at least annually against the set targets and goals which have been approved by the board.
B.2.9 Share Option Schemes Not Applicable	Presently the Group does not have an Executive Share Option scheme
GRI 2-21 B.2.11 , B.2.12 Compensation, commitments in the event of early termination and dealing with early termination Complied	There are no provisions for compensation for early termination in the letter of contract. However, the Directors would determine this on a case by case basis.
B.2.13, B.2.14 Levels of Remuneration for Non-Executive Directors Complied	The Remuneration Committee determines the levels of remuneration for Non- Executive Directors considering the time commitment and responsibilities of their role and market practices. Remuneration for Non-Executive Directors does not include share options.

Code Ref.	Details of Compliance
B.2.15 Listing of Chairman and Remuneration Committee members in the annual report Complied	The Chairman and Members of the Remuneration Committee is listed in the annual report each year. Please refer the Remuneration Committee report on page 269.
Principle: B.3 Disclosure of the Remuneration The Company's Annual Report should contain a Statement of Remuneration Policy and details of Remuneration of the Board as a whole.	
B.3.1, B.3.2 Disclosure of the remuneration. Complied	Refer the Remuneration Committee report on page 269. The Remuneration Policy is to attract and retain a highly qualified and experienced workforce, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contribution, bearing in mind the business' performance and shareholder return. The total of Directors' Remuneration is reported in note 09 to the financial statements.
C. Relations with Shareholders - Constructive use of the AGM and conduct of General Meetings Principle: C.1 Boards should use the AGM to communicate with shareholder and should encourage their participation.	
C.1.1 Notice of the AGM Complied	The notice and the agenda of the Annual General Meeting together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the meeting.
C.1.2 Separate resolution on each substantially separate issue Complied	Separate resolutions are proposed at an Annual General Meeting on each substantially separate issue. A resolution for adoption of the Annual Report of the Board of Directors and the financial statements with the Independent Auditor's Report is proposed separately. A Form of Proxy is provided with the Annual Report to all shareholders to direct their Proxy to vote.
C.1.3 Votes and use of proxy Complied	The Company ensures that all proxy votes are properly recorded and counted. The level of proxies lodged on each resolution is conveyed to the Chairman.
C.1.4 Answer questions at the AGM Complied	The Board invites the chairs of the sub-committees and Senior Independent Director to be available to answer queries at the AGM when necessary.
C.1.5 Notice of General Meetings Complied	The Notice of Meeting is included in the Annual Report. The Notice contains the Agenda for the Annual General Meeting as well as instructions on voting for shareholders, including the appointment of Proxies. The period of notice prescribed by the Companies Act No. 7 of 2007 has been met The notice and the agenda of the AGM together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the meeting

Code Ref.	Details of Compliance
Principle: C.2 Communication with shareholders The Board should implement effective communication with Shareholders.	
C.2.1 Channel to reach all Shareholders of the Company. Complied	The modes of communication between the Company and the shareholders are the Annual Reports, quarterly financial statements and interim reports, announcements made through the CSE, other press releases and Annual / Extraordinary General Meetings Shareholders may bring up concerns they have, with the Chairman, the Managing Director, the Chief Executive Officer or the Secretaries, as appropriate at shareholder meetings The digital version of the Annual Report is posted on the company website immediately after it is released to the Stock Exchange. Moreover, the website posts news and latest updates of the Company. The active participation of shareholders at the Annual General Meeting is encouraged. The Board believes that the Annual General Meeting is a means of continuing effective dialogue with shareholders. The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters which are important to them. The AGM is also used to adopt the financial statements for the year.
C.2.2 Disclosure of the communication policy Complied	The communication policy and methodology for communication with the shareholders are given in the stakeholder engagement.
C.2.3 Implementation of the policy and methodology for communication with Shareholders Complied	Printed copies of Annual Reports are provided to all shareholders on request without a charge and soft copies are available in the CSE website and in the corporate website. A copy of the interim financial statements is released to the CSE and published on their website. Copies of all public announcements are made available to the CSE for dissemination to the public.
C.2.4 Disclosure of contact person Complied	Shareholders can forward their inquiries via electronic media (e-mail, telephone call or in writing) to the relevant person to raise queries. The contact person for such communication is the Company Secretary.
C.2.5 Major issues and concerns of shareholders Complied	All major issues relating to shareholders are brought to the attention of the Board.
C.2.6 Person to be contacted with regard to shareholders' matters Complied	The Company Secretary holds the responsibility to be contacted in relation to shareholder's matters. Shareholders may contact the Company Secretaries, namely Hayleys Group Services (Private) Limited (Ms. R De Silva- Tele +94 11 262 7652) for queries regarding their shareholding.

Code Ref.	Details of Compliance
C.2.7 Process for responding to shareholder matters Complied	The Chairman and the Directors answer all queries raised by the shareholders at General Meetings. The Board in conjunction with the Company Secretary, formulates the process for addressing shareholder matters.
GRI 2-15 **Principle: C.3 Major and Material Transactions** Further to complying with the requirements under the Companies Act, rules and regulations of the Securities and Exchange Commission and Listing Rules of the Colombo Stock Exchange; as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into, would material alter/vary the Company's net assets base or in the case of a Company with subsidiaries, the consolidated group net asset base.	
C.3.1 Major and Material Transactions Complied	Prior to engaging in a major transaction with a related party or which have the effect of substantially altering the nature of business, the Directors disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by special ordinary resolution at a General Meeting Refer the Related Party Transactions Review Committee report on page 268.
C.3.3 Disclosure of Major Transactions to shareholders Complied	There have been no transactions during the year falling within the definition of "Major Transactions" as set out in the Companies Act No. 7 of 2007
D. Accountability and Audit - Financial and Business Reporting (The Annual Report)	
Principle: D.1 The Board should present a balanced and an understandable assessment of the Company's financial position, performance, business model, Governance structure, Risk Management, internal Controls and challenges, opportunities and prospects	
D.1.1 D.1.2 Balance and understandable information to shareholders Complied	The Company has presented balanced and understandable financial statements which provide a true and fair view, quarterly and annually. In the preparation of financial statements, the Company has complied with the requirements of the Companies Act No 07 of 2007 and requirement of Sri Lanka Accounting Standards and the Securities and Exchange Commission Price sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner as required
D.1.3 CEO's & CFO's approval on financial statements prior to Board approval Complied	Director Finance and two Executive Directors (Chairman and Managing Director) have signed the financial statements on behalf of the Board. Directors statement on internal controls and Responsibilities of Board of Directors are given in pages 263 to 264.
D.1.4 The Directors Report Complied	The Annual Report of the Board of Directors on the affairs of the Company is given from pages 257 to 262 of this Annual Report which contains the following: ◉ Declaration that the Company has not engaged in activities that contravene laws and regulations of Sri Lanka (refer page 257); ◉ Declaration by the Directors on all material interests in contracts involving the Company and has refrained from voting on matters in which they were materially interested (refer pages 258 and 259). ◉ Equitable treatment to shareholders (refer page 261) ◉ Compliance with best practices of corporate governance (refer page 260) ◉ Information relating to property, plant and machinery has been given in notes 12, 13 and 14 to the financial statements. ◉ Review of internal controls, risk management and reasonable assurance of effectiveness and adherence (Refer page 261) ◉ Going concern of the business (refer page 262)

Code Ref.	Details of Compliance
D.1.5 Statement of Directors Responsibility, Statement on Internal Controls and Auditors' Report. Complied	The Statement of Director's Responsibilities for the financial statements is given on page 264 and Directors statement on internal controls are given on page 263. The Auditors' Report is available on pages 279 to 281.
D.1.6 Management Discussion and Analysis Complied	A comprehensive coverage of key initiatives undertaken during the year, business model, industry structure and development, opportunities and threats, risk management, internal controls and their adequacy, governance, stakeholder relationship, social and environment protection activities, financial performance, investment in physical and intellectual capital, human resource / industrial relations, sector performances, achievements and prospects for the future. Awards won and certifications received are available in (page 12 and 13) of this Report.
D.1.7 Summon an Extraordinary General Meeting to notify serious loss of capital Complied	In the event the net assets of the Company fall below 50% of its Stated Capital, the Directors will forthwith summon an Extraordinary General Meeting to notify shareholders the remedial action being taken. However, such event has not been required since the adoption of the Companies Act
D.1.8 Related Party Transactions Complied	The Company adheres to the Listing Rules of the CSE and the Code of Best Practise on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (ICASL). The Company Secretary keeps records on Related Party Transactions.
Principle: D.2 Risk Management and Internal Control The Board is responsible for determining the nature and extent of the principle risks it is willing to take in achieving its strategic objectives. The Board should have a process of Risk Management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, effected by a Company's Board of Directors and Management designed to provide reasonable assurance regarding the achievement of Company's objectives.	
D.2.1 Review of the process and effectiveness of Risk Management Complied	The details of risks affecting the Company and mitigation actions are explained on pages 248 to 256.
D.2.2 Monitoring sound system of internal control Complied	The Directors review the risks facing the Company and the effectiveness of the internal controls. The Audit Committee executes this function evaluating the effectiveness of the internal controls and risk management on behalf of the Board and make necessary recommendations to the Board. Refer the Directors' Statement on Internal Control on page 263.
Principle: D.3 Audit Committee The Board should establish formal and transparent arrangements for considering how they should; select and apply accounting policies for financial reporting determine the structure and content of corporate reporting, implement internal control and risk management principles and for maintaining an appropriate relationship with the Company's Auditors.	
D.3.1 Composition of Audit Committee Complied	The Audit Committee was established in 2008. The Committee consists of two (2) Independent Non-Executive Directors and one Non-Executive Director is chaired by Mr. N Ekanayake who is the Senior Independent Director as well. He is a Fellow Member of the Institute of Charted Accountants of Sri Lanka (FCA) and Certified Management Accountants of Sri Lanka (FCMA) He is also an Associate Member of the Institute of Certified Practicing Accountants (CPA) Australia. Refer the Audit Committee Report in page 265 to 267.

Code Ref.	Details of Compliance
D.3.2 Committees' Terms of Reference Complied	Terms of References (TOR) provide proper guidelines duties and authority to deliver the responsibilities. The Committee is empowered to examine any matters relating to the financial reporting systems of KVPL, risk management, external audits and internal audits. Its duties include the detailed review of financial statements, internal control procedures and risk management Framework, accounting policies and compliance with applicable accounting standards and other rules and regulations. It reviews the adequacy of systems in place for compliance with relevant legal, regulatory and ethical requirements and Company policies. The Audit Committee makes recommendations to the Board pertaining to appointment, re – appointment of External Auditors after assessing the independence and performance and approves the remuneration and terms of engagement of the external auditors. The Chairman, the Managing Director, the Chief Executive Officer of the Company, Director Finance, Hayleys Group Chief financial officer and Head of Group Management Audit and system Review Department invited to attend meetings. Other Directors and Senior Managers attend meetings as required. The input of the External Auditors is obtained where necessary. The Audit Committee helps the Group to achieve a balance between conformance and performance.
D.3.3 Disclosures Complied	Refer Audit Committee report in page 265 to 267
Principle: D.4 Risk Committee The Board should establish a procedure for risk management including how they determine risk culture, risk appetite, risk identification and classification, rating and management of risk	
D.4.1, D.4.2, D.4.3, D.4.4, D.4.5 Committee Composition and Responsibilities Complied	The scope of the Audit Committee has been widened to include risk management duties. Refer to the Audit Committee report in page 265 to 267 of this Annual Report for further information.
Principle: D.5 Related Party Transactions Review Committee The Board should establish a procedure to ensure that the Company does not engage in transactions with "Related Parties" in a manner that would grant such parties "more favorable treatment" than that accorded to third parties in the normal course of business	
D.5.1 Related Party Transactions Complied	The Company is adhering to LKAS 24 and transactions entered into with related parties during the year is disclosed in note 31 to the financial statements.
D.5.2 Composition of Related Party Transactions Committee ("RPTR") Complied	The RPTRC of the Company consist of, Mr. N Ekanayake – (Chairman) Senior Independent Director Mr. F Mohideen – Non – Executive Director Mr. M C B Talwatte – Independent Non – Executive Director
D.5.3 Terms of Reference Complied	RPTRC has written terms of reference dealing with its authority and duties. RPTRC report describing the duties, task and attendance of the committee is appear on page 268.

Code Ref.	Details of Compliance
Principle: D.6 Code of Business Conduct & Ethics Companies must adopt a Code of Business Conduct & Ethics for Directors, Key Management Personnel and all other employees' including but not limited to: dealing with shares of the Company; compliance with listing rules; bribery and corruption; confidentiality; encouraging that any illegal fraudulent and unethical behavior be promptly reported to those charged with governance. The Company must disclose waivers of the Code of Directors, if any.	
D.6.1 Disclosure on presence of Code of Business Conduct and Ethics Complied	The Directors and members of the Senior Management team are bound by 'The Hayleys Way ' which is the Code of Business Conduct and Ethics applicable to the Hayleys Group. The Code consists of important topics such as,conflict of interest, bribery and corruption, entertainment and gifts, accurate accounting and record keeping, fair and transparent procurement practices, corporate opportunities, confidentiality, fair dealing, protection and proper use of Company assets including information assets, compliance with laws, rules and regulations (including insider trading laws) and encouraging the reporting of any illegal, fraudulent or unethical behaviors. The Board ensures compliance with the Code and non-compliance may cause disciplinary action.
D.6.2 Process to identify & report price sensitive information Complied	The Company has a process in place to ensure that material and price sensitive information is promptly identified and reported.
D.6.3 Shares purchased by Directors and Key Management Personnel Complied	The Company has a policy and a process for monitoring, and disclosure of shares purchased by any Director and Key Management Personnel Details of Directors shareholdings are given on page 259 of the Annual Report of Board of Directors on the affairs of the Company
D.6.4 Whistleblower Policy Complied	The Company has established a procedure to deal with complaints received from employees, customers, suppliers and any other party in relations to non-compliance with companies code of Business conduct and ethics. The Company complied throughout the year
D.6.5 D.6.6 D.6.7 Code of Best Conduct Complied	The Company should conduct training on the Code of Business Conduct and Ethics as part of induction training of new employees. The process for company wide dissemination of the policy, training arrangements, violations/non-compliances with actions taken should be reported to the board on a regular basis. The Chairman must affirm in the Company's Annual Report that a code of conduct and ethics has been introduced company wide and must also disclose significant violation if any of the provisions of the code of business conduct and ethics. Disclosures should contain the types and numbers of violation and procedures followed in dealing with them
Principle: D.7 Corporate Governance Disclosures Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.	
D.7.1 Disclosure of adherence to Corporate Governance Complied	The extent to which the Company adheres to established principles and practices of good Corporate Governance is disclosed on page 260 under the Annual Report of the Board of Directors on the affairs of the Company

Code Ref.	Details of Compliance
Section 2: Shareholders **E. Institutional Investors**	
Principle: E.1 Shareholder voting Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.	
E.1.1 Dialogue with shareholders Complied	All shareholders are invited to attend the Annual General Meeting and they are encouraged to make comments/suggestions. The Company seeks dialogues with institutional investors Impartiality is maintained on shareholder vote at the Annual General Meeting based on individual holding and weightage
Principle E.2. Evaluation of Governance Disclosures When evaluating Companies' Governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	
E.2 Evaluation of Governance disclosure Complied	Institutional investors are encouraged to give due weight to all relevant factors which are brought to their attention when evaluating Companies' Governance arrangements, particularly in relation to Board structure and composition
F. Other Investors	
Principle: F.1 Investing/Divesting Decisions Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	
F.1 Individual shareholders are encouraged to do their own analysis or seek independent advice. Complied	The quarterly financial statements, Company disclosures and Annual Report provide sufficient information to carry out their own analysis for decision on investing or divesting In addition, KVPL encourages individual shareholders to seek independent advice for their investing and divesting decisions The Board carries out dialogues with its shareholders at General Meetings. In this regards, the Annual General Meeting (AGM) and Extraordinary General Meetings (EGM) of the Company plays a critical role. Voting of the shareholders is crucial in carrying a resolution at the AGM/EGM.
F.2 Shareholder Voting **Principle F.2 Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.**	
F.2 Encourage Shareholders to participate and vote at Annual General Meeting Complied	All individual shareholders are encouraged to actively participate in the Annual General Meetings and they have the independence of exercising their votes as they wish
Principle: G. Internet of Things and Cyber Security	
G.1 The Board should have a process to identify how in the organisation's business model, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cyber security risks that may affect the business. Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive date. Such access could be authorised or unauthorised.	

Code Ref.	Details of Compliance
G.1 Cyber security risk from sending and receiving information Complied	The Company has an Information Security Policies Manual and Disaster Recovery and Business Continuity Plan Supported by Hayleys Acceptable IT Use Policy to mitigate the risk associated with IT failures due to both internal and external threats. The use of licensed software, close monitoring of internet usage (to comply with the IT Use Policy), mail server operations, the use of anti-virus and firewall software to filter malicious content and maintenance contracts with reputed companies are some of the safeguards currently in place to minimise IT related risks.
Principle G.2 The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a Cyber-Security Risk Management Policy which should be approved by the Board.	
G.2 Appointment of Chief Information Security Officer (CISO) Complied	Hayleys Group has formed the "Hayleys Group Information Security Committee" which consist of each sector representatives who have been officially appointed by sector management headed by the Chief Information Security Officer (CISO) nominated by Head of Hayleys Group IT under the patronage of Group Executive Director for IT
Principle G.3 The Board should allocate regular and adequate time on the Board Meeting agenda for discussions about cyber-risk management.	
G.3 Allocation of adequate board time to discuss cyber- risk management Complied	The Board reviews business risk quarterly including IT and cyber- security risk.
Principle G.4 The Board should ensure the effectiveness of the Cyber Security Risk Management through independent periodic review and assurance. The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, Company's business model and incident findings.	
G.4 Review and assurance of effectiveness of the Cyber Security Risk Management Complied	Independent reviews are carried out to ensure cyber- security and a secured Management Information System.
Principle G.5 The Board should disclose in the Annual Report, the process to identify and manage cyber security risks.	
G.5 Disclose of the process to identify and manage cyber security risk Complied	Hayleys IT security policy provides a procedure to identify and manage cyber security risk. Assistant General Manager – Information Technology, adhere the Group Policy to manage and control the cyber security risk. Company IT Security Policy provides a procedure to identify and manage Cyber Security risks which consist of proper usage of Hayleys acceptable IT use policy, Company Disaster Recovery and Business Continuity plan, use of reliable backup systems, use of licensed software, enter into maintenance contracts with reputed companies and provide continuous training for employees on IT and cyber security.
GRI 2-14 **Principle: H. Sustainability: ESG Risk and Opportunities**	
H.1 The board should consider sustainability/ESG risk and opportunities in the Company's business model, operations, short- and medium-term planning and in its long-term strategy to ensure that the Company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.	

Code Ref.	Details of Compliance
H.1.1 Provide the impact of ESG Risks & Opportunities for the Board Complied	The Annual Report contains sufficient and relevant information of to assess how ESG risks and opportunities are recognised, managed, measured and reported presented from page 248 to 256 The impact of ESG issues are disclosed in Risk Management report from page 248 to 256. Further, information related to the ESG Risks and Opportunities are provided to the Board in the corporate budget discussion as well.
H.2 The Board and Key Management Personnel should continuously engage with and consider the views of its stakeholders to better understand and manage the company's sustainability/ESG risk and opportunities, as stakeholder expectations are heightening across various sustainability/ESG issues relating to the protection of environment and other ESG issues. Many institutional investors consider these factors in their investment decision making.	
H.2.1 Method of recognizing significant stakeholders and their matters. Complied	The Company has its own method to recognize the major stakeholders, their matters and level of interest and it has described in the Strategy and Focus Section in Page 42 to 43.
H.3 The Company should establish a governance framework and structure which includes conformance, performance and sustainability/ESG factors.	
H.3.1 Environmental and Social Governance Complied	The Company has a unique ESG Framework which names as "KVPL CORPORATE DNA". It includes the environmental and social framework separately. Refer the Environment and Social DNA in Page 60 to 63
H.4 The board should establish a governance structure to support sustainability/ESG factors including its ability to create value and manage risks in the short, medium and long term, recognizing, managing and measuring on all pertinent aspects of sustainability using financial and non-financial measures.	
H.4.1. H.4.2, H.4.3 Method of measuring the Impact on Company Sustainability through ESG factors and Boards Role on ESG Factors Complied	The Company is measuring the impact on sustainability through analyzing the data gathered from the Estates. The Company has recognised the key resources deployed in the business and financial and non-financial measures are established. The Company has identified risk and has taken mitigatory actions for the risks which have an impact on the sustainability of the business and are discussed in the Risk Management Report from page 248 to 256. The Board has committed to environment, social and governance aspects and the environmental management and social activities have been discussed from page 257 to 262.
H.5 The Company's annual report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported	
H.5.1, H.5.2, H.5.3, H.5.4 How the ESG risks are recognized, measured, & Reported & the Board's Responsibility on ESG Complied	The Board is responsible on the ESG risks and whenever a risk aroused in ESG, the board members will be discussed it in the quarterly Board Meetings. Refer the Risk Management section in page 248 to 256.

Listing Rules of the Colombo Stock Exchange

Section 7 - Continuing Listing Requirements

This section sets out the Company's level of compliance with the Continuing Listing Requirements under Section 7 of the Listing Rules of the Colombo Stock Exchange.

Listing Rule Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
7.6 (i), (ii)	Names of people who during the financial year were Directors and principal activities during the year.	Complied	Report of the Board of Directors in pages 257 to 262
7.6 (iii), (iv)	Twenty largest shareholders, float-adjusted market capitalisation, public holding percentage, number of public shareholders, and minimum required public shareholding.	Complied	Investors' Information in pages 347 to 348
7.6 (v)	Director's MD's and CEO's shareholdings	Complied	Report of the Board of Directors on page 259
7.6 (vi)	Material foreseeable risk factors of the entity	Complied	Risks and Opportunities on pages 248 to 256
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the entity	Complied	Human Capital on pages 144 to 171
7.6 (viii)	Extents, locations, valuations, and number of buildings	Complied	Statement of Value of Real Estate on pages 6 to 7
7.6 (ix)	Number of shares representing the entity's stated capital	Complied	Notes to the Financial Statements – Stated Capital on page 324
7.6 (x)	Shareholder Distribution Schedule including percentage of total holdings in given categories	Complied	Investors' Information in pages 347 to 348
7.6 (xi)	Ratios and Market Price Information	Complied	Please refer pages 14 to 15 and IInvestors' Information in pages 347 to 348
7.6 (xii)	Changes in the entity's and subsidiaries' fixed assets and market value of land	Complied	Notes to the Financial Statements – refer to pages 308 to 315
7.6 (xiii)	Funds raised through a public issue, rights issue or private placement	Not applicable	Not applicable
7.6 (xiv)	Employee Share Ownership or Stock Option Schemes	Not applicable	Not applicable
7.6 (xv)	Corporate Governance disclosures in terms of Section 9 of the Listing Rules	Complied	Corporate Governance Report on pages 216 to 247
7.6 (xvi)	Related party transactions exceeding regulatory thresholds	Complied	Refer to Related Party Transactions on pages 335 to 337

Section 9 - Corporate Governance

This section sets out the Company's level of compliance with the Corporate Governance Rules under Section 9 of the Listing Rules of the Colombo Stock Exchange.

Listing Rule Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Complied	Please refer to the Report of the Board of Directors on pages 257 to 262.
9.2.1	Policies	Complied	The Company has adopted the following policies, and has uploaded them to the Company's website (www.kvpl.com) in accordance with the Corporate Governance Rules of the Colombo Stock Exchange; Policy on Matters Relating to the Board of Directors Policy on Board Committees Policy on Corporate Governance Policy on Shareholder and Investor Communication Policy on Risk Management and Internal Controls Policy on Rewards and Remuneration Policy on Whistleblowing Policy on Anti-Bribery and Corruption Policy on Corporate Disclosures Policy on Control and Management of Company Assets and Shareholder Investments. Environmental Policies (Sustainability Policy/Manual) HR Policy/Manual Policy on Internal Code of Ethics and Business Conduct The Company will provide any of the above policies to its shareholders upon a written Request.
9.3	Board Committees	Complied	The Company has established Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee
9.3.2	Composition and Disclosures	Complied	All Committees comply with the applicable rules, and further details are provided in the respective Committee Reports.
9.3.3	Chairperson of Board Committees	Complied	The Chairpersons of Board Committees are not the same Chairperson of the Board
9.4.1	Meeting Procedures	Complied	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with shareholders	Complied	The Company has a Shareholder Communication and Relations policy, which is published on the corporate website. Shareholder communication is facilitated through the Company Secretary, Hayleys Group Services (Private) Limited (Ms. R. De SIlva - Tel +94 11 2627652). The policy includes a process to ensure that Directors are informed of significant issues and concerns raised by shareholders.

Listing Rule Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.5.	Policy on matters relating to the Board of Directors	Complied	The Company maintains a Policy on Matters relating to the Board of Directors. The Company maintains a Policy on Matters Relating to the Board of Directors. The policy specifies that each Director is required to attend at least fifty per cent of Board meetings.
9.6.2	Chairperson and CEO	Complied	The position of Chairperson and CEO are held by separate individuals.
9.6.3	Senior Independent Director	Complied	The Company has appointed a Senior Independent Director (SID), as the Chairperson holds an executive role. The SID meets annually with the Independent Directors, in the absence of other Directors, to discuss matters and concerns relating to the Company. The SID also meets annually with the Non-Executive Directors, without the presence of the Chairperson, to appraise the Chairperson's performance. The SID has made a disclosure on the effectiveness of the role on page 272.
9.6.4	Rationale for appointing Senior Independent Director	Complied	The rationale is set out in the Statement by the Senior Independent Director.
9.7.1 9.7.2. 9.7.3	Fitness of Directors and CEO/ Fit and Proper Assessment Criteria	Complied	The Company ensures that all Directors and the CEO are fit and proper based on defined criteria, with the Nominations and Governance Committee assessing candidates before they are recommended or appointed.
9.7.4	Declarations on Fitness and Propriety of Directors and CEO	Complied	The Directors and the CEO have provided declarations confirming that they meet the Fit and Proper Assessment Criteria throughout the financial year and as at the date of confirmation.
9.7.5	Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria	Complied	Please refer to the Report of the Board of Directors on pages 257 to 262.
9.8.1	Minimum number of Directors	Complied	The Board consisted of ten (10) Directors up to 31st March 2026.
9.8.2	Independent Directors	Complied	Three Directors are Independent.
9.8.3	Confirmation of Independence	Complied	All Non-Executive Directors have submitted confirmations of their independence in accordance with the criteria set by Hayleys PLC, which are in line with regulatory requirements.
9.8.5	Disclosure relating to Directors	Complied	Each ID signed and submitted a declaration regarding his/ her independence. The Board assessed the independence declared by the Director.
9.9	Alternate Directors	Not Applicable	The Board does not have any Alternate Directors.
9.10.1	Maximum Number of Directorships	Complied	The Company has a policy limiting the number of directorships held by a director in listed companies to a maximum of 20, and no instances of non-compliance were noted.

Listing Rule Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.10.2	Disclosure of Appointment of Directors	Complied	Appointments for new Directors are disclosed to the Colombo Stock Exchange, together with a brief profile, capacity of directorship, and any relevant shareholdings. Such appointments are reviewed by the Nominations and Governance Committee and recommended to the Board. Refer to pages 22 to 25 for the profiles of each Director.
9.10.3	Timely Disclosure of Changes to the Board and Committees	Complied	All changes to the Board of Directors and Board Committees were promptly disclosed to the Colombo Stock Exchange.
9.10.4	Disclosure of Directors' Information	Complied	The Company has disclosed all required information relating to Directors in the Annual Report, including their profiles, expertise, relationships, directorships, Board and Committee memberships, and attendance. Refer to the profiles on pages 22 to 25, Committee Reports on pages 265 to 271 and Corporate Governance Report on pages 216 to 247 and Annexure on pages 346 to 362.
9.11	Nominations and Governance Committee	Complied	The Company has established a Nominations and Governance Committee in compliance with the Listing Rules. Refer to the Nominations and Governance Committee Report on page 270 to 271 and the Corporate Governance Report on pages 216 to 247.
9.12	Remuneration Committee	Complied	The Company has established a Remuneration Committee in compliance with the Listing Rules. Refer to the Remuneration Committee Report on page 269 and Principles B1 to B3 in page 233 to 235 of this Corporate Governance Report for further information.
9.13	Audit Committee	Complied	The Company has established an Audit Committee in compliance with the Listing Rules and the Code. Refer to the Audit Committee Report in pages 265 to 267 and the Corporate Governance Report on pages 216 to 247
9.14.	Related Party Transactions Review Committee (RPTRC)	Complied	The RPTRC has been established and carries out its functions in accordance with regulatory requirements. Refer to the RPTRC Report on page 268. Disclosures of non-recurrent and recurrent related party transactions are included in Note 31 to the Financial Statements in pages 336 to 337. The Board of Directors has also made an affirmative declaration of compliance, as set out in the Report of the Board of Directors on pages 257 to 262.
9.17	Additional Disclosures	Complied	Please refer the Report of the Board of Directors on pages 257 to 262.

Risks & Opportunities

Amidst an increasingly volatile operating environment shaped by climate variability, commodity price fluctuations, and evolving regulatory and sustainability expectations, Kelani Valley Plantations PLC continues to adopt a proactive and disciplined approach to risk management. The Company systematically identifies, assesses, and mitigates risks across its plantation and manufacturing operations, while remaining responsive to emerging opportunities.

KVPL strengthened its enterprise risk management framework during the year by integrating the requirements of SLFRS S1 and S2 into its strategic and operational processes. This enabled sustainability and climate related financial risks and opportunities to be systematically identified, assessed, and monitored as part of overall business decision making. Increased attention was given to the potential impacts arising from climate variability, changing regulations, labour and socio economic pressures, and evolving stakeholder expectations within the plantation sector. The integration of these standards further enhanced governance, transparency, and long-term resilience by embedding ESG and climate related considerations into risk assessments, strategic planning, and corporate reporting practices.

This structured and forward looking approach enhances operational resilience, safeguards stakeholder value, and supports long-term sustainable growth. By embedding risk management into both strategic planning and day to day operations, KVPL remains well positioned to navigate sector specific uncertainties while driving sustainable value creation.

KVPL Risk Environment

KVPL operates within a constantly evolving business environment, where both risks and opportunities are shaped by changing global dynamics and local market conditions. These developments are closely monitored on an ongoing basis, with their potential impact on the Company's key risk areas being proactively evaluated to support sound and effective risk management practices. The following provides a summary of the principal risks that influenced KVPL's risk environment during 2025.

Building Resilience Through Risk Management

- Adoption of SLFRS S1 & S2 aligned sustainability risk reporting practices
- Progress in mechanisation initiatives to address labour shortages
- Renewable energy utilisation improvements
- Strengthened cyber and data security controls within operational systems

KVPL Risk Environment

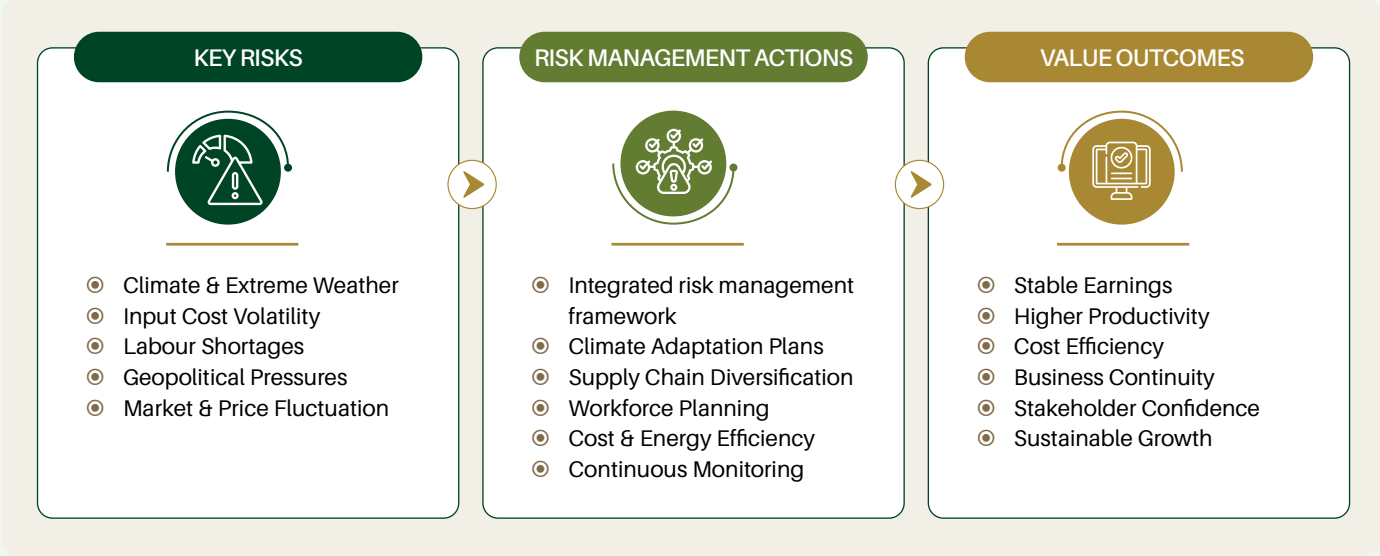
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Risk Category	Risk Components	Risk Type
Strategic Risk	SR1 – Political Risk	Policy changes, wage regulations, taxation, estate reforms
	SR2 – Production Risk	Weather volatility, yield fluctuations, pest/disease
	SR3 – Commodity Risk	Tea & rubber price volatility in global markets
	SR4 – Social & Environmental Risk	Labour shortages, climate change, workforce generational shift, ESG pressures
Operational Risk	OR1 – Value Chain Risk	Supply chain disruption (fertilizer, fuel, logistics, inputs)
	OR2 – Information & Cyber Risk	System downtime, cyber threats, data loss, digital disruption
	OR3 – Technological Risk	Slow adoption of mechanisation, outdated estate technology, digital gaps
	OR4 – Reputational Risk	ESG perception, labour practices, sustainability reporting scrutiny
Financial Risk	FR1 – Foreign Exchange Risk	LKR volatility affecting export earnings and import costs
	FR2 – Interest Rate Risk	Borrowing cost fluctuations impacting financing expenses
	FR3 – Credit Risk	Export buyer default risk, trade receivables exposure
	FR4 – Liquidity / Investment Risk	Cash flow pressure, working capital constraints, investment timing
Compliance Risk	CR1 – Legal Risk	Labour law compliance, land/estate regulation disputes
	CR2 – Data Privacy Risk	Employee/customer data protection, digital system exposure
	CR3 – Occupancy Risk	Estate infrastructure, worker housing, asset utilisation efficiency
	CR4 – General Business Principles Risk	Governance lapses, ethics, compliance breaches
Climate Related Risk	CRR 1 - Climate change Physical risk	Extreme rainfall, droughts, temperature changes, landslides, flooding and crop damage affecting plantation productivity
Sustainability Related Risk	SRR 1 -Customer requirement on Sustainability	Increasing buyer expectations on traceability, ESG compliance, certifications and sustainable sourcing practices
	SRR 2 -Labor Migration & Escalating Wages	Workforce shortages, migration of younger labour force and rising labour costs affecting estate operations
	SRR 3 - Raising energy cost	Escalating electricity and fuel prices increasing operational and manufacturing costs

How Risk Management Supports Value Creation

At KVPL risk management is a core enabler of sustainable value creation, ensuring that business growth is achieved in a controlled, resilient, and strategically aligned manner. The Company's Enterprise Risk Management (ERM) framework integrates risk considerations into operational, financial, and strategic decision-making, enabling KVPL to protect earnings, enhance efficiency, and sustain long-term stakeholder confidence.

During the year, KVPL strengthened the linkage between risk management and value creation through disciplined risk governance and proactive mitigation of key exposures such as climate variability, input cost volatility, labour shortages, and geopolitical-driven cost pressures. This ensured continuity of operations even under adverse external conditions, while safeguarding productivity and financial stability.



Integrated Risk Management Framework

The framework is built on four key pillars that collectively ensure a comprehensive and disciplined approach to risk management across the organisation:

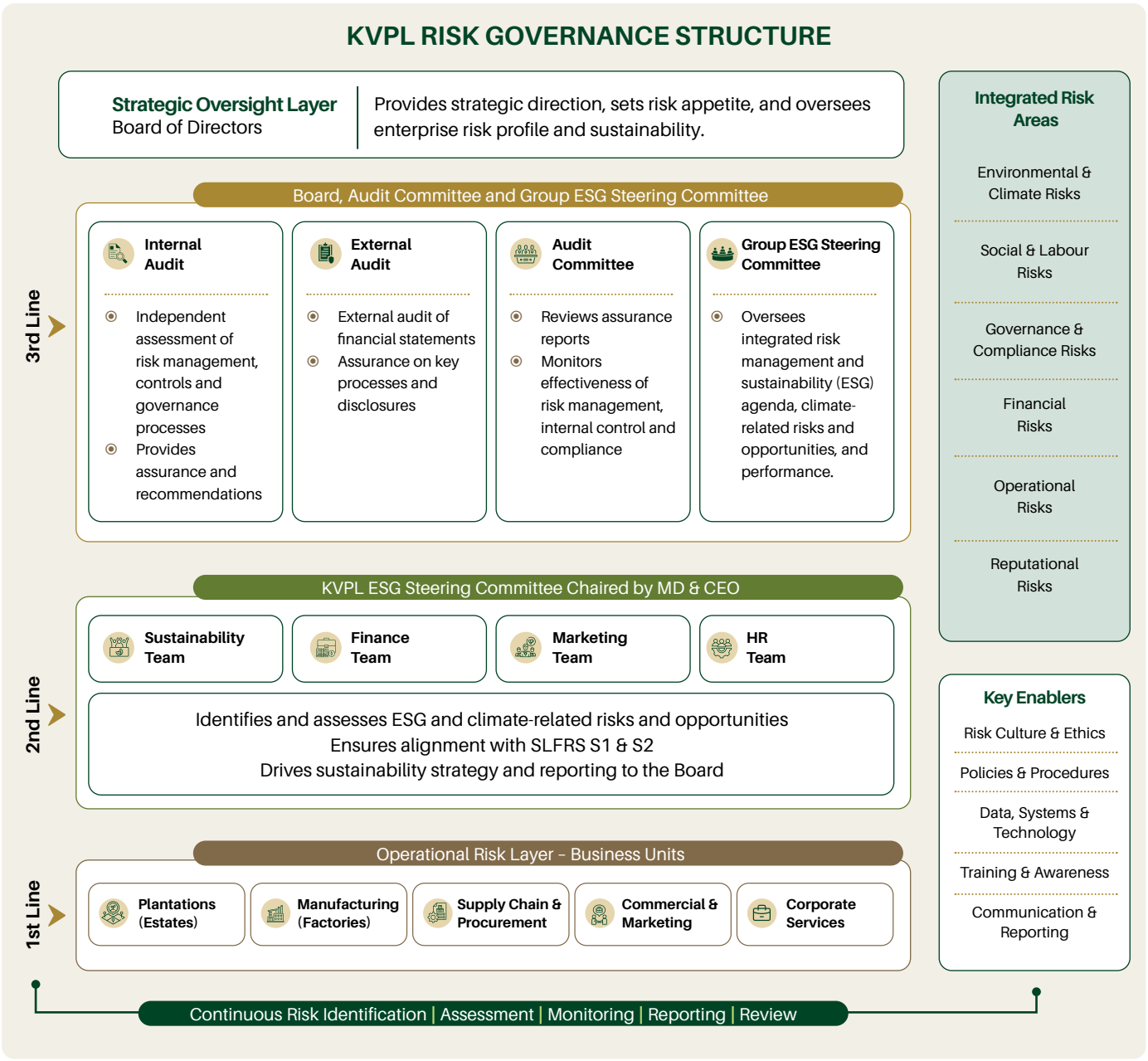
- **Risk Governance and Oversight** – Defines the governance structure and accountability for risk management across the Company.
- **Risk Management Process** – Ensures systematic identification, assessment, mitigation, and monitoring of risks across all operations.
- **Risk Control Framework** – Establishes policies, procedures, and control mechanisms that define acceptable risk levels and guide operational decision-making.
- **Risk Culture and Awareness** – Embeds risk consciousness and shared accountability across all levels of the organisation.

These pillars collectively enable effective management of principal risks while ensuring alignment with the Company's strategic and sustainability objectives.

Risk Governance and Oversight

KVPL's risk governance process is structured as a multi tiered framework that integrates oversight, management, and operational accountability across all levels of the organisation. At the apex, the Board of Directors holds ultimate responsibility for effective risk management by establishing the overall risk governance framework, approving risk policies, and setting strategic direction while continuously monitoring principal risks and the effectiveness of internal controls. Supporting the Board, the Audit Committee plays a key oversight role by reviewing the adequacy and effectiveness of the risk management system, internal controls, and compliance mechanisms, while also assessing risk registers, monitoring emerging and principal risks, and ensuring that significant risk exposures and mitigation actions are appropriately escalated to the Board.

This governance structure ensures clear accountability, effective oversight, and alignment of risk management practices with the Company's strategic and operational priorities. KVPL's risk governance structure is illustrated below.



The risk governance structure is designed to ensure integration of financial, operational, and sustainability related risks, including climate related considerations in line with SLFRS S1 and S2 disclosure requirements."

KVPL's risk governance framework is structured around the Three Lines of Defence model, which establishes clear roles and accountability for managing risk across the organisation. Under this structure, the first line of defence consists of business units and support functions that directly own and manage risks as part of their operational activities. Identifying emerging risks early and escalating them to the Managing Director and Corporate Management Team for appropriate action Reinforcing the risk awareness culture among employees.

The second line of defence is made up of independent risk management and compliance functions, which provide oversight and constructive challenge to the first line. This consists of ESG Steering Committee chaired by Managing Director and CEO and they ensures that risk policies, limits, and regulatory requirements are consistently applied, while also monitoring emerging risks and strengthening the overall control environment through guidance and review mechanisms.

The third line of defence is the Internal Audit function, which delivers independent assurance on the effectiveness of governance, risk management, and internal control systems across the organisation, ensuring that established frameworks are functioning as intended.

This mechanism provides comprehensive risk analysis and insights to senior management and Board committees, thereby supporting strategic oversight and strengthening informed decision making across KVPL.

KVPL's approach to Risk Management

At the management level, the Management Committee evaluates a broad spectrum of risks including operational, financial, strategic, compliance, and climate-related risks, assessing their potential impact on business continuity, profitability, sustainability, and stakeholder value creation, and recommending necessary corrective actions and resource allocation to the Board. In parallel, the ESG/ Sustainability Steering Committee focuses on environmental, social, and governance-related risks, including climate related risks in alignment with SLFRS S1 and S2 standards, while overseeing sustainability initiatives, climate resilience strategies, and ESG performance indicators. Corporate management functions operationalise the framework by continuously reviewing risk assessments, monitoring mitigation plans, strengthening internal controls, ensuring regulatory compliance, and guiding estates and operational units on emerging risks and control improvements.

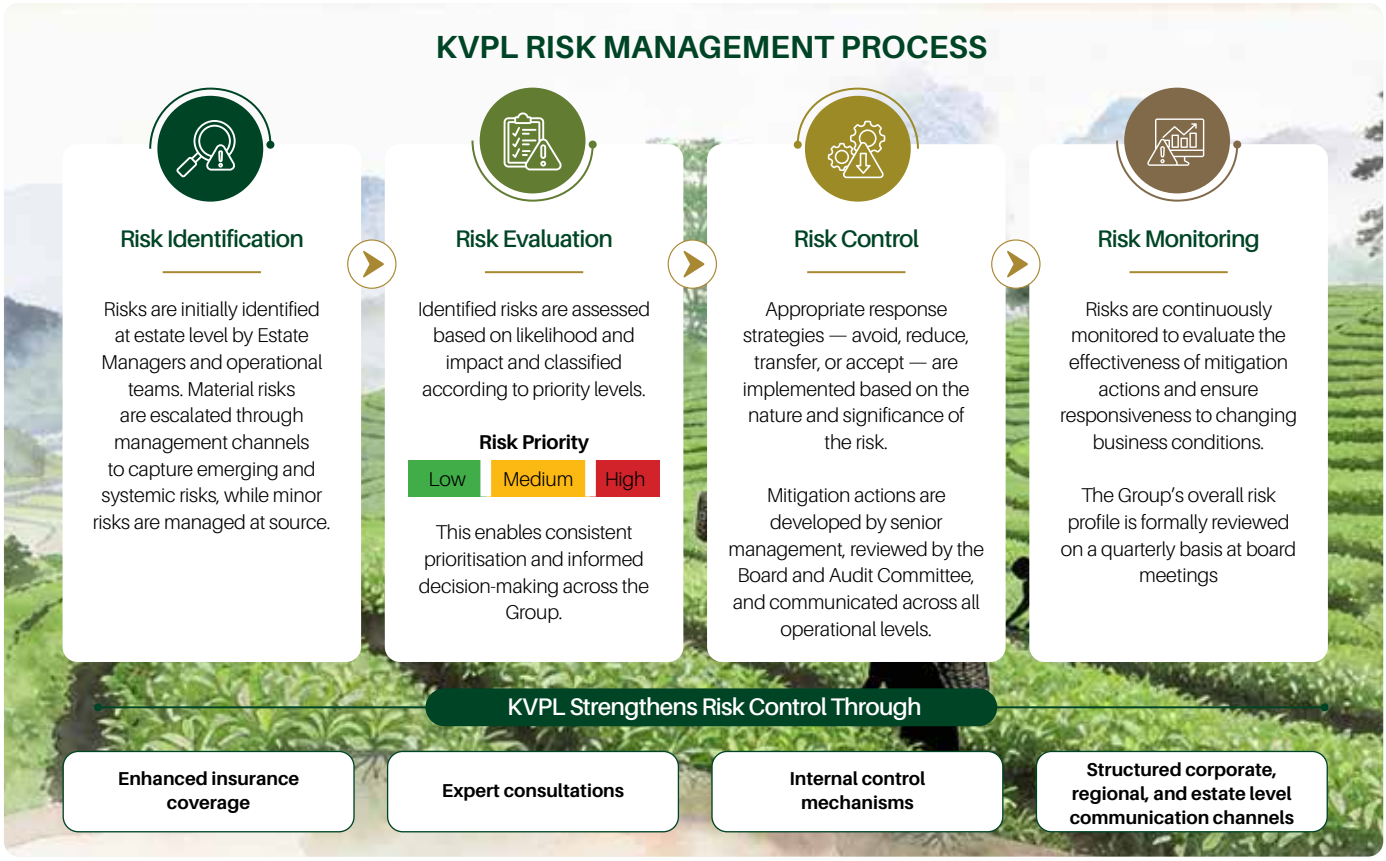
At the operational level, estate and operational management are directly responsible for identifying, assessing, and managing risks on the ground, implementing mitigation actions, ensuring compliance with company policies and regulatory requirements, and maintaining business continuity while supporting sustainable productivity and profitability. Independent assurance is provided by the Internal Audit Function, which evaluates the effectiveness of governance, risk management, and internal control systems through periodic audits, ensuring compliance and adequacy of mitigation measures across all functions. Finally, all employees contribute to the overall risk culture by adhering to established policies and procedures, maintaining internal controls, and proactively identifying and reporting risks and incidents, thereby strengthening a company wide risk aware culture.

Risk Management Process

The KVPL Group, including its subsidiary companies, maintains a robust and structured Risk Management Process designed to proactively identify, assess, mitigate, and monitor the diverse and evolving risks inherent in the plantation industry. This framework is embedded across all operational levels and is subject to continuous review to ensure its effectiveness, relevance, and alignment with emerging risks and industry best practices.

KVPL places strong emphasis on risk mitigation rather than risk avoidance or acceptance, adopting a proactive approach supported by expert guidance, internal controls, and appropriate insurance coverage tailored to operational requirements. This enables the Group to minimize potential disruptions while safeguarding its assets, employees, and stakeholder interests.

The Risk Management process is structured around four key phases:



Risk Control Framework

KVPL has established a comprehensive Risk Control Framework to ensure that identified risks are effectively managed through timely, consistent, and structured responses. The framework is designed to translate risk assessments into practical actions that safeguard operations, assets, employees, and stakeholder interests.

At the core of the framework is a structured approach to risk treatment, where risks are managed based on their assessed priority and potential impact. KVPL adopts a range of risk response strategies, including risk avoidance, reduction, transfer, and acceptance, depending on the nature of the risk and its potential effect on business continuity.

The formulation of risk control measures is primarily driven by the senior management team, under the leadership of the Managing Director, supported by relevant functional experts. These measures are developed using established internal control mechanisms and are further strengthened through engagement with industry specialists and appropriate insurance coverage.

All risk control strategies undergo a formal review process by top management and are subsequently submitted to the Board of Directors and the Audit Committee for evaluation and approval. This ensures strong governance oversight and alignment with the Group's overall risk appetite and strategic objectives.

Upon approval, risk control measures are systematically communicated and implemented across all operational levels through a structured communication framework covering corporate, regional, and estate levels. This ensures clarity of responsibility, consistent execution, and effective coordination across the Group.

The effectiveness of the Risk Control Framework is continuously supported through regular monitoring and feedback mechanisms, enabling KVPL to strengthen controls, address emerging risks, and enhance overall organisational resilience.

Risk Culture and Awareness

KVPL fosters a strong risk-aware culture that emphasises accountability, transparency, and continuous improvement. The Board of Directors and Senior Management play a key role in embedding prudent risk management practices across all levels of the organisation.

A culture of open communication encourages the timely escalation and discussion of risk-related matters, thereby enhancing awareness and promoting informed decision-making throughout the Group. This approach ensures that risk considerations are integrated into day to day operations rather than treated as a separate function.

Ongoing training and awareness programmes, conducted under the oversight of the Risk Management function, further strengthen employees' understanding of risk management principles. These initiatives reinforce the importance of proactive risk identification and responsible risk ownership, supporting the Group's commitment to maintaining a resilient and well-informed workforce.

Key Risks faced in 2025/26

During the 2025/26 financial year, KVPL operated in a highly challenging external environment marked by adverse weather conditions, increasing climate volatility, global geopolitical instability, rising operational costs, labour related pressures, and evolving Environmental, Social and Governance (ESG) expectations. The plantation sector continues to face intensified climate related risks due to increasingly unpredictable and extreme climatic patterns, shifting from gradual climatic changes to acute, volatile and compounding disruptions that directly affect operational continuity, productivity, profitability and long-term sustainability.

One of the most significant climate related events during the year was Cyclone "Ditwah" in December 2025, which caused severe flooding, landslides, and infrastructural disruptions across Sri Lanka. The extreme weather conditions adversely affected estate operations, crop harvesting, transportation, worker attendance, and agricultural productivity, further highlighting the growing exposure of the plantation sector to climate related physical risks. In addition to acute climate events, KVPL continued to experience production and yield related risks arising from temperature stress, erratic rainfall patterns, prolonged wet and dry spells, and unpredictable monsoon cycles. Rising temperatures and extreme heatwaves negatively impacted the productivity of perennial crops such as tea and rubber, while high soil temperatures contributed to seedling mortality and reduced crop resilience. Unpredictable water availability, alternating between drought conditions and excessive rainfall, disrupted cultivation calendars, seasonal planning, fertilizer application, and harvesting cycles, thereby affecting long-term productivity, operational stability, and sustainability of business performance.

The Company also recognizes the increasing long-term strategic risk associated with unsuitable growing zones resulting from climate change. As climatic conditions continue to shift, traditional agricultural regions may gradually become unsuitable for established crops, particularly rubber cultivation within KVPL's low grown plantation landscape. This may necessitate significant long-term strategic shifts in land use, crop diversification, replanting strategies, and climate adaptation investments, which could involve substantial financial and operational implications over time.

Further, supply chain disruptions relating to fertilizer, fuel, and other agricultural inputs continued to impact procurement and operational continuity during the year. Climate related disruptions, global logistics challenges, and geopolitical instability collectively contributed to supply chain volatility, delays, and rising input costs across the plantation sector.

Adding to these challenges, the Company was also exposed to foreign exchange related risks during the year due to fluctuations in global currency markets, particularly given the export oriented nature of the tea and rubber businesses. As KVPL generates a significant portion of its revenue through export earnings, adverse movements in foreign exchange rates, especially fluctuations in the Sri Lankan Rupee against major trading

currencies, had an impact on export realizations, revenue stability, and overall profitability. Volatility in exchange rates created uncertainty in export earnings conversion, affected pricing competitiveness in international markets, and increased financial planning and cash flow management challenges during the year. Continued currency fluctuations may further impact the Company's foreign currency denominated income streams, operational margins, and long-term financial performance.

The Company also faced heightened operational pressures arising from global geopolitical tensions, including the Iran–Iraq regional conflict, which contributed to volatility in global fuel and energy markets. The resulting increase in fuel prices, electricity tariffs, gas prices, transportation costs, and general inflation significantly increased the cost of production across the plantation sector, placing pressure on profitability and operational efficiency.

In addition, the Government mandated wage increase during the year had a substantial financial impact on KVPL and the plantation industry as a whole, given the labour intensive nature of plantation operations. The increase in employee costs materially affected operating margins and further intensified cost management challenges faced by Regional Plantation Companies. Refer pages from 72 to 93 for more details disclosed under the SLFRS S1 & S2 Report.

Labour shortages also remained a critical operational and social risk during the year. The plantation sector continued to experience difficulties in attracting and retaining workers, particularly among younger generations, as many individuals increasingly sought overseas employment opportunities and alternative careers outside the plantation industry. This shift in workforce preferences created ongoing challenges relating to labour availability, productivity, succession planning, and long-term workforce sustainability.

In parallel, ESG related risks continued to evolve significantly during the year as stakeholder expectations relating to sustainability, climate governance, ethical sourcing, biodiversity protection, and transparency became increasingly stringent. The plantation industry now operates within a highly disruptive environment where ESG factors are no longer voluntary considerations, but critical determinants of long-term commercial viability, stakeholder confidence, market access, and social license to operate. A key risk faced by the industry is the widening gap between stakeholder expectations relating to ESG compliance and organizational readiness to meet such expectations effectively.

Among the emerging ESG related environmental and regulatory risks, deforestation and nature loss related regulations continued to gain prominence globally. Regulations such as the European Union Deforestation Regulation (EUDR) require companies to establish rigorous traceability, monitoring, and verification mechanisms to ensure products are not linked to deforestation or land conversion activities. Failure to comply with such evolving international sustainability requirements may expose plantation companies to reputational damage, restricted market access, increased compliance costs, and export related challenges.

From a governance perspective, ESG data quality, accuracy, purity, cleanliness, consistency, and clarity continued to remain a significant risk area during the year. The absence of universally standardized ESG metrics and data collection methodologies creates challenges in accurately measuring, monitoring, validating, and demonstrating sustainability performance and progress. As investor, regulator, and stakeholder scrutiny over ESG disclosures continues to intensify, maintaining reliable, transparent, and auditable ESG related data has become increasingly important.

Further, regulatory inconsistency and rising compliance costs also emerged as significant governance related risks. As sustainability and climate related reporting frameworks transition from voluntary to mandatory reporting requirements, including compliance with SLFRS Sustainability Disclosure Standards such as SLFRS S1 and SLFRS S2, companies are required to navigate increasingly fragmented and evolving regulatory landscapes across jurisdictions. Compliance with these requirements involves significant investments in systems, controls, governance structures, assurance processes, data management capabilities, and internal expertise, thereby increasing operational complexity and compliance related expenditure.

Against this backdrop, KVPL continued to strengthen its enterprise risk management and sustainability frameworks during the year by enhancing climate resilience initiatives, improving operational efficiencies, diversifying energy usage, strengthening ESG governance practices, improving sustainability related data management processes, and integrating climate and sustainability considerations into strategic planning and decision making processes to support long-term business resilience and sustainable value creation.

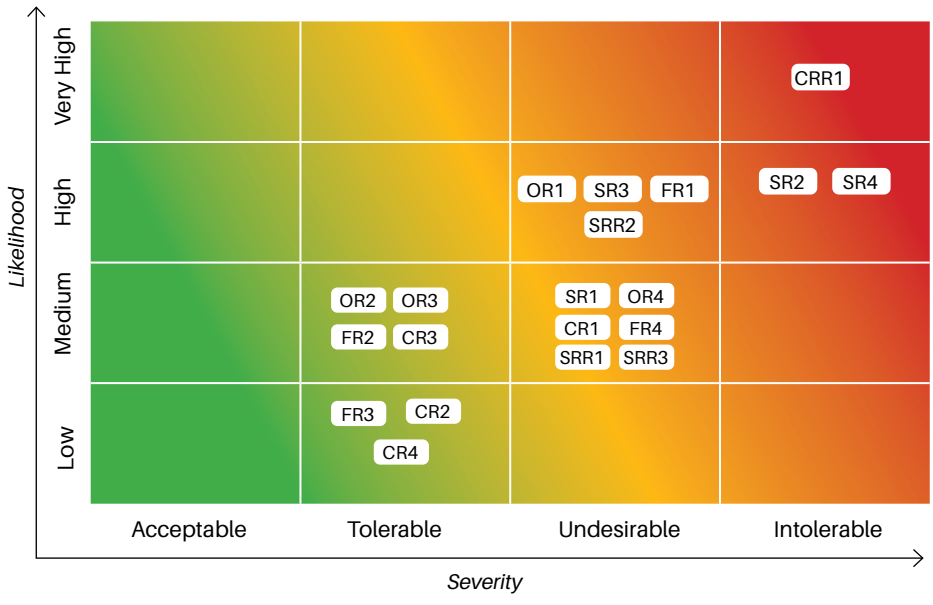
Risk Management in 2025/26

FB-AG-440a.1 FB-AG-430a.3

	STRATEGIC RISK	OPERATIONAL RISK	FINANCIAL RISK
Risk Overview	Risk of long-term misalignment between KVPL's business direction and external changes such as market shifts, policy changes & wage regulations affecting plantation profitability.	Risk of inefficiencies or disruptions in daily plantation and factory operations affecting productivity, quality, and cost control.	Risk of financial instability arising from rising costs, revenue fluctuations, and external economic conditions.
Risk components & Movement (2024/25 vs 2025/26)	SR 1 - Political risk	OR 1 - Value Chain Risk	FR 1 - Foreign Exchange Risk
	SR 2 - Production Risk	OR 2 - Information & Cyber Risk	FR 2 - Interest Rate Risk
	SR 3 - Commodity Risk	OR 3 - Technological Risk	FR 3 - Credit Risk
	SR 4 - Social & Environmental risk	OR 4 - Reputational Risk	FR 4 - Liquidity/Investment Risk
Risk Drivers	Wage regulation increases impacting cost structure	Labour shortages and absenteeism	
	Changes in export demand	Wage increase pressure affecting cost efficiency	Foreign exchange fluctuations (export earnings)
	Tea/Rubber market price volatility	Factory breakdowns or processing delays	Commodity price volatility
	Diverse Gen Y and Gen Z expectations	Field productivity variability	Inflation in inputs (fertilizer, fuel)
	Long-term investment decisions (diversification, modernization)	Supply chain disruptions (fertilizer, fuel)	Debt servicing pressures
Risk Monitoring	Annual strategic plan reviews	Daily field output tracking	Monthly financial performance reviews
	Market price tracking	Factory efficiency KPIs	Cost/production analysis
	Cost per kg monitoring	Labour attendance and productivity monitoring	
	Scenario analysis for wage impacts	Maintenance schedules for machinery	Budget variance tracking
Mitigation Actions	Diversification into coffee and other high value crops	Mechanisation of plucking and field operations	Cost optimization initiatives
	Mechanisation and productivity improvements	Preventive maintenance programs	
	Product mix optimization	Workforce productivity incentives	Revenue diversification (coffee, Cinnamon & Coconut)
	Strengthen flexible work policies to meet varied employee expectations	Supply chain diversification	Efficiency improvement programs
Way forward	Strengthen portfolio diversification	Increase automation in plantation operations	Strengthen financial resilience through diversification
	Shift toward premium/value added products	Improve labour productivity per hectare	Improve cost-to-revenue ratio
	Incorporate wage considerations into strategy development	Strengthen operational resilience systems	Enhance forecasting accuracy usin AI
Capitals affected	Financial Capital	Manufactured Capital	Financial Capital
	Manufactured Capital	Human Capital	Manufactured Capital
	Natural Capital	Financial Capital	Human Capital
	Human Capital		

Risk Matrix

The Risk Matrix outlines the key strategic, operational, financial, compliance, climate related amd sustainability related risks faced by KVPL across its value chain. It assesses each risk based on its likelihood and potential impact, providing a structured view of the Group's risk profile.



COMPLIANCE RISK	CLIMATE RELATED RISK	SUSTAINABILITY RELATED RISK
Risk of non-compliance with labour laws, wage regulations, environmental laws, and industry standards.	Risk arising from unpredictable- extreme climatic patterns impacting plantation yields, land productivity, and long-term sustainability.	Risk that operations may fail to meet ESG expectations, stakeholder requirements, and long-term sustainability standards.
CR 1 - Legal Risk	CRR 1 - Climate change Physical risk	SRR 1 -Customer requirement on Sustainability
CR 2- Data Privacy		SRR 2 -Labor Migration & Escalating Wages
CR 3 -Occupancy Risk		SRR 3 - Raising energy cost
CR 4 - General Business Principals		
Minimum wage regulation changes	Irregular rainfall patterns	ESG compliance gaps
Labour law compliance (plantation workers)	Temperature increases affecting tea quality	Sustainable sourcing requirements from buyers
Environmental regulatory requirements	Soil degradation	Community relations and labour welfare
Export certification standards (ethical sourcing)	Pest and disease outbreaks	
Health & safety compliance	Water scarcity in plantation regions	
Internal audits and compliance checks	Rainfall and weather monitoring systems	ESG performance indicators
Legal and regulatory tracking	Yield tracking per estate	Sustainability audits
Certification audits (Rainforest, Fairtrade, etc.)	Soil health assessments	Stakeholder engagement feedback
Labour compliance reporting	Pest/disease surveillance	Carbon and energy reporting
Strong HR compliance framework	Climate-resilient planting techniques	Renewable energy investments (solar, mini-hydro)
Regular legal updates and training	Shade tree planting and soil conservation	Waste reduction and recycling initiatives
Certification maintenance programs	Water management systems	Community development programs
Strengthening internal audit function	Diversification into resilient crops	ESG policy integration
Digital compliance tracking systems	Strengthen climate adaptation strategy	Strengthen ESG reporting frameworks
Proactive regulatory engagement	Expand regenerative agriculture practices	Move toward carbon neutrality roadmap
Strengthen ESG compliance integration	Invest in climate-smart technologies	Enhance stakeholder transparency
Human Capital	Natural Capital	Natural Capital
Social & Relationship Capital	Manufactured Capital	Social & Relationship Capital
Financial Capital	Financial Capital	Financial Capital
	Human Capital	Human Capital

Opportunities in Renewable Energy and Sustainable Value Creation

In addition to proactively identifying and managing risks, KVPL remains focused on capitalising on emerging opportunities that support long-term resilience, operational efficiency, and sustainable value creation. As a plantation company with access to natural resources and estate infrastructure, renewable energy development has been identified as a key strategic opportunity within the Group's sustainability and risk management framework.

Accordingly, KVPL has continued to invest in renewable energy initiatives, particularly in solar and mini hydropower projects, with the objective of reducing energy costs, enhancing energy security, minimising environmental impact, and supporting the transition towards low carbon operations. During the year, the Group expanded its solar energy portfolio through several new installations across estates and operational facilities, increasing total installed solar capacity to 480 kW with a cumulative investment of Rs. 95.9 m. In addition, the Group's mini hydropower investments currently provide a combined generation capacity of 900 kW, representing a total investment of Rs. 37.2 m.

These investments have significantly strengthened KVPL's renewable energy generation capabilities and contributed positively towards operational sustainability and energy efficiency. During the year under review, total hydropower generation amounted to 11,528,746 kWh, compared to 12,587,837 kWh recorded in 2024/25.

The increasing adoption of renewable energy sources has further enhanced the Group's overall sustainability performance.

reflecting KVPL's continued progress towards cleaner energy adoption and reduced dependence on non renewable energy sources. Meanwhile, total non renewable energy usage amounted to 39,611.18 GJ during the year compared to 35,495 GJ in 2024/25 and 37,875 GJ in 2023/24.

The table below shows the amount of electrical energy consumed over the last three years.

Energy Source	Amount of electricity energy consumed		
	2025/26	2024/25	2023/24
Total non-renewable energy usage (GJ)	37,250	35,495	37,875
Total renewable energy usage (GJ)	94,651	110,431	118,554
Percentage of renewable energy used	72%	76%	76%

Through these initiatives, KVPL continues to strengthen its climate resilience, reduce exposure to energy price volatility, lower operational costs, and support national and global sustainability objectives relating to low carbon economic transition. The Group will continue to evaluate opportunities to further expand renewable energy adoption and other sustainability driven initiatives, supporting long-term business resilience while creating environmental and economic value for stakeholders.

Outlook and Priorities

Going forward, KVPL will continue to strengthen its enterprise risk management framework to support resilience, operational excellence, and long-term value creation amid an increasingly complex and uncertain operating environment. The risk landscape is expected to remain shaped by climatic variability, commodity price volatility, geopolitical developments, and evolving regulatory and ESG expectations.

A key priority will be enhancing climate resilience across plantation operations through improved agronomic practices, data driven yield forecasting, and adaptive land management strategies to mitigate production related risks. Greater focus will also be placed on supply chain resilience to reduce exposure to input shortages and logistics disruptions, while maintaining cost efficiency.

In the financial domain, the Company will continue to actively manage foreign exchange volatility, interest rate exposure, and liquidity risks through prudent treasury management practices and disciplined capital allocation. Strengthening credit risk monitoring will remain a focus to safeguard export receivables and maintain financial stability.

Digital transformation will be further accelerated to improve real time risk monitoring, strengthen cybersecurity controls, and enhance decision making through integrated data systems. At the same time, KVPL will continue to address emerging technological risks by progressively modernising estate operations and improving mechanisation where feasible.

On the compliance and governance front, continued emphasis will be placed on regulatory adherence, data protection, ethical business practices, and robust internal controls to safeguard reputational capital and stakeholder trust. ESG integration will remain central to risk management priorities, particularly in relation to workforce sustainability, environmental stewardship, and responsible business conduct.

Overall, KVPL's 2026 risk management priorities are focused on building a more agile, data enabled, and resilient organisation capable of responding effectively to both emerging risks and long-term structural challenges.

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

General

The Board of Directors of Kelani Valley Plantations PLC ("the Company") has pleasure in presenting the Annual Report of the Board of Directors on the affairs of the Company together with the Audited Consolidated Financial Statements of the Group for the year ended 31 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 11 May 2026.

Principle Activities, Business Review and Future Developments

The activities of the Company are producing and processing Tea and Rubber. Details of the activities of other companies in the Group are given on page 26 of this Report.

The Chairman's Message (page 34 to 37), Managing Director's Review (page 38 to 41), Sustainability Report (page 48 to 93) and Financial Capital (pages 108 to 125) describe the performance of the Company during the year, with comments on the financial results, future strategic developments and the progress of its subsidiaries, Kalupahana Power Company (Private) Limited, Mabroc Teas (Private) Limited, Kelani Valley Resorts (Private) Limited and investment in Martin Bauer Hayleys (Private) Limited.

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 in which the Company operates.

Vision, Mission and Corporate Conduct

The Company's vision, mission and purpose statement are given on page 9.

The "Group Code of Business Conduct and Ethics - Hayleys Way" provides the framework for the Group's corporate conduct. The Group is committed to conducting its business operations with honesty and integrity, complying with the laws and regulations of the country and respecting the rights and interests of all stakeholders.

Financial Statements

The Financial Statements of the Company and the Group are given from pages 279 to 288

Auditor's Report

The Independent Auditor's, Messrs. Ernst and Young, Chartered Accountants carried out an audit on the Financial Statements of the Company and the Group as at 31 March 2026, and their Report on the Financial Statements of the Company and the Group is given from pages 279 to 281.

Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given from pages 289 to 303.

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

There were no material changes in the Accounting Policies adopted compared with those of previous financial year other than those disclosed in Note 2.3 to the Financial Statements.

Group Revenue

The Group Revenue during the year was Rs. 19,436,429,513 /- (2024/25 - Rs. 21,640,793,489/-). The Group revenue from Tea decreased by Rs. 2,432,030,718/- (2024/25 increased by Rs. 1,017,636,782/-) and Rubber increased by Rs. 184,670,143/- (2024/25 – increased by Rs. 658,596,657/-) during the year, respectively. Segmental analysis of the Group revenue is shown in Note 6.1 to the Financial Statement.

Results and Dividend

Three interim dividends of Rs. 0.60 (Cents sixty) per share, Rs. 1.10 (Rupees one and Cents ten) per share and Rs. 1.75 (Rupees one and Cents seventy-five) per share were paid to the shareholders on 24 October 2025, 23 January 2026 and 27 April 2026 respectively. The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act for the interim dividends paid. Solvency certificates were obtained from the auditors as required.

The Group profit before taxation amounted to Rs. 1,233,892,491 /- (2024/25- profit before taxation Rs. 1,380,770,468/-). After deducting Rs. 395,249,593/- (2024/25 - Rs. 438,984,053/-) for taxation, the profit for the year amounted to Rs. 838,640,488/- (2024/25 - profit of Rs. 941,786,415/-).

The Group profit attributable to owners of the parent after deducting for noncontrolling interest of Rs. 10,198,365/- (2024/25 - Rs. 29,088,495/-) for the year was Rs. 828,442,123/- (2024/25 – 912,697,922/-).

The Profit available for appropriation, inclusive of Rs. 6,538,139,526 /- (2024/25 – Rs. 5,823,980,796/-) of brought forward retained profit amounted to Rs. 7,196,022,077/- (2024/25 - Rs. 6,538,139,526/-).

Segmental analysis of the Group gross profit is shown in Note 6.2 to the Financial Statements and KPI's are discussed in the Financial Capital section of this report.

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

Property, Plant and Equipment

The capital expenditure of the Group during the financial year amounted to Rs. 1,055,799,672/- (2024/25 - Rs. 1,005,551,542/-) whilst that of the Company was Rs. 817,078,652/- (2024/25 - Rs. 631,940,259/-) which included replanting expenditure of Rs. 596,615,506/- (2024/25 - Rs. 451,862,985/-) on Rubber, Coffee, Coconut, Cinnamon and Fuel Wood.

Information relating to movement of Property, Plant and Equipment is given in Notes 12,13 and 14 to the Financial Statements.

Market Values of the Properties

The freehold land in the Company has in general been subject to routine revaluation by independent qualified valuers. However, Lands belongs to Company received by way of Government lease, and which are not required to be revalued. Land owned by Mabroc Teas (Private) Limited is revalued with sufficient frequency to ensure that its fair value does not differ materially from its carrying amount. These revaluations are carried out by professionally qualified valuers. The most recent revaluation was performed as at 31 March 2025 Note 13 (b) provides, additional information relating to the market valuation of the free hold lands owned by the Group.

Stated Capital and Reserves

In compliance with the Companies Act, the Financial Statements reflect the stated capital of the Company.

The stated capital of the Company, consisting of 68,000,000 ordinary shares and one Golden share amounts to Rs. 340,000,010/-. There was no change to the stated capital during the financial year.

Golden Shareholder

The Golden Share of Rs. 10/- held by the Secretary to the Treasury, enjoys the following special rights:

- The concurrence of the Golden Shareholder should be obtained to sub-lease estate lands and amend the Articles of Association of the Company in which the Golden Shareholders' rights are given.
- The Golden Shareholder or his nominee has the right to examine the books and accounts of the Company.
- The Company is required to submit a detailed quarterly report to the Golden Shareholder.
- The Golden Shareholder can request the Board of Directors of the Company for a meeting.

Reserves

The total reserves of the Group as at 31 March 2026 amounted to Rs. 8,896,022,077/- (2024/25 - Rs. 8,238,139,526/-) comprising the general reserve of Rs. 1,700,000,000/- (2024/25 - Rs. 1,700,000,000/-) and the carried forward profit of Rs. 7,196,022,077/- (2024/25 - Rs. 6,538,139,526/-).

The movement is shown in the Statements of Changes in Equity in the Financial Statements.

Taxation

The Company's policy is to provide for deferred taxation on all known temporary differences under the liability method.

Applicable income tax rates for the Company's activities are shown below;

Activity	Income tax rate - Y/A 2025/26	Income tax rate - Y/A 2024/25
Agriculture	30%	30%
Agro processing	30%	30%
Other Income	30%	30%

Information relating to income tax rates of subsidiary companies is shown 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 31 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 the Board, in compliance with Section 200 of the Companies Act.

Interest Register

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

D P L Plantations (Pvt) Ltd holds 49,253,800 shares (72.43%) in Kelani Valley Plantations PLC in which Mr. Mohan Pandithage, Dr. Roshan Rajadurai, Mr. Sarath Ganegoda, Mr. Anura Weerakoon and Mr. Senaka Alawattegama (appointed w.e.f. 1 September 2025) are Directors.

1,000 shares were purchased by Dr. Roshan Rajadurai, Managing Director of the Company during the financial year.

The subsidiary companies have unanimously agreed to dispense with the keeping of an Interest Register.

Directors' Shareholdings

The shareholdings of the Directors as at 31 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)	5,382	4,382
Mr. Senaka Alawattegama (Chief Executive Officer) (appointed w.e.f. 1st August 2025)	-	-
Mr. Sarath Ganegoda	165,000	165,000
Mr. Faiz Mohideen	-	-
Mr. Nandana Ekanayake (Senior Independent Director)	-	-
Mr. Malaka Talwatte	-	-
Mrs. Saumya Amarasekera, PC	-	-
Mr. Sujeewa Peiris	-	-
Mr. Milinda Hewagama (appointed w.e.f. 15th September 2025)	-	-
Mr. Anura Weerakoon (Chief Executive Officer) (retired w.e.f. 31 July 2025)	N/A	-
Mr. Chatura Cabraal (resigned w.e.f. 15th September 2025)	N/A	-

Insurance and Indemnity

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

Payment of Remuneration to Directors

Executive Directors' remuneration is determined within an established framework. The total remuneration of the Executive Directors of the Group and the Company for the year ending 31 March 2026, is Rs. 203,566,819/- (2024/25 Rs. 162,389,460/-) and Rs. 104,181,978/- (2024/25 Rs. 71,611,755/-) respectively, including the value of perquisites granted to them as part of their terms of service.

The total remuneration of Non-Executive Directors of the Company for the year ended 31 March 2026, is Rs. 6,450,000/- (2024/25 Rs. 9,750,000/-) determined according to scales of payment decided upon by the Board previously. The Board is satisfied that the payment of this remuneration is fair to the Company.

Corporate Donations

The donations made during this financial year by the Company and the Group amounted to Rs. 100,000/- and Rs. 205,000/- respectively. (2024/25 – Rs. 100,000/- and Rs. 795,137/- respectively).

No donations were made for political purposes.

Directorate

The names of the Directors who served during the year are given below and their brief profiles appear on pages 22 to 25 of this report.

Executive Directors

- Mr. Mohan Pandithage - Chairman
- Dr. Roshan Rajadurai - Managing Director
- Mr. Senaka Alawattegama - Chief Executive Officer *(appointed w.e.f. 1 August 2025)*
- Mr. Anura Weerakoon - Chief Executive Officer *(retired w.e.f 31 July 2025)*

Non-Executive Directors

- Mr. Sarath Ganegoda
- Mr. Faiz Mohideen
- Mr. Sujeewa Peiris
- Mr. Milinda Hewagama *(appointed w.e.f 15 September 2025)*
- Mr. Chatura Cabraal *(resigned w.e.f 15 September 2025)*

Independent Non-Executive Directors

- Mr. Nandana Ekanayake (Senior Independent Director)
- Mr. Malaka Talwatte
- Mrs. Saumya Amarasekera, PC

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

None of the directors or close family members have any material business relationships with other directors of the company.

Mr. Senaka Alawattegama, and Mr. Milinda Hewagama were appointed to the Board on 01 August 2025 and 15 September 2025. In terms of Article 28(2) of the Articles of Association of the Company, Shareholders will be requested to re-elect them at the Annual General Meeting.

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

Mr. Anura Weerakoon retired, and Mr. Chatura Cabraal resigned from the Company with effect from 31 July and 15 September 2025, respectively.

In terms of Article 30 (1) of the Articles of Association of the Company, Mr. Malaka Talwatte, and Mrs. Saumya Amarasekera, PC retire by rotation and being eligible offer themselves for re-election.

Notice has been given of the intention to propose ordinary resolutions in terms of Section 211 of the Companies Act for the re-appointment of Mr. Mohan Pandithage and Mr. Faiz Mohideen 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.

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 Corporate Governance Rules of CSE.

Directors of the subsidiaries are given on page 26.

Corporate Governance

The Company was complied with the 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 216 to 247 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 to the Senior Independent Director's Report on page 272.

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 is 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 219. 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 Subcommittee

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 265 and 271 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 Section 09 of the CSE Listing Rules. Please refer Related Party Transactions Review Committee Report on page 268.

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 264 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. 13,051,831 /- (2024/25 - Rs. 12,035,058/-) and Rs. 9,086,427 /- (2024/25 Rs. 8,653,740/-) by the Group and the Company respectively as Audit fees for the financial year ended 31 March 2026.

In addition, the Group paid Rs. 3,890,295/- (2024/25 - Rs. 3,006,487/-) to Messrs. Ernst & Young, Chartered Accountants for the year whilst the Company incurred Rs. 3,019,088/- (2024/25 - Rs. 1,106,861/-) on non-audit-related work which mainly consists of tax consultancy services.

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 pages 14 and 347 respectively.

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 31 March 2026 and public shareholding percentage and total number of public shareholders are shown on page 348.

Ratios and Market Price Information

The ratios relating to equity and debt as required by the continuing listing requirements of the CSE are given on page 14.

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 34 to the Financial Statements.

Employees & 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 Group at financial year end was 7,266 (2024/25 – 7,613) of which 7,056 (2024/25 – 7,394) are engaged in employment outside the Western province.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government, other regulatory institutions and those related to employees 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 264.

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 pages 55 to 66.

Environmental Protection

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

The environment section of the Sustainability Report is given from pages 60 to 61.

Material Issues Pertaining to Employees and Industrial Relations

Details relating to material issues pertaining to employees and industrial relations are given in Human Capital on pages 144 to 171.

Exposure to Risk

The Company has a structured risk management process in place to support its operations. The Audit Committee plays a major role in this process. The risk and Opportunities section referred to on pages 248 to 256 elaborates these practices and the risk factors.

Policies

The Company has adopted the following policies effective from 1 October 2024 and has uploaded them to the Company's website- The policies have been reviewed and updated, where necessary.

- Policy on matters relating to the Board of Directors.
- Policy on Board Committees.
- Policy on Corporate Governance.
- Policy on Shareholder and Investor Communication.
- Policy on Risk Management and Internal Controls.
- Policy on Rewards and Remuneration.
- Policy on Whistleblowing.
- Policy on Anti-Bribery and Corruption.
- Policy on Corporate Disclosures.
- Policy on Control and Management of Company Assets and Shareholder Investments.
- Environmental Policies (Sustainability Policy/Manual).
- HR Policy/Manual.
- Policy on Internal Code of Ethics and Business Conduct.

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

The Company has adopted ESG/ Sustainability framework with set KPIs on Environmental, Social and Governance aligning with Hayleys Group's ESG Roadmap.

Internal Control

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. Successful adherence to existing controls has been ascertained and improvements have been carried out where necessary.

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

The Board is satisfied with the Company's adherence to and the effectiveness of these controls.

Going Concern

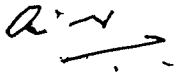
The Directors, after making necessary inquiries and reviews including reviews of the Company's budget for the ensuing year, capital expenditure requirements, prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in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

Annual General Meeting

The Annual General Meeting will be held on Thursday, 25 June 2026 at 11.00 a.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 366.

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

11 May 2026

Directors' Statement on Internal Control

The following statement fulfills the requirement to publish the Directors' Statement on Internal Control as per the Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka.

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

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

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

- Instituted committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies and annual budget.
- The Hayley's Management Audit and System Review Division (MA & SRD) to review and report on the internal control environment in the Company and Group. Audits are carried out on all subsidiaries in accordance with the annual audit plan approved by the Audit Committee. Findings are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee reviews internal control issues identified by MA & SRD and Management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits.
- The adoption of new Sri Lanka Accounting Standards, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.
- The comments made by External Auditors in connection with the internal control system during the financial year 2025/26 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 confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Company's Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.



Roshan Rajadurai Phd, D.Sc.
Managing Director



Senaka Alawattegama
Director/Chief Executive Officer

11 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 and 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, the determination of the financial position with reasonable accuracy, and the preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that, in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act, and the Listing Rules of the Colombo Stock Exchange.

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

The Directors have taken reasonable measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud 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 the interim dividends paid. Auditors' solvency certificates have been obtained as required.

The External Auditors, Messrs. Ernst & Young, Chartered Accountants who were re-appointed in terms 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 279 to 281 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 as at the balance sheet date have been paid or provided, where relevant.

By Order of the Board,



Hayleys Group Services (Private) Limited
Secretaries

11 May 2026

Audit Committee Report



Mr. Nandana Ekanayake
Chairman, Senior Independent Director

Composition

The members of the Board who served on the Committee during the financial year 2025/26 are as follows:

- Mr. Nandana Ekanayake - Chairman, Senior Independent Director
- Mr. Faiz Mohideen - Non-Executive Director
- Mr. Malaka Talwatte - Independent Non-Executive Director

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

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 Practising 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, internal controls, legal and regulatory requirements.

Brief profiles of each member are provided on pages 22 to 25 of this report. Their individual and collective financial knowledge, 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, acts as the Secretary to the Committee.

Charter of the Audit Committee

The Audit Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors to ensure that new developments relating to the functions of the Committee are incorporated. The Terms of Reference of the Committee are clearly defined in the Charter. The Terms of Reference of the Committee were revised during the year under review to include oversight responsibilities on sustainability and environmental, social, and governance (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 met on a quarterly basis during the financial year under review.

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

Name of the Member	No. of Meetings Attended
Mr. Nandana Ekanayake - Chairman, Senior Independent Director	4/4
Mr. Faiz Mohideen - Non-Executive Director	4/4
Mr. Malaka Talwatte - Independent Non-Executive Director	4/4

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

The Chairman of the Board, Managing Director, Chief Executive Officer, Finance Director of the Company, the Hayleys Group Chief Financial Officer, and the Head of the Group Management Audit and System Review Department ("MA & SRD") attend the meetings of the Committee by invitation. The External Auditors are also invited to be present where relevant.

The proceedings of the Committee are reported quarterly to the Board of Directors by tabling the minutes of the Committee meetings and an update by the Chair of the Committee on matters that require the attention of the Board.

Audit Committee meeting papers, including the agenda, minutes, and related reports and documents, are circulated to the Committee members in advance.

The Authority of the Audit Committee

- Recommend the 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 Management and the External Auditor.

- Pre-approve all audit and non-audit services performed by the External Auditor and internal audit service providers.
- Seek any information required from employees or external parties relating to investigations.
- Meet with Management and External Auditor as necessary to carry out the assigned duties.

Activities in 2025/26

The 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 the reliability of the processes and consistency of the accounting policies and methods adopted, and their compliance with Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Heads of Finance, Directors in Charge of operating units, and the Finance Director. The Committee recommended the financial statements to the Board of Directors for deliberations and approval.

The Committee, in its evaluation of the financial reporting system, also recognised the adequacy of the content and quality of routine management information reports forwarded to Management, regulatory authorities, and shareholders.

Further, the Committee reviewed the procedures established by Management to comply with regulatory requirements and is satisfied that financial reporting requirements under the Listing Rules of the Colombo Stock Exchange, the Companies Act No. 07 of 2007, the Securities and Exchange Commission of Sri Lanka (SEC) Act, and other relevant financial reporting-related regulations and requirements are met.

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 the financial reporting system can be relied upon in the preparation and presentation of financial statements.

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 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 to reflect changing business needs and to ensure that new and emerging risks are considered. During the financial year 2025/26, 15 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 the mitigation actions taken or contemplated for the management of these risks. The COSO Enterprise Risk Management (ERM) process is presently being implemented within the Group.

The Committee also conducted Environmental, Social, and Governance (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 systems, and potential cyber risks in the Group, and appropriate remedial actions were recommended to 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 Audit Committee held meetings with the External Auditor to review the nature, approach, and scope of the audit, the Audit Plan, and the Audit Management Letter of the Group Entities. Actions taken by Management in response to the issues raised, together with the effectiveness of the internal controls in place, were reviewed and discussed with the relevant members of Management. Remedial actions were recommended where considered necessary.

The Committee also reviewed the other services provided by the External Auditor to ensure that their independence and objectivity were not impaired. The Committee provides opportunities for the External Auditor to meet with the Audit Committee members independently, as and when required.

The Audit Committee annually reviews the appointment of the External Auditor and makes recommendations to the Board accordingly. During the financial year, the Committee assessed the independence and effectiveness of the External Audit function and was satisfied that the independence of the External Auditor had not been impaired by any event or service that could give rise to a conflict of interest. Due consideration was given to the nature of services provided and the level of audit and non-audit fees to ensure that independence and objectivity were not compromised.

In making this assessment, the Committee considered written representations from the External Auditor confirming that independence had been maintained throughout the audit engagement in accordance with all applicable professional and regulatory requirements. The Committee also reviewed the nature and

extent of audit and non-audit services and the related fees and determined that such services did not impair auditor independence or objectivity.

The current External Auditor, Messrs. Ernst & Young, Chartered Accountants, was initially appointed in 2012 and continues to hold that position. A partner rotation of the auditors takes place periodically, with the most recent rotation having taken place in the financial year 2025/26.

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 31 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 obtained written assurances from the Managing Director, Chief Executive Officer, and the Finance Director of the Company on the status of the Company's operations and finances. The Committee also received representations on the adequacy of provisions made for possible liabilities and reviewed reports tabled by Group companies confirming compliance with relevant statutory requirements. Further, the Committee obtained regular updates from the Head of Human Resources and Legal regarding compliance matters.

Ethics and Good Governance

The Committee continuously emphasises the upholding of ethical values among staff members. In this regard, the Internal Code of Business Conduct and Ethics, and 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

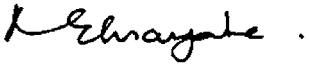
The Committee reviewed the revised policy decisions relating to the adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and made recommendations to the Board of Directors. The Committee continues to monitor compliance with relevant Accounting Standards and keeps the Board of Directors informed at regular intervals. The Committee 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 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 financial year and considering the overall conduct of the Committee and its contribution to the overall performance of the Company, the Committee has been rated as highly effective.



Nandana Ekanayake
Chairman- Audit Committee

11 May 2026

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee ("the Committee") of the Company was established in conformity with the Section 9.14 of the Listing Rules of the Colombo Srock Exchange and the Code of Best Practice on Corporate Governance 2023, issued by Institute of Chartered Accountants of Sri Lanka.

Composition

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.

Attendance at Committee Meetings

The Committee met on a quarterly basis during the financial year under review;

Name of the Member	No. of Meetings Attended
Mr. Nandana Ekanayake - Chairman, Senior Independent Director	4/4
Mr. Faiz Mohideen - Non-Executive Director	4/4
Mr. Malaka Talwatte - Independent Non-Executive Director	4/4

The Chairman of the Committee is an Independent Non-Executive Director. Profiles of the Committee members are given on pages 22 to 25.

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

The Company Secretaries act as the Secretaries to the Committee, and minutes of Committee meetings are tabled at Board meetings, thereby providing the Directors with access to the deliberations of the Committee.

The Duties of the Committee

- Subject to the exemptions given in Rule 9.14.10 of the Listing Rules of the Colombo Stock Exchange 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.
- To seek any information the Committee requires from the Management, employees or external parties with regard to any transaction entered into with a related party.
- To obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- To meet with Management, Internal Auditors and/or 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 that is relevant to its review function.

Task of the Committee

The Committee reviewed the related party transactions and their compliance of Kelani Valley Plantations PLC and its subsidiaries and communicated the same to the Board.

The Committee, in its review process, recognised the adequacy of the content and quality of the information forwarded to its members by the Management.

Policy and Terms of Reference

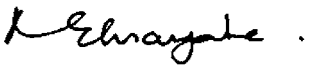
The Committee has established a clear Policy and Terms of Reference approved by the Board, setting forth the procedure to identify the related parties and the process of reporting the transactions with related parties to the Committee on a quarterly basis. The Policy outlines the composition of the Committee, 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 it responsible for ensuring that no director or major shareholder takes advantage of their position to the detriment of the interests of minority shareholders.

Disclosures

A detailed disclosure of all the related party transactions, including recurrent and non-recurrent related party transactions, which are required to be disclosed under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange, has been made in Note 31 to the Financial Statements given on pages 336 to 337 of this report.

Declaration

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



Nandana Ekanayake
Chairman - Related Party Transactions Review Committee

11 May 2026

Remuneration Committee Report

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 requirements of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Composition

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.

Attendance

The Committee meets as often as necessary. The Committee met twice during the financial year under review;

Name of the Member	No. of Meetings Attended
Mr. Nandana Ekanayake – Chairman, Senior Independent Director	2/2
Mr. Faiz Mohideen – Non-Executive Director	2/2
Mr. Malaka Talwatte – Independent Non-Executive Director	2/2

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

The Remuneration Committee has well-defined Terms of Reference outlining the Committee's composition, quorum, authority, responsibilities, and meeting-related matters.

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, acts as the Secretary to the Committee.

Responsibilities of the Remuneration Committee

The Committee is responsible to the Board to determine the policy of the remuneration package of the Directors and Key Management Personnel.

The Committee evaluates, assesses, and makes recommendations to the Board of Directors on matters that may affect Human Resources Management of the Company and specifically include:

- Review and approve the Remuneration Policy of the Company and its specific application to the Directors and Key Management Personnel.
- Review the process for the determination of the compensation of the Executive Directors, and Key Management Personnel.
- Review and approve guidelines, policies, and parameters for the compensation structures for Key Management Personnel of the Company.
- Evaluate the performance of the Managing Director and Key Management Personnel against predetermined targets and goals.
- Review information related to Executive Directors' and Key Management Personnel pay from time to time to ensure that it is on par with market and industry rates.
- Approve the guidelines and parameters for 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 line with industry norms. These compensation packages provide appropriate compensation for each business within the Group and are commensurate with each employee's level of expertise and contributions, bearing in mind the business's performance and shareholder returns.

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

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

The policy ensures that Non-Executive Directors' fees are based on the principle of non-discrimination among them, so that their independence is not impaired.

Activities During the Financial Year 2025/2026

During the financial year, the Committee reviewed the performance of the Executive Directors and Key Management Personnel based on the targets set in the previous year.

The Committee also reviewed the Executive Directors' and Key Management Personnel's compensation packages and implemented market corrections to the total compensation packages in line with the market median.

The aggregate remuneration of the Executive and Non-Executive Directors for the financial year amounted to Rs. 210,016,819/-.

Nandana Ekanayake
Chairman – Remuneration Committee

11 May 2026

Nominations and Governance Committee Report

GRI 2-10

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 requirements of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Composition

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.

Attendance at Committee Meetings

The Committee meets as often as necessary. The Committee met twice during the financial year under review;

Name of the Member	Date of Appointment to the Committee	No. of Meetings Attended
Mr. Nandana Ekanayake – Chairman, Senior Independent Director	2 February 2023	2/2
Mr. Faiz Mohideen – Non-Executive Director	2 February 2023	2/2
Mr. Malaka Talwatte – Independent Non-Executive Director	8 January 2024	2/2

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

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

The Board has approved well-defined terms of reference outlining the Committee's purpose, composition, quorum, authority, responsibilities, and meeting related matters.

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

Duties of the Nominations and Governance Committee

- To 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 Board's 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 the 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 development requirements for those identified for succession.
- To review and recommend enhancement to the corporate governance framework of the Company, taking into account the Listing Rules of the Colombo Stock Exchange 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 to the same.
- To regularly review the structure, size, composition and competencies of the Board and make recommendations to the Board.
- To periodically review the insurance cover "Directors' and Officers' Liability Cover" for Directors and other Key Management Personnel.
- To receive reports from Management on compliance with the corporate governance framework of the Company, including the Company's compliance with the provisions of the Securities and Exchange Commission Act, the Listing Rules of the Colombo Stock Exchange, and other applicable laws, and the reasons for any deviations or non-compliances.
- To ensure that induction takes place for the new Directors.

Activities During the Financial Year 2025/26

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 the Committees. Board performance evaluations were carried out and discussed at Board meetings. This entails the evaluation of the performance of the Board, its Committees, and the Managing Director.

The Policies of the Company were reviewed during the year and necessary amendments were incorporated. The Committee ensured that the Policies are uploaded on the Company's website. Sub-committee Terms of Reference were reviewed and amended where necessary. The list of Policies of the Company is given on page 261 of the Report of the Board of Directors. The policies and processes relating to the nomination of new Members to the Board are governed by the Policy on Corporate Governance.

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

The Committee also assessed the independence of the Directors against the criteria for independence as set out in the Listing Rules of the Colombo Stock Exchange. The Committee ensured that declarations of independence were made by the Independent Directors and concluded that all Independent Directors of the Company meet the criteria for determining independence. The Committee also evaluated all Directors against the fit and proper assessment criteria.

The Committee ensures that corporate governance rules stipulated by the Colombo Stock Exchange are adhered to by the Board and the Company throughout the year. It also enhances Board diversity by bringing a wide range of experience, skills, age, and gender representation to the Board to ensure that it perform its duties effectively.

Newly appointed Directors were inducted to the Board by providing adequate information on the Group and their respective local and foreign operations. They were also updated on the Listing Rules on corporate governance and securities market regulations. An update was also provided to the Board on the Data Protection Act and the Anti-Bribery and Corruption Act.

Re-Appointments / Re-Elections

One-third (1/3) of all Directors, except the Managing Director and those who have been appointed to the Board since the last Annual General Meeting, retire by rotation and at least once in every three years 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 that Mr. Malaka Talwatte and Mrs. Saumya Amarasekera be re-elected to the Board at the Annual General Meeting to be held on 25 June 2026, based on their performance and the contribution made toward achieving the objectives of the Board.

Mr. Malaka Talwatte, an Independent Non-Executive Director, was appointed to the Board on 3 January 2024 and was last re-appointed as a Director in June 2024. His directorships and other principal commitments are given in the profile on page 24 He serves as a member of the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committee of Kelani Valley Plantations PLC.

Mrs. Saumya Amarasekera, an Independent Non-Executive Director, was appointed to the Board on 3 January 2024 and was last re-appointed as a Director in June 2024. Her directorships and other principal commitments are given in the profile on page 25 She does not serve on any Board Committees.

As provided for in the Articles of Association of the Company, the Committee recommended the re-election of two Directors who were appointed to fill casual vacancies on the Board during the financial year 2025/26.

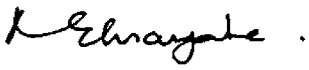
Mr. Senaka Alawattegama, Executive Director/ Chief Executive Officer, who was appointed to the Board on 1 August 2025 will come up for re-election at the Annual General Meeting. His profile on page 22 sets out his other principal commitments and directorships. He does not serve on any Board Committees.

Mr. Milinda Hewagama, a Non-Executive Director, who was appointed to the Board on 15 September 2025 will come up for re-election at the Annual General Meeting. His profile on page 25 sets out his other principal commitments and directorships. He does not serve on any Board 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 the reappointment of Mr. Mohan Padithage and Mr. Faiz Mohideen, who are over seventy years of age 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 holding more than 10% of the shares of the Company.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange have been complied with by the Company, and details are given on pages 216 to 247



Nandana Ekanayake
Chairman - Nominations and Governance Committee

11 May 2026

Statement by the Senior Independent Director

[Profile of Mr. Nandana Ekanayake is given on page 23 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 of the Colombo Stock Exchange 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 Chief Executive Officer ("CEO") are the same person or where the Chairman is not an Independent Director, a Senior Independent Director shall be appointed. At Kelani Valley Plantations PLC although the Chairman is not the CEO, he is not an Independent Director.

Role of the Senior Independent Director

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

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

The Senior Independent Director 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 Financial Year

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

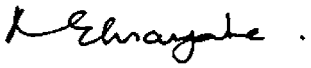
Meetings were held with the Non-Executive Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Directors was appraised.

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 make a positive impact on value creation.

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



Nandana Ekanayake
Senior Independent Director

11 May 2025

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

The Financial Statements of Kelani Valley Plantations PLC and the Consolidated Financial Statements of the Group as at 31 March, 2026 are prepared and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by The Institute of Charted Accounts Sri Lanka;
- Companies Act No. 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Listing Rules of the Colombo Stock Exchange;
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.
- Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

We confirm that the significant accounting policies used in the preparation of the Financial Statements are appropriate and are constantly applied, as described in the notes to the Financial Statements. The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our External Auditors. Having voluntarily adopted the SLFRS S1 and S2 Sustainability Disclosure Standards last year, the Group improved the relevant disclosures in line with its roadmap for achieving full implementation by 2026/27.

We have taken measures in installing systems of internal control and accounting records, to safe guard assets, and to prevent and detect frauds as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurance that the established policies and procedures have been consistently followed was provided through periodic audits conducted by Hayleys Group Internal Auditors (MA & SRD) and our own staff. 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 quarterly and additionally if required 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 Messrs Ernst & Young, Charted Accountants, the Independent External Auditors. Their report is given on page 279 to 281 of the Annual Report.

The Audit Committee reviews the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services does 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 non-compliances: and
- There is no material litigation that is pending against the Group.



Roshan Rajadurai PhD, D.Sc.
Managing Director



Senaka Alawattegama
Director / Chief Executive Officer



Vidura Weerabahu
Director- Finance

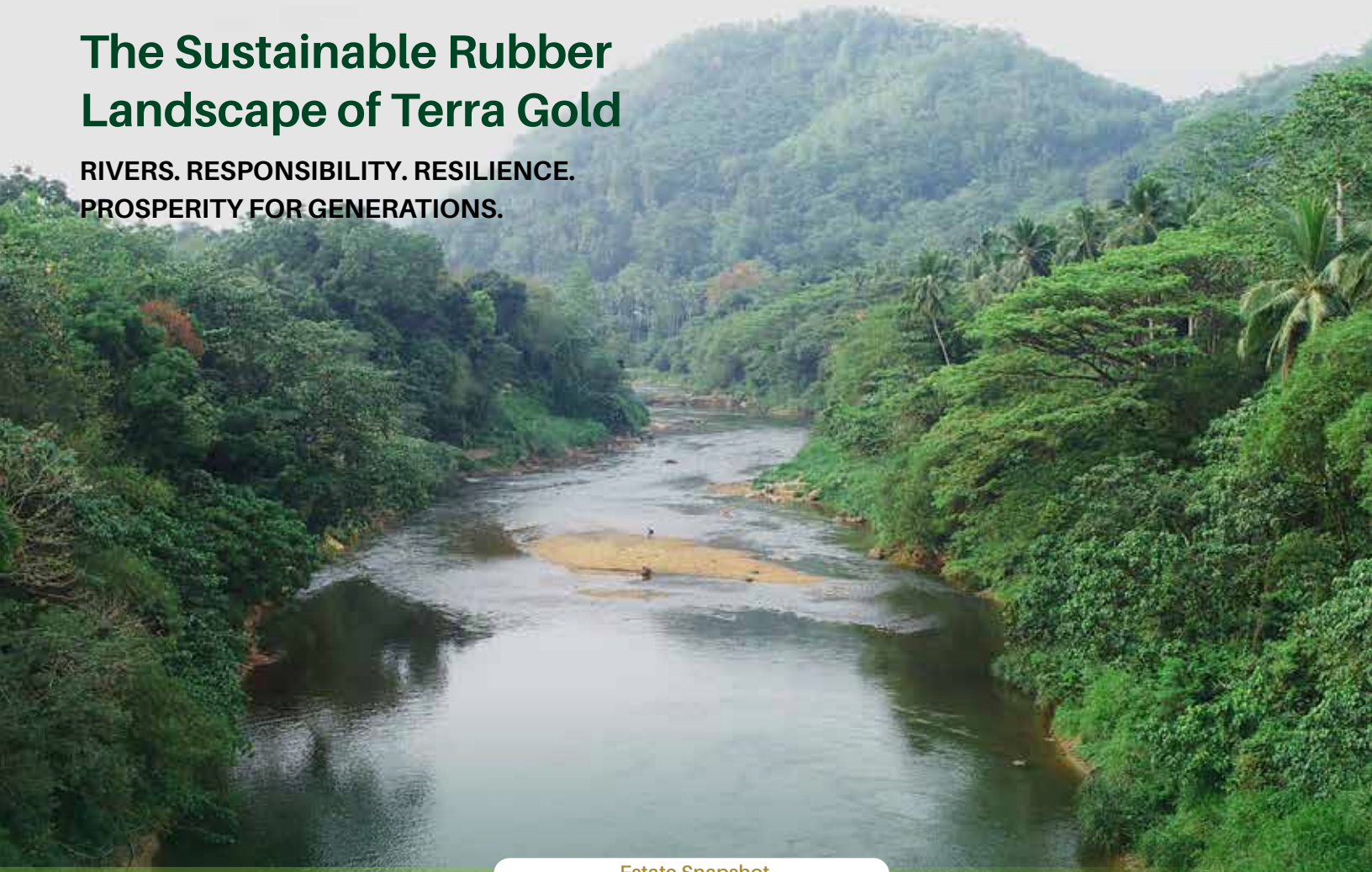
11 May 2026

PANAWATTE ESTATE

Surakimu Ganga
Protecting Kelani River & We Oya
Preserving Life

The Sustainable Rubber Landscape of Terra Gold

RIVERS. RESPONSIBILITY. RESILIENCE.
PROSPERITY FOR GENERATIONS.



Estate Snapshot

- Estate Extent - 1,014 Ha
- Rubber Cultivation - 593 Ha
- Diversified Crops - Cinnamon, Pepper, Coconut & more
- River Frontage - Kelani River Watershed
- Community - Touching over 4,000 lives
- Child Development Center - Globally Certified

At Panawatte Estate, we transform the strength of rubber and the richness of our land and river into sustainable value through innovation, stewardship and care for our people and communities.

Strategic Landscape Profile

Yatiyanthota
Strategic Location

Strategic Landscape Profile
Part of Sri Lanka's Premier River System

100 – 900 ft
Elevation

2,500 – 3,500 mm
Annual Rainfall

26°C – 28°C
Average Temperature

Why Panawatte Matters

Sustainable Rubber Excellence
Our state-of-the-art rubber processing center is globally recognized for quality, efficiency and responsible manufacturing.

Smart Plantation, Smarter Future
Technology-based rubber harvesting

Diversified Low Grown Agriculture
Maximising land potential with climate-resilient, cash generating crops.

Community at the Heart
A Home for Every Plantation Worker – building dignity, opportunity & wellbeing.



Child Development Center

Globally certified child care with modern nursery facilities.

- Global Standard Certified

Our Land. Our Responsibility.

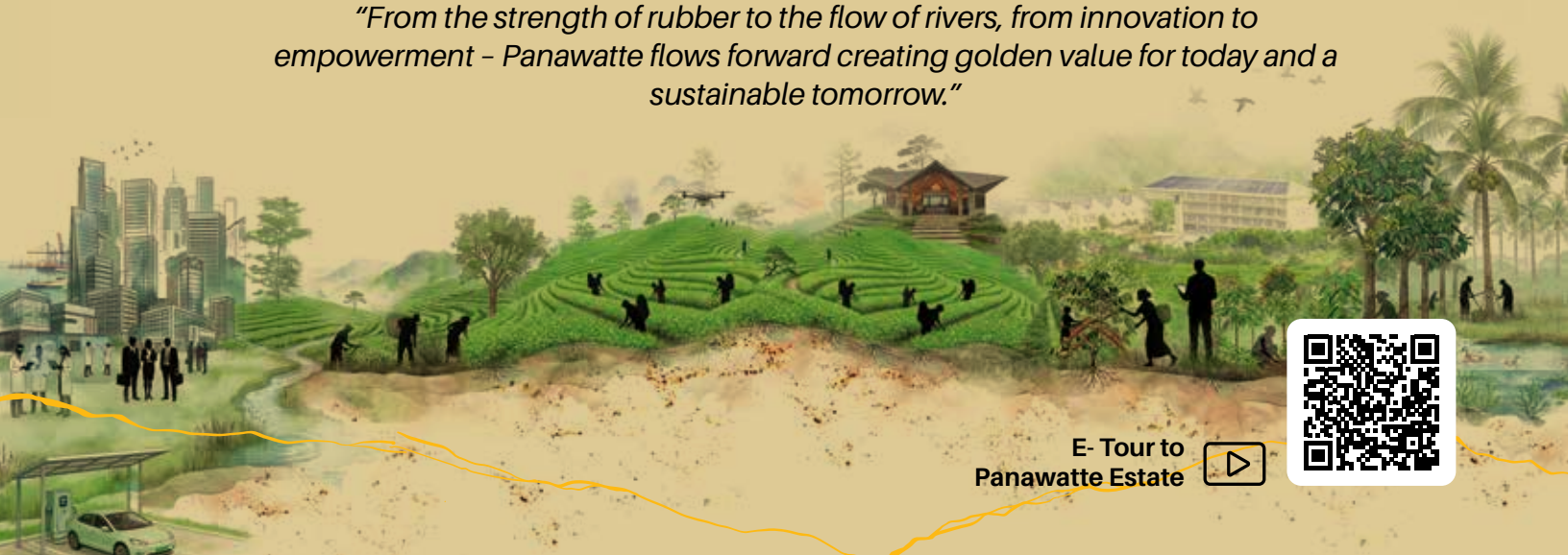
Panawatte Estate lies within the sensitive Kelani River basin – a lifeline that nourishes communities, ecosystems and future generations.

- Active partner in the national "Surakimu Ganga" programme
- Riparian buffer protection & reforestation
- Water quality monitoring & riverbank conservation
- Sustainable waste & effluent management
- Protecting biodiversity & aquatic ecosystems

Our Commitment

- Stewardship of land & water
- Responsible industry
- Climate action & renewable energy
- Innovation & technology
- People & community empowerment
- Ethical governance & transparency

"From the strength of rubber to the flow of rivers, from innovation to empowerment – Panawatte flows forward creating golden value for today and a sustainable tomorrow."



E- Tour to Panawatte Estate



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Financial Calendar

2025/26	Financial Calendar	2024/25
05 August 2025	01st Quarter	31 July 2024
04 November 2025	02nd Quarter	05 November 2024
03 February 2026	03rd Quarter	30 January 2025
11 May 2026	04th Quarter	05 May 2025
01 June 2026	Annual Report	26 May 2025
25 June 2026	Annual General Meeting	23 June 2025

Date of Authorisation for Issue	Financial Year	Annual General Meeting
05 May 2025	2024/25	23 June 2025
10 May 2024	2023/24	24 June 2024
12 May 2023	2022/23	26 June 2023
10 May 2022	2021/22	28 June 2022
11 May 2021	2020/21	25 June 2021
09 June 2020	2019/20	23 July 2020
07 May 2019	2018/19	25 June 2019
09 May 2018	2017/18	22 June 2018
16 May 2017	2016/17	22 June 2017
11 May 2016	2015/16	16 June 2016

Dividend	Rs. Per Share	Date of Announcement	Date of Payment
1st Interim dividend	0.60	30 September 2025	24 October 2025
2nd Interim dividend	1.10	30 December 2025	23 January 2026
3rd Interim dividend	1.75	31 March 2026	27 April 2026

Independent Auditors' Report

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

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Email: eysl@lk.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KELANI VALLEY PLANTATIONS PLC

Report on the Financial Statements

OPINION

We have audited the financial statements of Kelani Valley Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2026, and statement of profit or loss the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
1. Measurement of Bearer Biological Assets	
As of 31 March 2026, the Group's bearer biological assets amounted to Rs. 4,610 Mn and represented 25% of the Group's total assets. Bearer Biological Assets comprised of Rs 1,691 Mn Immature Plantations and Rs 2,919 Mn of Mature plantations, as disclosed in Note 14.1. to the financial statements. Measurement of Bearer Biological assets in the financial statements was a key audit matter due to following: ◉ The materiality of the reported bearer biological asset balance; and ◉ Identification of costs to be capitalized as immature plantations, the degree of management's judgement involved in, point at which transfers are to be made from immature plantations to mature plantations and identification of possible indicators of impairment, as disclosed in Note 14.1 to the Financial Statements.	Our audit procedures included the following key procedures: ◉ Obtained an understanding of management's expense allocation process and the identification of expenses to be capitalized in relation to immature plantations. ◉ Tested the significant expenses incurred by capital expenditure authorizations and other corroborative evidence. ◉ Assessed the reasonableness of depreciation provided on the matured plantations by performing independent computations. ◉ Inspected the ageing profile of the immature biological assets as of the reporting date to ensure that possible indictors of impairment have been identified, assessed for probable impairment charges/ losses accounted for in the financial statements. We also assessed the adequacy of the disclosures made in Note 14.1 to the Financial Statements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage FCA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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Key audit matter	How our audit addressed the key audit matter
2. Retirement Benefit Obligation	
As disclosed in Note 25 to the financial statements, the Group's retirement benefit obligation amounted to Rs. 1,511 Mn and represented 17% of the Group's total liabilities as of 31 March 2026. The value of the retirement benefit obligation was based on the actuarial valuation carried out by an external actuary engaged by the Group. This was a key audit matter due to: ◉ the materiality of the reported retirement benefit obligation balance; and ◉ Changes in key assumptions could result material movements in the recognized liability Key areas of assumptions, judgements and estimates used in assessing the value of the retirement benefit obligation included judgements involved in ascertaining the discount rate and future salary/ wage growth rate as disclosed in Notes 25 to the Financial Statements.	Our audit procedures included the following key procedures: ◉ Assessed the competence, capability and objectivity of the external actuary engaged by the Group ◉ Tested the data used in the valuation of retirement benefit obligations by agreeing key information to source documents and accounting records. ◉ Read the external actuary's report and identified the key estimates made and the approach taken by the actuary in determining the value of the retirement benefit obligation. ◉ Assessed the reasonableness of the judgements, assumptions and estimates made by the external actuary such as discount rate and future salary/ wage growth rate in measuring the value of the retirement benefit obligation. We also assessed the adequacy of the disclosures made in Note 25 to the Financial Statements.

OTHER INFORMATION INCLUDED IN THE COMPANY'S 2026 ANNUAL REPORT

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism

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throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is M-7752.

Ernst & Young

11 May 2026
Colombo

Statement of Profit or Loss

For the year ended 31 March	Notes	Group 2025/26 Rs. '000	Group 2024/25 Rs. '000	Company 2025/26 Rs. '000	Company 2024/25 Rs. '000
Revenue	6.1	19,436,430	21,640,793	8,682,260	8,101,715
Cost of sales		(16,865,982)	(18,962,447)	(7,577,235)	(6,908,343)
Gross profit	6.2	2,570,448	2,678,346	1,105,025	1,193,372
Gain on change in fair value of biological assets	14.2.1	34,256	75,479	34,256	75,479
Other income	7	269,606	232,926	360,750	286,597
Administrative expenses		(1,533,495)	(1,430,067)	(749,351)	(641,378)
Distribution expenses		(131,028)	(105,024)	-	-
Results from operating activities		1,209,787	1,451,660	750,680	914,070
Finance income	8.1	354,264	357,985	194,862	185,987
Finance expenses	8.2	(193,485)	(287,148)	(12,769)	(22,572)
Interest paid to Government on lease	8.3	(157,557)	(148,908)	(157,557)	(148,908)
Net finance income/(cost)	8	3,222	(78,071)	24,536	14,507
Share of profit from equity accounted investee	15.2	20,881	7,181	-	-
Profit before tax	9	1,233,890	1,380,770	775,216	928,577
Tax (expense)/ reversal	10.1	(395,250)	(438,984)	(188,015)	(260,762)
Profit for the year		838,640	941,786	587,201	667,815
Attributable to:					
Equity holders of the Parent		828,442	912,698	587,201	667,815
Non-controlling interest		10,198	29,088	-	-
Profit for the year		838,640	941,786	587,201	667,815
Earnings per Share					
Basic earnings per share (Rs.)	11.1 (A)	12.18	13.42	8.64	9.82
Diluted earnings per share (Rs.)	11.1 (B)	12.18	13.42	8.64	9.82
Dividend per Share (Rs.)	11.2	-	-	3.45	2.60

Figures in brackets indicate deductions.
Notes to the Financial Statements from page 289 to 344 form an integral part of these Financial Statements.

Statement of Comprehensive Income

For the year ended 31 March	Notes	Group 2025/26 Rs. '000	Group 2024/25 Rs. '000	Company 2025/26 Rs. '000	Company 2024/25 Rs. '000
Profit for the year		838,640	941,786	587,201	667,815
Comprehensive Income					
Comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Fair value gain on FVTOCI financial assets	15.3	44,201	12,433	-	-
Revaluation of land	13	-	46,500	-	-
Actuarial gain/(loss) on retirement benefit obligations	25	23,097	(95,476)	22,908	(94,720)
Income tax effect	10.2	(6,929)	14,693	(6,873)	28,416
Net exchange differences on translation of foreign operations		5,240	137	-	-
Comprehensive income for the year, net of tax		65,609	(21,713)	16,035	(66,304)
Total comprehensive income for the year, net of tax		904,249	920,073	603,236	601,511
Attributable to:					
Equity holders of the Parent		892,482	890,959	603,236	601,511
Non-controlling interest		11,767	29,114	-	-
Total comprehensive income for the year		904,249	920,073	603,236	601,511

Figures in brackets indicate deductions.
Notes to the Financial Statements from page 289 to 344 form an integral part of these Financial Statements.

Statement of Financial Position

	Notes	Group		Company	
		As at 31.03.2026 Rs. '000	As at 31.03.2025 Rs. '000	As at 31.03.2026 Rs. '000	As at 31.03.2025 Rs. '000
ASSETS					
Non-current assets					
Right-of-use assets	12	933,667	915,018	933,667	915,018
Freehold property, plant & equipment	13	3,288,616	3,127,462	1,210,431	1,155,974
Bearer biological assets	14.1	4,610,451	4,265,863	4,610,451	4,265,863
Biological assets - consumable	14.2	359,089	319,927	359,089	319,927
Investments in subsidiaries	15.1	-	-	828,000	828,000
Investments in equity accounted investee	15.2	167,920	147,039	-	-
Other non-current financial assets	15.3	479,859	435,658	479,859	435,658
Other non-current subordinated trust	15.4	500,000	-	500,000	-
Intangible assets	16	37,426	35,345	-	-
Deferred tax assets	24	7,203	1,293	-	-
Total non-current assets		10,384,231	9,247,605	8,921,497	7,920,440
Current assets					
Produce on bearer biological assets	17.1	20,314	25,220	20,314	25,220
Inventories	17.2	1,877,106	1,862,776	903,622	1,105,237
Amounts due from subsidiaries	29.2	-	-	650,947	400,689
Amounts due from other related companies	29.1	87,986	102,920	29,586	31,656
Trade and other receivables	18	4,351,035	2,662,365	810,928	616,333
Short-term deposits	20.1	1,314,072	2,324,002	1,155,984	1,637,873
Cash and cash equivalents	20.2	214,908	296,296	124,117	63,580
Total current assets		7,865,421	7,273,579	3,695,498	3,880,588
Total assets		18,249,652	16,521,184	12,616,995	11,801,028
EQUITY AND LIABILITIES					
Equity					
Stated capital	21	340,000	340,000	340,000	340,000
Revenue reserves		8,896,023	8,238,141	5,994,393	5,625,757
Total equity attributable to equity holders of the company		9,236,023	8,578,141	6,334,393	5,965,757
Non-controlling interest		101,050	98,162	-	-
Total equity		9,337,073	8,676,303	6,334,393	5,965,757
Non-current liabilities					
Interest-bearing borrowings	22.1	-	12,365	-	-
Deferred income	23	594,187	621,090	594,187	621,090
Deferred tax liability	24.1	1,321,797	1,181,062	1,186,907	1,075,955
Retirement benefit obligations	25	1,511,508	1,440,058	1,430,918	1,358,767
Lease liability	26.3	1,098,945	1,041,904	1,098,945	1,041,904
Total non-current liabilities		4,526,437	4,296,479	4,310,957	4,097,716

	Notes	Group		Company	
		As at 31.03.2026 Rs. '000	As at 31.03.2025 Rs. '000	As at 31.03.2026 Rs. '000	As at 31.03.2025 Rs. '000
Current liabilities					
Trade and other payables	27	2,632,954	2,079,220	1,803,627	1,621,660
Lease liability	26.3	14,094	11,573	14,094	11,573
Amounts due to other related companies	29.1	193,921	111,435	133,685	47,862
Income tax payable	28.1	55,327	99,130	20,239	56,460
Interest-bearing borrowings payable within one year	22.1	13,167	49,458	-	-
Short-term interest bearing borrowings	22.2	1,470,501	1,197,585	-	-
Bank overdraft	20.3	6,178	1	-	-
Total current liabilities		4,386,142	3,548,402	1,971,645	1,737,555
Total liabilities		8,912,579	7,844,881	6,282,602	5,835,271
Total equity and liabilities		18,249,652	16,521,184	12,616,995	11,801,028
Net assets per share (Rs.)		135.82	126.15	93.15	87.73

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Vidura Weerabahu
Director - Finance

The Board of Directors is responsible for these Financial Statements.
Signed for and on behalf of the Board,

Mohan Pandithage
Chairman

Roshan Rajadurai PhD, D.Sc.
Managing Director

Notes to the Financial Statements from page 289 to 344 form an integral part of these Financial Statements.

11 May 2026
Colombo

For the year ended 31 March

Group	Notes	Attributable to equity holders of the parent										
			Revenue reserves									
		Stated capital Rs. '000	General reserve Rs. '000	Re-valuation reserve Rs. '000	FVTCI financial assets Rs. '000	Foreign Currency Transaction reserve Rs. '000	Timber reserve Rs. '000	Bearer biological produce Rs. '000	Retained earnings Rs. '000	Total Rs. '000	Non-controlling interest Rs. '000	Total equity Rs. '000
Balance as at 31 March, 2024	21	340,000	1,700,000	43,901	121,652	1,221	195,558	22,718	5,438,932	7,863,982	69,048	7,933,030
Profit for the year		-	-	-	-	-	72,977	2,502	837,219	912,698	29,088	941,786
Comprehensive income		-	-	32,550	12,433	96	-	-	(66,818)	(21,739)	26	(21,713)
Dividend to equity holders		-	-	-	-	-	-	-	(176,800)	(176,800)	-	(176,800)
Balance as at 31 March, 2025		340,000	1,700,000	76,451	134,085	1,317	268,535	25,220	6,032,533	8,578,141	98,162	8,676,303
Profit/(loss) for the year		-	-	-	-	-	39,162	(4,906)	794,186	828,442	10,198	838,640
Comprehensive income												
Actuarial gains on defined benefit plans		-	-	-	-	-	-	-	23,102	23,102	(5)	23,097
Financial assets		-	-	-	44,201	-	-	-	-	44,201	-	44,201
Income tax on comprehensive income	10.2	-	-	-	-	-	-	-	(6,931)	(6,931)	2	(6,929)
Net exchange differences on transaction of foreign operations		-	-	-	-	3,668	-	-	-	3,668	1,572	5,240
Total Comprehensive income		-	-	-	44,201	3,668	-	-	16,171	64,040	1,569	65,609
Total Comprehensive income for the period		-	-	-	44,201	3,668	39,162	(4,906)	810,357	892,482	11,767	904,249
Dividend to Equity holders	11.2	-	-	-	-	-	-	-	(234,600)	(234,600)	(8,879)	(243,479)
Total contributions by and distributions to owners		-	-	-	-	-	-	-	(234,600)	(234,600)	(8,879)	(243,479)
Balance as at 31 March, 2026		340,000	1,700,000	76,451	178,286	4,985	307,697	20,314	6,608,290	9,236,023	101,050	9,337,073

Company	Notes	Revenue reserves					
		Stated capital Rs. '000	General reserve Rs. '000	Timber reserve Rs. '000	Bearer biological produce Rs. '000	Retained earnings Rs. '000	Total equity Rs. '000
Balance as at 31 March, 2024	21	340,000	1,700,000	195,557	22,718	3,282,771	5,541,046
Profit for the year		-	-	72,977	2,502	592,336	667,815
Comprehensive income		-	-	-	-	(66,304)	(66,304)
Dividends		-	-	-	-	(176,800)	(176,800)
Balance as at 31 March, 2025		340,000	1,700,000	268,534	25,220	3,632,003	5,965,757
Profit/(loss) for the year		-	-	39,162	(4,906)	552,945	587,201
Comprehensive income							
Actuarial gains on defined benefit plans		-	-	-	-	22,908	22,908
Income tax on comprehensive income		-	-	-	-	(6,873)	(6,873)
Total Comprehensive income		-	-	-	-	16,035	16,035
Dividends	11.2	-	-	-	-	(234,600)	(234,600)
Balance as at 31 March, 2026		340,000	1,700,000	307,696	20,314	3,966,383	6,334,393

General reserves set aside for future distribution and investment.
The timber reserve relates to change in fair value of managed trees which includes commercial timber plantations cultivated on estates.
The bearer biological produce relates to change in fair value of harvestable produce growing on bearer biological assets.

Figures in brackets indicate deductions.
Notes to the Financial Statements from page 289 to 344 form an integral part of these Financial Statements.

Statement of Cash Flows

For the year ended 31 March	Notes	Group 2025/26 Rs. '000	Group 2024/25 Rs. '000	Company 2025/26 Rs. '000	Company 2024/25 Rs. '000
Cash flows from operating activities					
Profit before tax		1,233,890	1,380,770	775,216	928,577
Adjustments for;					
Interest on Government finance lease	8.3	157,557	148,908	157,557	148,908
Finance expenses	8.2	193,485	287,148	12,769	22,572
Finance income	8.1	(354,264)	(357,985)	(194,862)	(185,987)
Profit on disposal of property, plant & equipment	7	(28,091)	(34,486)	(23,254)	(10,083)
Net gains on fair value of biological assets	14.2.1	(34,256)	(75,479)	(34,256)	(75,479)
Dividend income	7	(53,089)	(10,194)	(162,383)	(103,694)
Depreciation		502,791	462,980	370,692	341,098
Amortisation of right-of-use assets		53,278	55,485	53,278	55,485
Amortisation of intangible assets	16	1,209	2,200	-	-
Share of profit from equity accounted investee		(20,881)	(7,181)	-	-
Provision for retirement benefit obligations	25	248,335	240,825	233,550	225,988
Amortisation of capital grants	23	(35,669)	(45,394)	(35,669)	(45,394)
Provision/(reversal) for obsolete inventories		(13,312)	6,767	(14,349)	7,695
Provision/(reversal) for doubtful debts		286	185	145	277
Operating profit before working capital changes		1,851,269	2,054,549	1,138,434	1,309,963
(Increase)/decrease in inventories		(1,018)	169,576	215,963	15,400
(Increase)/decrease in trade and other receivables		(1,599,671)	(244,737)	(194,741)	178,846
(Increase)/decrease in amounts due from related companies		14,933	13,734	(248,188)	(369,040)
Increase/(decrease) in trade and other payables		587,051	311,618	225,398	329,827
Increase/(decrease) in amount due to related companies		82,487	(18,907)	85,822	(46,071)
Cash generated from operating activities		935,051	2,285,833	1,222,688	1,418,925
Interest paid on Government lease	8.3	(157,557)	(148,908)	(157,557)	(148,908)
Interest paid		(79,955)	(104,608)	(12,619)	(22,484)
Taxes paid		(282,784)	(485,950)	(111,350)	(304,427)
Retirement benefit obligations paid	25	(188,211)	(159,789)	(172,914)	(154,900)
Net cash flow from operating activities		226,544	1,386,578	768,248	788,206
Cash flows from investing activities					
Field development expenditure	14.1	(596,616)	(451,863)	(596,616)	(451,863)
Interest received	8.1	204,028	232,487	143,840	166,030
Dividends received		36,196	-	238,990	61,710
Acquisition of property, plant & equipment		(459,185)	(553,688)	(220,463)	(180,077)
Investment in subordinated trust	15.4	(500,000)	-	(500,000)	-
Proceeds from disposal of property, plant & equipment		31,209	52,952	26,448	24,539
Acquisition of intangible assets		(3,290)	(1,169)	-	-
Net cash used in investing activities		(1,287,658)	(721,281)	(907,801)	(379,661)
Net cash Inflow/(outflow) before financing activities		(1,061,114)	665,297	(139,553)	408,545

For the year ended 31 March	Notes	Group 2025/26 Rs. '000	Group 2024/25 Rs. '000	Company 2025/26 Rs. '000	Company 2024/25 Rs. '000
Cash flows from financing activities					
Dividend paid		(293,751)	(188,868)	(284,872)	(188,868)
Capital settlement of net liability to lessor		(12,364)	(10,152)	(12,364)	(10,152)
Exchange gain/(loss)		36,707	(57,042)	6,671	7,436
Short-term loans obtained during the year		4,639,000	6,648,985	-	350,000
Short-term loans repaid during the year		(4,366,083)	(6,472,182)	-	(350,000)
Long-term loans repaid during the year	22.1	(48,656)	(54,239)	-	(3,375)
Grants received	23	8,766	10,993	8,766	10,993
Net cash used in financing activities		(36,381)	(122,505)	(281,799)	(183,966)
Net increase/(decrease) in cash and cash equivalents		(1,097,495)	542,792	(421,352)	224,579
Cash and cash equivalents at the beginning of the period		2,620,297	2,077,505	1,701,453	1,476,874
Cash and cash equivalents at the end of the period (Note A)		1,522,802	2,620,297	1,280,101	1,701,453
Note A: Analysis of cash and cash equivalents					
Cash and bank balances	20.2	214,908	296,296	124,117	63,580
Short-term deposits	20.1	1,314,072	2,324,002	1,155,984	1,637,873
		1,528,980	2,620,298	1,280,101	1,701,453
Bank overdraft	20.3	(6,178)	(1)	-	-
Cash and cash equivalents		1,522,802	2,620,297	1,280,101	1,701,453

Figures in brackets indicate deductions.
Notes to the Financial Statements from page 289 to 344 form an integral part of these Financial Statements.

1. REPORTING ENTITY

Kelani Valley Plantations PLC was incorporated on 18th June, 1992 under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government-Owned Business Undertakings into Public Companies under Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No 400, Deans Road, Colombo 10, and Plantations are situated in the planting districts of Nuwara Eliya, Hatton and Yatiyantota.

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

All companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka.

The Consolidated Financial Statements of Kelani Valley Plantations PLC., as at and for the year ended 31 March 2026 comprise the Company and its Subsidiaries namely, Kalupahana Power Company (Pvt.) Ltd.("KPC"), Mabroc Teas (Pvt.) Ltd ("MTPL") and Kelani Valley Resorts (Pvt) Ltd ("KVRL").

The Financial Statements of all companies in the Group are prepared for a common financial year, which ends on 31 March.

1.1 Principle Activities and nature of the operations

During the year, the principle activities of the Company were the producing and processing of Tea and Rubber.

Principal activities of other companies in the Group are as follows.

Company	Nature of the business/ Principal Place of Business
Kalupahana Power Company (Pvt) Ltd	Generating Hydropower
	Kalupahana Estate, Bulathkohupitiya
Mabroc Teas (Pvt) Ltd	Export of bulk and retail packed Tea
	No.57/3 New Hunupitiya Road, Kiribathgoda
Kelani Valley Resorts (Pvt) Ltd	Provide services in the hospitality industry
	Oliphant Estate, Nuwara Eliya

1.2 Holding Company

The Company is a subsidiary of DPL Plantations (Pvt) Ltd., which is a wholly-owned subsidiary of Dipped Products PLC (DPL) whose ultimate parent enterprise is Hayleys PLC.

1.3 Date of Authorization for issue

The Financial Statements of Kelani Valley Plantations PLC for the period ended 31 March 2026, were authorized for issue in accordance with a resolution of the Board of Directors on 05 May 2026.

1.4 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

2. BASIS OF PREPERATION

2.1 Statement of Compliance

The Financial Statements of the Company and the Group which comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes to the Financial Statements ("the Consolidated Financial Statements") have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by The Institute of Chartered Accountants of Sri Lanka (CASL), and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Measurement

These Consolidated Financial Statements have been prepared in accordance with the historical cost convention other than following items in the Financial Statements.

- Managed Consumable biological assets are measured at fair value.
- Harvestable Agricultural Produce growing on bearer biological assets are measured at fair value.

Where appropriate, the specific policies are explained in the succeeding Notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.3 New accounting standards, interpretations and amendments adopted by the group

The following amendments and improvements do not have a significant impact on the Company's financial statements during the year ended 31 March 2026.

- SLFRS 17 Insurance Contracts
- Amendments to SLFRS 09 - Financial Instruments

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Group's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest thousand, unless stated otherwise.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

3.1 Going Concern

The Consolidated Financial Statements have been prepared on the assumption that The Company is a going concern. The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future. Furthermore, board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern and they do not intend either to liquidate or to cease operations of Group. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

3.2 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 March 2026. Subsidiaries are those entities controlled by the group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Company level investments in subsidiaries are recognized at cost.

3.2.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any Non-Controlling Interest in the acquiree. For each business combination, the Group elects whether it measures the Non-Controlling Interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are

expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.3 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/ non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.4 Fair Value Measurement

The Group measures financial instruments and non-financial assets at fair value at each Statement of Financial Position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Managed Consumable biological assets Note 14.2.
- Produce Growing on Bearer Biological Assets Note 17.1.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as managed consumable biological assets. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Management Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.5 Foreign Currencies

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit or loss are also recognised in OCI or statement of profit or loss, respectively).

3.6 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

3.7 Property, Plant & Equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its assets which are held for and use in the provision of the services, for rental to other or for administration purpose and are expected to be used for more than one year.

3.7.1 Basis of Recognition

Property Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.7.2 Measurement

Items of Property, Plant & Equipment are measured at cost (or at fair value in the case of land) less accumulated depreciation and accumulated impairment losses, if any.

3.7.3 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale are capitalised as a part of the asset.

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss.

The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with the in LKAS 23 - Borrowing Costs'.

Borrowing costs incurred in respect of specific loans that are utilised for field development activities have been capitalised as a part of the cost of the relevant immature plantation. The capitalisation will cease when the crops are ready for commercial harvest.

The amount so capitalised and the capitalisation rates are disclosed in Notes to the Financial Statements.

3.7.4 Owned Assets

The cost of property, plant & equipment includes expenditures that are directly attributable to the acquisition of the asset. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long terms construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labor, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalized as a part of that equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual assets (major components) with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilisation or at the time the asset is commissioned.

3.7.5 Leases

The Group assesses at the contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Group recognises lease liability to make lease payments and right to use of assets representing the right to use the underlying assets.

3.7.5.1 Right of Use Assets

The Group recognises right to use of assets at the commencement date of a lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right to use of assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentive received.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transferred to the Group at the end of the lease period or the cost reflect the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3.7.5.2 Lease Liabilities

At the commencement date of the lease, the Group recognises lease liability measured at the present value of lease payment to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because of the interest rate implicit in the lease is not readily determinable. After the commencement date, amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

3.7.6 De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised and gains are not classified as revenue.

3.7.7 Land Development Cost

Permanent land development costs are those costs incurred in making major infrastructure development and building new access roads on leasehold lands.

These costs have been capitalised and amortised over the remaining lease period.

Permanent impairments to land development costs are charged to the Statement of Profit or Loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.7.8 Biological Assets

Biological assets are classified in to mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, rubber, other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes tea and rubber trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognize the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

3.7.8.1 Bearer Biological Asset

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea, Rubber) which comes into bearing during the year, is transferred to mature plantations.

3.7.8.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded

3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Statement of Profit or Loss in the year in which they are incurred.

3.7.8.3 Consumable Biological Asset

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees is measured using Market approach by an independent professional valuer. Accordingly, the timber trees which have reached their maturity at the date of valuation are valued using the adjusted market prices based on the location and accessibility. The timber trees which have not reached to the harvestable age are valued considering their future incremental growth in the coming years and discounting the future value of such trees by appropriate present value discount ratio, which is assumed as the Expected Rate of Return (ERR) of a rationale investor. All other assumptions and sensitivity analysis are given in Note 14.2

The main variables in Market approach model concerns

Variable	Comment
Timber content	Estimated based on physical verification of girth, height and considering the growth of the each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfill in bringing the trees in to saleable condition. Here, the valuer has considered timber prices published by State Timber Corporation as the sector benchmark as the appropriate basis for determining the fair value of the subject timber trees.
Planting cost	Estimated costs for the further development of immature areas are deducted.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.

The gain or loss arising on initial recognition of consumable biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in statement of profit or loss for the period in which it arises.

Permanent impairments to biological asset are charged to the Statement of Profit or Loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.7.8.4 Nursery Plants

Nursery cost includes the cost of direct materials, direct labor and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

3.7.9 Depreciation and Amortisation

a) Depreciation

Depreciation is recognised in Income Statement of Profit or Loss on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets held under leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from JEDB/ SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

	No. of Years	Rate (%)
Buildings & Roads	40	2.50
Plant & Machinery	20	5.00
Plant & Machinery-Effluent Treatment Plant	10	10.00
Electronic Machinery	10	10.00
Hydro Power Plant	30	3.33
Motor Vehicles-Utility	10	10.00
Motor Vehicles-Supervisory	5	20.00
Equipment	4	25.00
Furniture & Fittings	10	10.00
Sanitation, Water & Electricity Supply	20	5.00
Computer Accessories	4	25.00
Tea Bagging Machines	15	6.67
Intangible assets	5	20.00

PPE are depreciated over their useful lives or unexpired lease period, whichever is less.

Mature Plantations (Replanting and New Planting)

Mature Plantations	No. of Years	Rate (%)
Tea	33 1/3	3.00
Rubber & Cinnamon	20	5.00

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is derecognised. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less.

No depreciation is provided for immature plantations.

(b) Amortisation
The leasehold rights of assets taken over from JEDB/SLSPC are amortised in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

	No. of Years	Rate (%)
Right of Use land	53	1.89
Right of Use Building	05	20
Improvements to land	30	3.33
Mature Plantations (Tea & Rubber)	30	3.33
Buildings	25	4.00
Machinery	20	5.00

3.7.9.1 Research and Development
Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

3.7.10 Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.8 Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.8.1 Financial assets
3.8.1.1 Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, investments, trade and other receivables.

3.8.1.2 Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a) Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial Assets at amortized cost comprise of trade receivables, amounts due from related parties, deposits, advances and other receivables.

b) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have any debt instruments at fair value through OCI.

c) Financial assets at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument- by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group has opted to classify investment in shares of Martin Bauer Hayleys (Pvt) Ltd under Financial assets at fair value through OCI.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. The Company has opted to classify investment in shares of Martin Bauer Hayleys (Pvt) Ltd under Financial assets at fair value through profit or loss.

3.8.1.3 De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis

that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.8.1.4 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3.8.2 Financial liabilities

3.8.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

3.8.2.2 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

(b) Financial liabilities at amortized cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the Profit or Loss Statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Financial liabilities comprise interest bearing loans and borrowings, trade payables, other payables, income tax payables and amounts due to related parties.

3.8.2.3 De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

3.8.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial risk management objectives and policies have been disclosed under Note 36.

3.9 Harvestable Agricultural Produce Growing on Bearer Biological Assets

In accordance with LKAS 41, company recognise agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognized in profit or loss at the end of each reporting period.

For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further 50% of the crop in that harvesting cycle considered for the valuation.

For the valuation of the harvestable agricultural produce, the company uses the following price formulas.

- Tea – Bought leaf rate less cost of harvesting & transport.
- Rubber – Latex price (92.5% of current RSS1 Price) less cost of tapping & transport.

3.10 Inventories

a) Finished Goods Manufactured from Agricultural Produce of Biological Assets

These are valued at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

b) Input Material, Spares and Consumables

At actual cost on weighted average basis.

c) Agricultural Produce Harvested from Biological Assets

Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agriculture produce are valued by adding the cost of conversion to the fair value of the agricultural produce.

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.12 Impairment of Non-Financial Assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

3.14 Employees Benefits

(a) Defined Contribution Plans - Provident Funds and Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an expense in profit and loss in the periods during which services are rendered by employees.

The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/ Estate Staff Provident Society (ESPS)/ Employees' Provident Fund (EPF).

All the employees of the Company are members of the Employees' Trust Fund, to which the Company contributes 3% on the consolidated salary of such employees.

(b) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the Reporting date. The defined benefit obligation is calculated

annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as in retained earnings through comprehensive income. Past service costs are recognised immediately in Statement of Profit or Loss.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19, Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 25.

3.15 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group have been disclosed in the respective Notes to the Financial Statements.

3.16 Events Occurring after the Reporting Date

All material events after the Statement of Financial Position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

3.17 Earnings per Share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.18 Deferred Income

3.18.1 Grants and Subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Statement of Profit or Loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

Grants related to Property, Plant & Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant & Equipment as follows: Assets are amortised over their useful lives or unexpired lease period, whichever is less.

Buildings	40 years
Sanitation & water supply	20 years
Plant & equipment	13 1/3 years

Grants received for forestry are initially deferred and credited to income once when the related blocks of trees are harvested.

3.19 Statement of Profit or Loss

For the purpose of presentation of Statement of Profit or Loss, the function of expenses method is adopted, as it represents fairly the elements of the group's performance.

3.19.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation.

The Group is in the business of cultivation, manufacture and sale of black tea, rubber and other crops (Plantation Produce). Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to customer.

3.19.1.1 Revenue from contracts with customers

- **Sale of Plantation produce**

Revenue from sale of plantation produce is recognized at the point in time when the control of the goods is transferred to the customer. Black tea and Rubber produce are sold at the Colombo tea/ rubber Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of other crops is recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

There is no element of financing present as the Group's sale of plantation produce are either on cash terms (Immediate payment or advance payment not exceeding 30 days) or on credit terms ranging from 7 to 15 days.

The Mabroc Teas (Pvt) Ltd ("Subsidiary") is the most significant revenue contributor

to the Group's revenue and they are recognized their export revenue at a point in time when control of the goods is transferred to the customer, generally on delivery/ handed over to the shipper.

Rendering of services
Service income from Group comprised with sale of hydro energy to the Ceylon Electricity Board (CEB). Revenue from sale of hydro energy recognized at the point of hydro energy releases to the national grid at a pre-determined unit price.

- **Fee from Management Services**

Fee from management services is recognized as revenue over the time during the period in which the services are rendered.

3.19.1.2 Other Source of Income
Revenue recognition criteria for the other source of income as follows.

- **Rental Income**

Rental income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

- **Dividend Income**

Dividend income is recognized when the right to receive payment is established.

- **Interest Income**

Interest income is recognized based on effective interest method.

Interest income on financial assets at FVTPL is recognized as part of net gains or losses on these financial instruments.

Interest income of financial assets at amortized cost is calculated by using the effective interest method and is recognized as other income.

3.19.2 Expenses
All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit/ (loss) for the year.

3.19.2.1 Financing Income and Finance cost
Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Foreign currency gains and losses are reported on a net basis.

3.19.2.2 Taxes
3.19.2.2.1 Current Income Tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.19.2.2.2 Deferred Tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is

realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

3.20 Statement of Cash Flow

The Statement of Cash Flow has been prepared using the 'indirect method'. Interest paid is classified as operating cash flows, interest and dividends received are classified as investing cash flows while dividends paid and Government grants received are classified as financing cash flows, for the purpose of presenting the Statement of Cash Flow.

3.21 Segment Reporting

Segmental information is provided for the different business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical segmentation has no material impact.

The activities of the segments are described in Note 35 in the Notes to the Financial Statements. The group transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

Revenue and expenses directly attributable to each segment are allocated to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilisation, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible. Unallocated items comprise mainly interest bearing loans, borrowings, and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period and any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

4.1 Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

The prevailing tax rate was 30% .

4.2 Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (tax laws) that have been enacted or substantively enacted at the reporting date.

4.3 Measurement of Retirement Benefit Obligation

The present value of the retirement benefit obligation determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rate and expected future salary increase rates of the Company.

Further details about Retirement benefit obligations are provided in Note 25.

4.4 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the Interpretation had an impact on its financial statements. The Company determined that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

4.5 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted method using various financial and nonfinancial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the Note 14.2.

4.6 Bearer Biological Assets

A mature plantation is an area of land developed with crops such as tea, rubber and other crops which has been brought into bearing ready for commercial harvesting. Hence, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting which depends on growth of plants, weather patterns and soil condition. Therefore, immature to mature transfer require significant management judgment in determining the point at which a plant is deemed ready for commercial harvesting.

4.7 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the company's stand-alone credit rating).

4.8 Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

5. STANDARD ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5.1 SLFRS 17 – Insurance contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the financial statement.

5.2 SLFRS 18 – "Presentation and Disclosure in Financial Statements" SLFRS 18 – "Presentation and Disclosure in Financial Statements" replaces LKAS 1- "Presentation of Financial Statements".

The standard is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

SLFRS 18- "Presentation and Disclosures in Financial Statements" introduces significant changes to the presentation and disclosure requirements in the financial statements, particularly in respect of:

- Classification of income and expenses into defined categories in the statement of profit or loss (operating, investing and financing);
- Mandatory presentation of defined subtotals, including operating profit;
- Improved aggregation and disaggregation principles; and
- Additional guidance on the statement of cash flows and grouping of information.

The Group is currently assessing the impact of SLFRS 18- "Presentation and Disclosures in Financial Statements" on its financial statements. The most significant changes are expected to relate to:

The reclassification of certain income and expense items within the statement of profit or loss to comply with the new categories prescribed by SLFRS 18-"Presentation and Disclosures in Financial Statements"

- Presentation of new mandatory subtotals;
- Additional disclosures relating to management-defined performance measures, where applicable.

The adoption of SLFRS 18- "Presentation and Disclosures in Financial Statements" is not expected to have an impact on the recognition or measurement of assets and liabilities, but will result in changes to presentation and disclosures.

5.3 Amendments to SLFRS 9 - "Financial Instruments" and SLFRS 7- "Financial Instruments: Disclosures"

The amendments introduce an accounting policy option that allows the derecognition of financial liabilities settled through electronic payments systems prior to the settlement date, subject to specific conditions.

They also clarify the assessment of contractual cash flows for financial assets with ESG related and similar features, define what constitutes 'non-recourse feature' and outline the characteristics of contractually linked instruments.

Additionally, new disclosure requirements have been introduced for financial instruments with contingent features, along with enhanced disclosures for equity instruments classified at fair value through other comprehensive income

These amendments are effective for annual reporting periods beginning on or after 1 January 2026 and no material impact on the Financial Statements. Early application is permitted.

5.4 SLFRS 19 – "Subsidiaries without Public Accountability Disclosures" SLFRS 19- "Subsidiaries without Public Accountability Disclosures"

permits eligible subsidiaries to apply reduced disclosure requirements when applying SLFRS. The standard is effective for annual periods beginning on or after 1 January 2027. No impact on the Financial Statements. However, eligible subsidiaries can apply the standard in their standalone financial statements.

6. REVENUE

6.1 Industry Segment Revenue

For the year ended 31 March	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
Tea	16,812,189	19,181,791	5,911,335	5,575,063
Rubber	2,667,905	2,483,234	2,667,905	2,483,234
Others	185,103	142,107	103,020	43,418
Less: Intra-group sales	(228,767)	(166,339)	-	-
	19,436,430	21,640,793	8,682,260	8,101,715
6.2 Industry Segment Results (Gross profit)				
Tea	2,100,560	2,166,805	695,402	758,294
Rubber	381,335	451,054	381,335	451,054
Others	88,553	60,487	28,288	(15,976)
	2,570,448	2,678,346	1,105,025	1,193,372

7. OTHER INCOME

For the year ended 31 March	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
Profit on disposal of property, plant & equipment	28,091	34,486	23,254	10,083
Lease / rent income	68,779	54,203	68,779	54,203
Dividend income	53,089	10,194	162,383	103,694
Hydro power & solar income	4,525	18,900	5,523	20,159
Amortisation of Government grants*	35,669	45,394	35,669	45,394
Sale of timber	6,648	143	6,648	143
Sundry income	72,805	69,606	58,494	52,921
	269,606	232,926	360,750	286,597

*There are no unfulfilled conditions or contingencies attached to the grants. Details of the grants are given in Note 23 to the Financial Statements.

8. NET FINANCE COST

For the year ended 31 March	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
8.1 Finance Income				
Interest income	204,028	232,487	143,840	166,030
Gain on FVTPL financial asset	-	-	44,201	12,433
Foreign exchange gain	150,236	125,498	6,821	7,524
	354,264	357,985	194,862	185,987
8.2 Finance Expenses				
Interest on term-loans	(3,383)	(8,296)	-	(89)
Interest on overdraft and short-term loans	(74,785)	(94,237)	(12,619)	(22,395)
Foreign exchange loss	(113,529)	(182,540)	(150)	(88)
Interest expense on corporate guarantee	(1,788)	(2,075)	-	-
	(193,485)	(287,148)	(12,769)	(22,572)
8.3 Interest paid to Government on lease	(157,557)	(148,908)	(157,557)	(148,908)
	(157,557)	(148,908)	(157,557)	(148,908)
Net finance cost	3,222	(78,071)	24,536	14,507

9. PROFIT BEFORE TAXATION

Profit before tax is stated after charging all expenses including the following:

For the year ended 31 March	Notes	Group		Company	
		2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
Directors' emoluments		210,017	172,139	110,632	81,362
Auditor's remuneration					
- Audit services		13,052	12,035	9,086	8,654
- Non-audit services		3,890	3,006	3,019	1,107
Depreciation and Lease Amortisation					
- Right-of-use asset-land	12.1.a	49,140	45,543	49,140	45,543
- Right-of-use asset-Immovable assets	12.2.1/12.2.2	4,138	9,941	4,138	9,941
- Amortisation of intangible assets	16	1,209	2,200	-	-
- Tangible property, plant & equipment	13	294,911	260,896	162,812	139,014
- Bearer biological assets	14.1	207,880	202,084	207,880	202,084
Staff Costs					
- Defined contribution plan costs (EPF, CPPS, ESPS & ETF)		490,898	478,576	457,730	447,734
- Defined benefit plan cost (Retirement benefit obligations)	25	248,335	240,825	233,550	225,988
- Salaries and wages and other staff costs		4,608,783	4,464,194	4,219,101	3,988,044
- Staff training & development cost		4,731	7,898	4,100	6,429
Legal fees		43,237	42,021	41,964	40,367
Donations		205	795	100	100
Provision for bad & doubtful debts		286	185	145	277
Provision/(reversal) for obsolete inventories		(13,312)	6,767	(14,349)	7,695
Gain on change in fair value of biological assets	14.2	39,162	72,977	39,162	72,977

10. TAX EXPENSE

10.1 Statement of Profit or Loss

For the year ended 31 March		Notes	Group 2025/26 Rs. '000	Group 2024/25 Rs. '000	Company 2025/26 Rs. '000	Company 2024/25 Rs. '000
(I) Current Tax Expense						
Income tax on current year profit	Company	10. A	(75,986)	(180,166)	(75,986)	(180,166)
	Subsidiaries	10. A	(156,565)	(150,432)	-	-
			(232,551)	(330,598)	(75,986)	(180,166)
(Under)/over provision in respect of previous year			(15,953)	2,015	(7,950)	1,765
			(248,504)	(328,583)	(83,936)	(178,401)
(II) Deferred Tax Expense						
Origination and reversal of temporary difference of						
	Company		(104,079)	(82,361)	(104,079)	(82,361)
	Subsidiaries		(23,919)	(11,540)	-	-
		24	(127,998)	(93,901)	(104,079)	(82,361)
Tax on dividend income			(18,748)	(16,500)	-	-
Tax expense reported in the Statement of Profit or Loss			(395,250)	(438,984)	(188,015)	(260,762)

10.2 Statement of Comprehensive Income

Net (gain)/loss on actuarial (gain)/loss on defined benefit plans	Company		(6,873)	28,416	(6,873)	28,416
	Subsidiaries		(56)	227	-	-
Revaluation of land	Subsidiaries		-	(13,950)	-	-
Tax charged directly to other comprehensive income		25	(6,929)	14,693	(6,873)	28,416

The Group and the Company are liable to income tax/ deferred tax, at the rates shown below in terms of Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022.

	Group/Company 2025/26 %	Group/Company 2024/25 %
Income tax	30	30
Deferred tax	30	30

ON INVESTMENT INCOME

Dividend Income

In terms of the Inland Revenue Act No. 24 of 2017 as amended, liable dividends declared are subject to a mandatory final Advance Income Tax of 15% at source.

(A) Reconciliation of Accounting Profit to Income Tax Expense

For the year ended 31 March	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
Profit before tax	1,233,890	1,380,770	775,216	928,577
Share of profit of associates	(20,881)	(7,181)	-	-
	1,213,009	1,373,589	-	-
Aggregate disallowable expenses/investment income	1,191,019	1,129,528	902,541	830,066
Aggregate tax deductible expenses	(1,594,726)	(1,392,105)	(1,423,988)	(1,157,932)
Aggregate exempted/non taxable income	(34,133)	(9,020)	(483)	(159)
Total assesseble income	775,169	1,101,993	253,286	600,552
Tax effect on business income	109,929	434,681	109,929	434,681
Tax exempt income from foreign interest	483	159	483	159
Taxable income from subsidiaries	459,190	455,418	-	-
Tax effect on utilisation of tax losses	-	(11,575)	-	-
Other source of income	206,300	223,719	143,357	165,871
Total assesseble income	775,902	1,102,402	253,769	600,711
Tax exempt income	(483)	(159)	(483)	(159)
Tax effect on qualifying relief	(250)	(250)	-	-
Total taxable income	775,169	1,101,993	253,286	600,552
Income tax @ 30%	232,551	330,598	75,986	180,166
Income tax on current year profit	232,551	330,598	75,986	180,166
(Over)/under provision in respect of previous year	15,953	(2,015)	7,950	(1,765)
Tax on dividend income	18,748	16,500	-	-
Tax expense	267,252	345,083	83,936	178,401
Effective tax rate	22%	25%	11%	19%

11. EARNINGS PER SHARE AND DIVIDEND PER SHARE

11.1 Earnings per Share

(A) Basic Earnings per Share

The computation of the basic earnings per share is based on profit attributable to ordinary shareholders for the period divided by weighted average number of ordinary shares outstanding during the period and calculated as follows.

	Group		Company	
For the year ended 31 March	**2025/26 Rs. '000**	**2024/25 Rs. '000**	**2025/26 Rs. '000**	**2024/25 Rs. '000**
Amount used as the Numerator				
Profit attributable to ordinary shareholders (Rs. '000)	828,442	912,698	587,201	667,815
Amount used as the Denominator				
Weighted average number of ordinary shares ('000)	68,000	68,000	68,000	68,000
Basic earnings per share (Rs.)	12.18	13.42	8.64	9.82

(B) Diluted Earnings per Share

The calculation of diluted earnings per share is based on profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive shares oustanding at any time during the financial year.

11.2 Dividend per Share

		Company	
		2025/26	**2024/25**
First interim dividend - Rs. 0.60 per share, Second interim dividend - Rs. 1.10 per share and Third interim dividend - Rs. 1.75 per share (2024/25- First interim dividend - Rs. 2.60 per share)	(Rs. '000)	234,600	176,800
	(Rs. '000)	234,600	176,800
Number of ordinary shares ('000)		68,000	68,000
Dividend per share (Rs.)		3.45	2.60

12. RIGHT OF USE ASSETS

		Group/Company	
	Notes	**2025/26 Rs. '000**	**2024/25 Rs. '000**
Right-to-use of land	12.1.a	933,667	910,880
Right-of-use asset-Immovable bearer biological assets	12.2.1	-	4,138
		933,667	915,018

12.1.a. Right-of-use land

This Right-of-use asset-land is amortized over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non-current assets. An adjustment to the "Right-of-use asset-land" could be made to the extent that the change relate to the future period on the reassessment of lease liability. The lease liability as at 01 April 2024 has been reassessed under the provisions of SLFRS 16 and both "Right-of-use asset-land" and "Lease Liability" has been enhanced.

"Right-of-use asset-land" have been executed for all estates for a period of 53 years.

The effect to the Statement of Financial Position and amortization of the right to use of land up to 31 March 2026 are as follows:

As at 31 March,	Group/Company 2025/26 Rs. '000	Group/Company 2024/25 Rs. '000
Capitalised Value		
As at 1 April	1,085,139	884,646
Adjustment on reassessment of lease liability	71,927	200,493
As at 31 March	1,157,066	1,085,139
Amortisation		
As at 1 April	174,259	128,716
Amortisation for the year	49,140	45,543
As at 31 March	223,399	174,259
Carrying amount	933,667	910,880

The unexpired period of the lease as at the statement of Financial Position date is 19 years.

The Company has sub leased an extent of 1.0127 hectares in Ingestre Estate and 2.2247 hectares in Blinkbonnie Estate to Martin Bauer Hayleys (Pvt) Ltd.

12.2 Right-of-use asset-Immovable assets

12.2.1. Right-of-use asset-Immovable Bearer Biological Assets

As at 31 March	Mature Plantations Tea Rs. '000	Mature Plantations Rubber Rs. '000	Group/Company 2025/26 Rs. '000	Group/Company 2024/25 Rs. '000
Capitalised Value				
(18 June, 1992)	213,541	178,145	391,686	391,686
Amortisation				
As at 1 April	209,403	178,145	387,548	377,607
Amortisation for the year	4,138	-	4,138	9,941
As at 31 March	213,541	178,145	391,686	387,548
Carrying amount	-	-	-	4,138

Investment in immature plantations at the time of handing over to the Company as at 18 June, 1992 by way of estate leases were shown under immature plantations.

However, since then all such investments in immature plantations attributable to JEDB/SLSPC period have been transferred to Mature Plantations. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortisation. Further, investments in such plantations to bring them to maturity are shown under Note 14.

12.2.2. Right-of-use asset-Immovable assets (other than Right-of-use asset land, Building and bearer biological assets)

				Group/Company	
	Land development Rs. '000	Buildings Rs. '000	Machinery Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
Capitalised Value					
(18 June, 1992)	3,455	84,600	23,094	111,149	111,149
Amortisation					
As at 1 April	3,455	84,600	23,094	111,149	111,149
Amortisation for the year	-	-	-	-	-
As at 31 March	3,455	84,600	23,094	111,149	111,149
Carrying amount	-	-	-	-	-

13. FREEHOLD PROPERTY, PLANT & EQUIPMENT

(A) Group

As at 31 March	Land Rs. '000	Buildings Rs. '000	Plant & machinery Rs. '000	Hydro power plant Rs. '000	Motor vehicles Rs. '000	Furniture & fittings Rs. '000	Equipment Rs. '000	Computers Rs. '000	Others Rs. '000	2025/26 Total Rs. '000	2024/25 Total Rs. '000
Cost											
As at 1 April	822,051	1,246,065	1,842,932	133,017	725,192	251,336	135,863	44,532	39,655	5,240,643	4,734,143
Additions during the year	-	46,015	31,358	-	202,592	17,511	21,338	8,913	-	327,727	502,477
Revaluation of land	-	-	-	-	-	-	-	-	-	-	46,500
Disposals	-	-	(15,324)	-	(52,609)	-	(1,173)	(314)	-	(69,420)	(42,603)
Effect of movements in foreign exchange rates	-	-	-	-	1,095	270	-	-	-	1,365	126
As at 31 March	822,051	1,292,080	1,858,966	133,017	876,270	269,117	156,028	53,131	39,655	5,500,315	5,240,643
Depreciation											
As at 1 April	-	463,989	920,092	85,140	407,275	182,820	126,443	31,576	34,558	2,251,893	2,015,008
Charge for the year	-	43,431	116,388	4,434	91,189	27,391	5,521	5,623	934	294,911	260,896
Disposals	-	-	(15,324)	-	(48,566)	-	(1,173)	(314)	-	(65,377)	(24,494)
Effect of movements in foreign exchange rates	-	-	-	-	363	78	-	-	-	441	483
As at 31 March	-	507,420	1,021,156	89,574	450,261	210,289	130,791	36,885	35,492	2,481,868	2,251,893
Net book value	822,051	784,660	837,810	43,443	426,009	58,828	25,237	16,246	4,163	3,018,447	2,988,750
Work-in-Progress (a)										270,169	138,712
Carrying amount										3,288,616	3,127,462

(a) Work-in-Progress

	Group				Company			
	Balance as at 01.04.2025 Rs. '000	Additions for the year Rs. '000	Transfers/ Disposals Rs. '000	Balance as at 31.03.2026 Rs. '000	Balance as at 01.04.2025 Rs. '000	Additions for the year Rs. '000	Transfers/ Disposals Rs. '000	Balance as at 31.03.2026 Rs. '000
	138,712	244,202	(112,745)	270,169	59,441	77,654	(101,271)	35,824
	138,712	244,202	(112,745)	270,169	59,441	77,654	(101,271)	35,824

(b). Fair Value Hierarchy

Accounting Judgements, Estimates and Assumptions related to Revaluation of Land

Mabroc Teas (Pvt) Ltd. measures land at revalued amounts, with changes in fair value recognised in other comprehensive income and reflected in the statement of changes in equity. Land revaluations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from their fair values and are carried out by professionally qualified valuers.

The most recent revaluation conducted as at 31 March 2025.

The land were revalued by Mr. P B Kalugalagedara, Chartered Valuation Surveyor and the results of such valuation have been incorporated in these financial statements as at that date. Fair value is determined by reference to market-based evidence. The surplus arising from the revaluation has been transferred to the revaluation reserve.

Following key significant unobservable (Level 3) inputs were used for the valuation of Land.

Type of Asset	Cost Rs.000	Location/ Date of valuation	Fair Value as at 31 March 2026 Rs. 000	Technique of Valuation	Significant Unobservable Inputs	Range of estimates for Unobservable Inputs (Weighted Average)	Sensitivity of Fair Value to Unobservable Inputs
Land	712,835	Kiribathgoda (31.03.2025)	822,051	Open Market basis	Land – Rate per perch	Rs. 1,500,000/- to Rs. 2,250,000/-	Significant increases/ (decreases) in estimated price per perch in isolation would result in a significantly higher / (lower) fair value.

13. FREEHOLD PROPERTY, PLANT & EQUIPMENT (CONTD.)

(B) Company

As at 31 March	Buildings Rs. '000	Plant & machinery Rs. '000	Motor vehicles Rs. '000	Furniture & fittings Rs. '000	Equipment Rs. '000	Computers Rs. '000	Others Rs. '000	2025/26 Total Rs. '000	2024/25 Total Rs. '000
Cost									
As at 1 April	850,231	998,809	591,761	10,581	124,169	42,391	39,655	2,657,597	2,486,181
Additions during the year	30,588	23,921	162,671	143	18,275	8,482	-	244,080	198,142
Disposals	-	-	(49,530)	-	(200)	(314)	-	(50,044)	(26,726)
As at 31 March	880,819	1,022,730	704,902	10,724	142,244	50,559	39,655	2,851,633	2,657,597
Depreciation									
As at 1 April	373,878	635,314	361,168	8,065	117,663	30,418	34,558	1,561,064	1,434,320
Charge for the year	24,026	57,096	70,520	411	4,352	5,473	934	162,812	139,014
Disposals	-	-	(46,336)	-	(200)	(314)	-	(46,850)	(12,270)
As at 31 March	397,904	692,410	385,352	8,476	121,815	35,577	35,492	1,677,026	1,561,064
Net book value	482,915	330,320	319,550	2,248	20,429	14,982	4,163	1,174,607	1,096,533
Work-in-Progress								35,824	59,441
Carrying amount								1,210,431	1,155,974

(a) The assets shown above are those movable assets vested in the Company by Gazette notification on the date of formation of the Company (18 June 1992) and all investment in tangible assets by the Company since its formation. The assets taken over by way of estate leases are set out in Note 12.

(b) The cost of fully depreciated Property, Plant and Equipment which are still in use as at date of Statement of Financial Position is as follows,

As at 31 March	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
Computers	24,089	22,109	23,968	21,988
Equipment	218,339	181,877	112,296	110,355
Furniture & fittings	49,488	13,010	6,675	6,018
Motor vehicles	241,595	254,346	219,993	247,334
Mature plantations	284,721	247,811	284,721	247,811
Plant & machinery	283,128	272,167	276,328	272,167
Intangible assets	12,669	5,598	-	-
Others	23,421	20,379	22,789	20,379
	1,137,450	1,017,297	946,770	926,052

(C) Unexpired lease periods of land:

Kelani Valley Plantations PLC	19 years
Kalupahana Power Company (Pvt) Ltd.	19 years

14. BIOLOGICAL ASSETS

14.1 Improvements to Leasehold Property (Bearer Biological Assets)

	Immature Plantations				Mature Plantations				Group/Company	
	Tea	Rubber	Other	Total	Tea	Rubber	Other	Total	2025/26	2024/25
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost										
As at 1 April	131,551	522,923	667,380	1,321,854	1,149,942	3,403,549	272,145	4,825,636	6,147,490	5,695,627
Additions during the year	19,721	163,113	413,782	596,616	-	-	-	-	596,616	451,863
Removal	(43,282)	-	(866)	(44,148)	-	-	-	-	(44,148)	-
Transfers (from)/to	-	(158,233)	(24,905)	(183,138)	-	158,233	24,905	183,138	-	-
As at 31 March	107,990	527,803	1,055,391	1,691,184	1,149,942	3,561,782	297,050	5,008,774	6,699,958	6,147,490
Depreciation										
As at 1 April	-	-	-	-	517,267	1,321,573	42,787	1,881,627	1,881,627	1,679,543
Charge for the year	-	-	-	-	36,968	157,349	13,563	207,880	207,880	202,084
As at 31 March	-	-	-	-	554,235	1,478,922	56,350	2,089,507	2,089,507	1,881,627
Carrying amount	107,990	527,803	1,055,391	1,691,184	595,707	2,082,860	240,700	2,919,267	4,610,451	4,265,863

These are investments in Mature/Immature Plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Note 12 to the Financial Statements. Further, investments in Immature Plantations taken over by way of leases are shown in this note. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature.

The Company policy is capitalized borrowings cost on specific borrowing only. However, borrowing costs were not capitalised during the year under Immature Plantations (2024/25 - Nil).

The addition of Rs. 597 m (2024/25 - Rs. 443 m) shown above includes the following costs among other costs incurred during the year in respect of Uprooting and Planting of Tea, Rubber and Others.

As at 31 March		Group/Company			
		2025/26		2024/25	
		Extent - ha	Rs.'000	Extent - ha	Rs.'000
Uprooting	Tea	-	-	-	-
	Rubber	22	23,210	19	15,316
Planting	Tea	10	19,684	-	-
	Rubber	66	59,535	45	47,657
		98	102,429	64	62,973

14.2 Biological Assets (Consumable)

As at 31 March	Group/Company 2025/26 Rs. '000	Group/Company 2024/25 Rs. '000
As at 1 April	319,927	246,950
Gain of change in fair value less cost to sell	39,162	72,977
As at 31 March	359,089	319,927

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material.

The fair value of managed trees was ascertained in accordance with LKAS 41. The valuation was carried out by KPMG Real Estate and Valuation Services (Pvt) Ltd, using DCF Analysis Method under Income Approach. In ascertaining the fair value of timber, a physical verification was carried out covering the estates on sample basis.

14.2.1 Change in Fair Value of Biological Assets

As at 31 March	Notes	Group/Company 2025/26 Rs. '000	Group/Company 2024/25 Rs. '000
Change in fair value of consumable biological assets	14.2	39,162	72,977
Change in fair value of produce on bearer biological assets	17.1	(4,906)	2,502
		34,256	75,479

14.2.2 Information about Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Non-Financial Asset	Valuation Technique 2025/26	Valuation Technique 2024/25	Unobservable Inputs	Range of Unobservable Inputs (Probability Weighted Average) 2025/26	Range of Unobservable Inputs (Probability Weighted Average) 2024/25	Relationship of Unobservable Inputs to Fair Value
Consumable managed biological assets	DCF Analysis Method under Income Approach	DCF Analysis Method under Income Approach	Discounting Rate	**13.50%**	13.50%	The higher the discount rate, the lesser the fair value
			Optimum Rotation (Maturity)	**20-25 Years**	20-25 Years	Lower the rotation period, the higher the fair value
			Volume at Rotation	**23 - 174 cu.ft**	23 - 530 cu.ft	The higher the volume, the higher the fair value
			Price (per cu.ft)	**Rs. 166/- to Rs. 2,834/-**	Rs.67/- to Rs.4,020/-	The higher the price per cu. ft., the higher the fair value

Other key assumptions used in valuation

1. It is assume that the felling of trees will be undertaken at maturity for the period not covered under the Forestry Management Plan. Majority of the timber trees which have reached their maturity at the date of valuation are valued using the adjusted market prices based on the location and accessibility. Remaining timber trees which have not come up to a harvestable age are valued considering their future incremental growth in the coming years and discounting the future value of such trees by appropriate present value discount ratio, which is assumed as the Expected Rate of Return (ERR) of a rationale investor, i.e.13.5%.

2. The price adopted could vary based on the species and the girth of the respective species and are on the spare net of expenditure.

3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken in to consideration.

14.2 Consumable Biological Assets - Managed Trees Continued

The valuations, as presented in the external valuation models based on market values, take into account the possible market conditions and long-term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the active market prices and other variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that active market price projections are highly unpredictable. The sensitivity analysis regarding selling price and discount rate variations are as follows,

14.2.3 Sensitivity Analysis

Sensitivity variation sales price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a increase or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	Managed Timber	
	Rs. '000 -10%	Rs. '000 +10%
As at 31 March, 2026	(35,909)	35,909
As at 31 March, 2025	(31,993)	31,993

Sensitivity variation discount rate

Values as appearing in the Statement of Financial Position are less sensitive to changes of the discount rate applied because majority of the timber trees have reached their maturity by the time of valuation. Simulations made for timber show that a increase or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets:

	Rs. '000 -1%	Rs. '000 +1%
As at 31 March, 2026	2,758	(2,614)
As at 31 March, 2025	3,620	(3,404)

No biological assets have been pledged as securities for the year ended 31 March 2026 (2024/25 - nil).
There are no capital expenditure commitments for biological assets as at the reporting date.

15. INVESTMENTS IN SUBSIDIARIES

15.1 Unquoted Investments

	% Holding		No of Shares		Company Value Rs. '000	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
Kalupahana Power Company (Pvt) Ltd.	60	60	1,800,000	1,800,000	18,000	18,000
Mabroc Teas (Pvt) Ltd.	100	100	11,000,000	11,000,000	760,000	760,000
Kelani Valley Resorts (Pvt) Ltd.	100	100	5,000,000	5,000,000	50,000	50,000
Carrying amount					828,000	828,000

Subsidiaries	Principle Activity	% Equity Interest
Kalupahana Power Company (Pvt) Ltd.	Generates hydro power	60
Mabroc Teas (Pvt) Ltd.	Exports of bulk & retail packed tea	100
Kelani Valley Resorts (Pvt) Ltd.	Provide services in the hospitality industry	100

15.2 Investments in equity accounted investee

LIVEE Polska Sp.Z.O.O.

The acquisition of a 24% stake in LIVEE Polska Sp.Z.O.O. by Mabroc Teas (Pvt) Ltd. represents a strategic move aimed at expanding their reach into the European market. LIVEE Polska Sp.Z.O.O. specializes in supplying teas to large supermarket chains in Poland, offering a valuable foothold in a key market.

This investment allows Mabroc Teas to leverage Livee Poloska's existing infrastructure, distribution networks and market knowledge to penetrate the European market more effectively. By aligning with a reputable partner in Poland, Mabroc Teas can strengthen its position in Europe, ultimately driving growth and profitability in this strategic region.

	Holding %	No. of Shares	Group 2025/26 Value Rs '000	2024/25 Value Rs '000
As at 31 March,	24	564	147,039	139,858
Investment			-	-
Profit for the year			20,881	7,181
Carrying amount as at 31 March			167,920	147,039

15.2.1 Net assets of Equity Accounted Investees as follows

As at 31 March	Investment at Cost		Profit		Net Assets	
	2025/26 Rs '000	2024/25 Rs '000	2025/26 Rs '000	2024/25 Rs '000	2025/26 Rs '000	2024/25 Rs '000
LIVEE Polska Sp.Z.O.O.	131,721	131,721	20,881	7,181	167,920	147,039

15.2.2 Summarised financial information of equity accounted investees which has not been adjusted for the Group's share.

As at 31 March	2025/26 Rs '000	2024/25 Rs '000
Assets and Liabilities		
Current assets	613,969	352,651
Non-current assets	246,665	194,103
Current liabilities	513,090	282,647
Non-current liabilities	347,544	264,107

As at 31 March	2025/26 Rs '000	2024/25 Rs '000
Revenue and Profits		
Revenue	1,528,160	1,026,145
Gross profits	115,900	93,888
Profit Before tax	93,530	33,973
Profit After tax	78,626	29,963

As at 31 March	2025/26 Rs '000	2024/25 Rs '000
Cash flows		
Cash flows from operating activities	(61,501)	34,136
Cash flows from Investing activities	(26,093)	(22,655)
Cash flows from financing activities	113,794	1,594

15.2.3 The Company has neither contingent liabilities nor capital commitments in respect of it's equity accounted investees.

15.2.4 LIVEE Polska Sp.Z.O.O. is the only equity accounted investees incorporated outside of Sri Lanka.

15.3 Financial Asset

Martin Bauer Hayleys (Pvt) Ltd.

Group - Fair Value Through Other Comprehensive Financial Asset

			Group	
	Holding %	No of Shares	2025/26 Value Rs '000	2024/25 Value Rs '000
As at 31 March 2025	10.1	39,091,550	435,658	423,225
Gain on FVTOCI financial asset			44,201	12,433
As at 31 March 2026	10.1	39,091,550	479,859	435,658

15. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Company - Fair Value Through Profit or Loss Financial Asset

	Holding %	No of Shares	Company 2025/26 Value Rs '000	Company 2024/25 Value Rs '000
As at 31 March 2025	10.1	39,091,550	435,658	423,225
Gain on FVTPL financial asset			44,201	12,433
As at 31 March 2026	10.1	39,091,550	479,859	435,658

	As at 31 March 2026 Value Rs.	As at 31 March 2025 Value Rs.
Fair Value of a share	12.28	11.14

15.3.1 Information About Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs 2025/26	Range of Unobservable Inputs 2024/25
Financial Asset (Investment in shares of Martin Bauer Hayleys (Pvt) Ltd.)	DCF	Discounting rate	16%	14%
		Growth rate	2%	1%
		Exchange rate (USD)	LKR 312.00	LKR 305.00

15.3.2 Sensitivity Analysis - Based on Discounting Rate

Discount Rate	Rs. '000 -1%	Rs. '000 +1%
2025/26	31,871	(27,715)
2024/25	37,608	(31,843)

Growth Rate	Rs. '000 -1%	Rs. '000 +1%
2025/26	(15,902)	18,377
2024/25	(19,488)	22,687

15.3.3 Summarised financial information of Financial Asset which has not been adjusted for the Group's share.

As at 31 March	2025/26 Rs '000	2024/25 Rs '000
Assets and Liabilities		
Current assets	2,575,105	2,008,521
Non-current assets	3,505,656	3,484,827
Current liabilities	639,502	576,042
Non-current liabilities	850,249	733,900
Revenue and Profits		
Revenue	3,033,025	2,229,963
Gross profits	1,210,174	683,045
Profit before tax	861,550	353,103
Profit after tax	743,115	242,412
Cash flows		
Cash flows from operating activities	(14,196)	193,521
Cash flows from Investing activities	(34,905)	192,121
Cash flows from financing activities	(9,786)	(103,672)

15.4 Other Non-Current Subordinated Trust

	Group/Company	
	2025/26 Rs. '000	2024/25 Rs. '000
Singer Finance (Lanka) PLC - Subordinated Facility Trust No. 02	500,000	-

Fitch rating: BBB+ (lka)

Investment Details

Rate	13.75% (Fixed)
Tenure	5 years
Interest Payments	Annually
Listing	Unlisted
Ratings	Unrated
Security	Unsecured
Redeemable	10 March 2031
Trustee	Hatton National Bank PLC

16. INTANGIBLE ASSETS

	Group			
Cost	Goodwill Rs.'000	Computer Software Rs.'000	2025/26 Rs.'000	2024/25 Rs.'000
As at 1 April	33,310	16,991	50,301	49,132
Addition during the year	-	3,290	3,290	1,169
As at 31 March	33,310	20,281	53,591	50,301
Ammortisation and impairment				
As at 1 April	-	14,956	14,956	12,756
Amortisation for the year	-	1,209	1,209	2,200
As at 31 March	-	16,165	16,165	14,956
Carrying amount	33,310	4,116	37,426	35,345

Key assumptions used in the Value In Use calculations

Gross Margins
The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount Rates
The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. The discount rate used for the valuation is 13%. (2024/25 - 13%)

Inflation
The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

Volume Growth
Volume growth has been budgeted on a reasonable and realistic basis by taking in to account the growth rates of one of four years immediately subsequent to the budgeted year based on industry growth rates. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. The growth rate used for the valuation is 6%. (2024/25 - 6%)

The carrying value of goodwill represents the goodwill on acquisition of Mabroc Teas (Pvt) Ltd. There has been no permanent impairment of intangible assets that requires a provision.

17. PRODUCE ON BEARER BIOLOGICAL ASSETS AND INVENTORIES

17.1 Produce on Bearer Biological Assets

	Group/Company	
	2025/26 Rs. '000	2024/25 Rs. '000
As at 1 April	25,220	22,718
Change in fair value less cost to sell	(4,906)	2,502
	20,314	25,220

Level 3 inputs were used when arriving above figures.

17.2 Inventories

As at 31 March	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
Input materials	276,095	164,595	276,095	164,595
Nurseries	8,175	27,882	8,175	27,882
Harvested crop	548,009	844,993	548,009	844,993
Bulk tea & raw materials	685,507	685,247	-	-
Finished goods	49,344	39,407	12,592	10,789
Goods-in-transit	237,627	33,591	-	-
Spares and consumables	104,589	112,613	78,132	90,708
	1,909,346	1,908,328	923,003	1,138,967
Provision for slow moving and obsolete inventories	(32,240)	(45,552)	(19,381)	(33,730)
	1,877,106	1,862,776	903,622	1,105,237

The carrying amount of inventories pledged as securities for bank facilities obtained amounted to Rs. 548 m (2024/25 - Rs. 845 m) and Rs. 597 m (2024/25 - Rs.884 m) by the Company & the Group respectively.

18. TRADE AND OTHER RECEIVABLES

As at 31 March	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
Trade receivables	3,326,532	2,130,168	390,098	168,936
Lease rent paid in advance	41,287	39,429	41,287	39,429
Employee advances and receivables	76,172	83,866	76,172	83,866
Dividend receivables	27,088	10,194	27,088	103,694
Advances and receivables	884,065	402,531	280,166	224,146
	4,355,144	2,666,188	814,811	620,071
Provision for impairment in trade and other receivables	(4,109)	(3,823)	(3,883)	(3,738)
	4,351,035	2,662,365	810,928	616,333

18. TRADE AND OTHER RECEIVABLES (CONTD.)

18.1 Movement in the provision for trade and other receivables

Impairment of Trade Receivables (ECL)

Accounting Policy

Group applies Simplified Expected Credit Loss (ECL) Approach in accordance with SLFRS 9 paragraph 5.5.15. Under this approach, a lifetime expected credit loss is recognized for all trade receivables. Group uses a provision matrix to estimate ECLs based on historical default experience, adjusted for current and forward-looking information.

Credit Risk Management Practices

The Group assesses credit risk at customer level using internal ratings, historical payment patterns, and external market indicators. Default is defined as receivables over 180 days past due, unless specific evidence indicates otherwise.

Receivables are grouped by similar credit risk characteristics such as product category, broker receivables, export customers, and related parties.

Amounts are written-off when there is no reasonable expectation of recovery.

Provision Matrix and ECL Measurement

Historical loss rates are adjusted for forward-looking macroeconomic information relevant to the plantation sector, including export market conditions and counterparty liquidity trends.

A summary of the provision matrix is provided below:

	Group				
As at 31 March 2026	61-120 days Rs.'000	121-180 days Rs.'000	181-365 days Rs.'000	> 365 days Rs.'000	Total Rs.'000
Expected credit loss rate (%)	4	1	-	-	-
Exposure at default	-	-	-	-	-
Expected credit loss	4,104	243	0.08	0.01	4,347

	Company				
As at 31 March 2026	61-120 days Rs.'000	121-180 days Rs.'000	181-365 days Rs.'000	> 365 days Rs.'000	Total Rs.'000
Expected credit loss rate (%)	1	1	-	-	-
Exposure at default	-	-	-	-	-
Expected credit loss	73	20	-	-	93

Write-off Policy

Receivables are written-off when recovery efforts fail and legal remedies are no longer economically justified. Written-off amounts remain subject to enforcement where viable.

	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
As at 1 April,	(3,823)	(3,638)	(3,738)	(3,461)
Charge for the period	(847)	(5,657)	(939)	(5,749)
Reverse during the period	561	5,472	794	5,472
As at 31 March,	(4,109)	(3,823)	(3,883)	(3,738)

18.2 The aging analysis of trade receivables is as follows;

As at 31 March 2026	Total Rs.'000	0-60 days Rs.'000	61-120 days Rs.'000	121-180 days Rs.'000	181-365 days Rs.'000	> 365 days Rs.'000
Company	390,098	381,996	5,344	2,758	-	-
Group	3,326,532	3,180,592	116,847	28,413	530	150

Trade receivables are non-interest bearing and are generally on seven-day terms for the company.
No loans over Rs. 20,000/- have been given to Directors or Officers of the Company.
The carrying amount of debtors pledged as securities for bank facilities obtained amounted to Rs. 390 m (2024/25- Rs. 169 m) by the Company.

19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash flows), requires an entity to disclose information that enables users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, changes in liabilities arising from financing activities for the year ended 31 March 2026 are disclosed below.

The funds borrowed by the Company and the Group are given in Note 22 and 30.

	Group		Company	
	Interest - Bearing Borrowings Rs.'000	Other Borrowings Rs.'000	Interest - Bearing Borrowings Rs.'000	Other Borrowings Rs.'000
As at 01 April 2025	1,259,408	-	-	-
Cash in flows from financing activities	4,639,000	-	-	-
Cash out flows from financing activities	(4,414,740)	-	-	-
As at 31 March 2026	1,483,668	-	-	-

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
20.1 Short-term deposits				
Short-term fixed deposits	1,308,088	1,386,129	1,150,000	700,000
Treasury bills	-	700,000	-	700,000
Investment in NDB Wealth money fund	5,984	237,873	5,984	237,873
	1,314,072	2,324,002	1,155,984	1,637,873

20.1.1 Unit trust - Fair value through profit or loss

	Number of shares		Value	
	2025/26	2024/25	2025/26 Rs. '000	2024/25 Rs. '000
NDB Wealth Money Fund	155,105	6,636,716	5,984	237,873

	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
20.2 Favorable balances				
Cash in hand	1,362	1,169	138	494
Savings	213,546	295,127	123,979	63,086
	214,908	296,296	124,117	63,580
20.3 Unfavourable balances				
Bank overdraft	(6,178)	(1)	-	-
	(6,178)	(1)	-	-

Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group/Company . Interest income is earned at the prevalent interest rates at the time of investment.

The securities pledged have been disclosed in Note 30 to the Financial Statements.

21. STATED CAPITAL

	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
Issued & fully paid-ordinary shares				
68,000,000 (2024/25 - 68,000,000) and 01 golden share	340,000	340,000	340,000	340,000
	340,000	340,000	340,000	340,000

The holders of ordinary shares and golden share are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Special rights of the golden share are given in the Annual Report of the Board of Directors on the Affairs of the Company.

22. INTEREST-BEARING BORROWINGS

22.1 Long-term interest bearing borrowings

Group	HSBC Rs. '000	2025/26 Total Rs. '000	2024/25 Total Rs. '000
As at 1 April	61,823	61,823	116,062
Effect of movement in exchange rates	-	-	(1,207)
Repayments during the year	(48,656)	(48,656)	(53,032)
As at 31 March	13,167	13,167	61,823
Payable within one year	(13,167)	(13,167)	(49,458)
(Transferred to current liabilities)			
Payable after one year	-	-	12,365
Analysis of long term borrowings by year of repayment			
Repayable within one year from year-end	13,167	13,167	49,458
Repayable between 2 and 5 years from year-end	-	-	12,365
	13,167	13,167	61,823

Company	2025/26 Total Rs. '000	2024/25 Total Rs. '000
As at 1 April	-	3,375
Obtained during the year	-	-
Repayments during the year	-	(3,375)
As at 31 March	-	-

Long-Term Interest Bearing Borrowings - Lender Analysis

22.1.2 Subsidiary - Mabroc Teas (Pvt) Ltd.

Lender	Loan outstanding As at 31 March 2025/26 Rs. '000	Loan outstanding As at 31 March 2024/25 Rs. '000	Rate of interest per annum	Monthly installment Rs.	Terms of repayments
Hongkong & Shanghai Banking Corporation Ltd.					
Term loan	13,167	61,823	9.48%	4,174,000/-	36 monthly installments commenced on 05.07.2023
HSBC - Total	13,167	61,823			
Group Total	13,167	61,823			

22.2 Short-term Interest Bearing Borrowings

Subsidiary - Mabroc Teas (Pvt) Ltd.

As at 31 March Lender	Currency	2025/26 Rs. '000	2024/25 Rs. '000
Sampath Bank PLC	USD	110,600	224,046
Hongkong & Shanghai Banking Corporation Ltd.	USD	734,356	580,345
Standard Chartered Bank (Sri Lanka) Ltd.	USD	278,010	-
Citi Bank N. A.	USD	347,535	393,194
Group Total		1,470,501	1,197,585

The securities pledged for these facilities have been disclosed in Note 30 to the Financial Statements.

23. DEFERRED INCOME

Grants and Subsidies	Group 2025/26 Rs. '000	Group 2024/25 Rs. '000	Company 2025/26 Rs. '000	Company 2024/25 Rs. '000
Capital Grants				
As at 1 April	1,034,408	1,023,415	1,034,408	1,023,415
Grants received during the year	8,766	10,993	8,766	10,993
As at 31 March	1,043,174	1,034,408	1,043,174	1,034,408
Amortisation				
As at 1 April	413,318	367,924	413,318	367,924
Amortisation for the year	35,669	45,394	35,669	45,394
As at 31 March	448,987	413,318	448,987	413,318
Carrying amount	594,187	621,090	594,187	621,090

Grants were received from the Plantation Reform Project (PRP), Plantation Human Development Trust, Ministry of Community Development, Asian Development Bank, Social Welfare Project, Estate Infrastructures Development Project, Plantation Development Support Project, Ceylon Electricity Board, Tea Board, and Rubber Development Department of Ministry of Plantation Industries.

The amount spent is capitalised under relevant classification of improvement to leasehold Property, Plant & Equipment. Corresponding grant component is reflected under deferred grants and subsidies and amortised over the useful life span of the asset.

24. DEFERRED TAXATION

	Group		Company	
As at 31 March	**2025/26 Rs. '000**	**2024/25 Rs. '000**	**2025/26 Rs. '000**	**2024/25 Rs. '000**
Deferred tax assets	7,203	1,293	-	-
Deferred tax liabilities	1,329,000	1,181,062	1,186,907	1,075,955
Net deferred tax liabilities	1,321,797	1,179,769	1,186,907	1,075,955

24.1 Statement of Financial Position

	Group			
As at 31 March	**2025/26**		**2024/25**	
	Temporary difference Rs. '000	**Tax effect Rs. '000**	**Temporary difference Rs. '000**	**Tax effect Rs. '000**
As at 1 April	3,936,870	1,181,062	3,680,956	1,102,838
Deferred tax assets	(24,011)	(7,203)	(3,281)	(984)
Amount originating during the year	469,116	153,745	259,194	79,208
Effect of movements in exchange rates	-	1,396	-	228
As at 31 March	4,381,975	1,329,000	3,936,870	1,181,062
Deferred Tax Liabilities				
Temporary difference of right-of-use assets	933,667	280,100	915,017	274,505
Temporary difference of property, plant and equipment	5,865,908	1,759,772	5,441,398	1,632,420
(including mature and immature plantation)				
Temporary difference of biological assets	359,089	107,727	345,146	103,544
Temporary difference of financial assets	479,859	143,958	435,659	130,698
Temporary difference of unrealised foreign exchange gain	21,179	6,354	-	-
As at 31 March	7,659,702	2,297,911	7,137,220	2,141,167
Deferred Tax Assets				
Temporary difference of retirement benefit obligations	(1,510,155)	(453,046)	(1,440,061)	(432,018)
Temporary difference of lease liabilities	(1,113,040)	(333,912)	(1,053,477)	(316,043)
Temporary difference of grant received	(594,187)	(178,256)	(621,090)	(186,327)
Temporary difference of provision for impairment of subsidiary	-	-	(1,310)	(393)
Temporary difference of provision for bad debts	(4,094)	(1,228)	(3,808)	(1,142)
Temporary difference of impairment for inventories	(32,240)	(9,672)	(45,552)	(13,666)
Temporary difference of unrealised foreign exchange loss	-	-	(35,052)	(10,516)
As at 31 March	(3,253,716)	(976,114)	(3,200,350)	(960,105)
At end of the year	4,405,986	1,321,797	3,936,870	1,181,062
Deferred tax assets	-	7,203	-	-
Net deferred tax liability as at 31 March	4,405,986	1,329,000	3,936,870	1,181,062

24. DEFERRED TAXATION (CONTD.)

24.1 Statement of Financial Position (Contd.)

	Company			
	2025/26		2024/25	
	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000
As at 1 April	3,586,517	1,075,955	3,406,999	1,022,010
Amount originating during the year	369,834	110,952	179,518	53,945
As at 31 March	3,956,351	1,186,907	3,586,517	1,075,955
Deferred Tax Liability				
Temporary difference of right-of-use assets	933,667	280,100	915,017	274,505
Temporary difference of property, plant and equipment (including mature and immature plantation)	5,338,339	1,601,502	4,966,646	1,489,994
Temporary difference of biological assets	359,089	107,727	345,146	103,544
Temporary difference of fair value gain on FVTPL financial assets	479,859	143,958	435,659	130,698
Temporary difference of unrealised foreign exchange gain	6,807	2,042	-	-
As at 31 March	7,117,761	2,135,329	6,662,468	1,998,741
Deferred Tax Assets				
Temporary difference of retirement benefit obligations	(1,430,918)	(429,275)	(1,358,767)	(407,630)
Temporary difference of lease liability	(1,113,040)	(333,912)	(1,053,477)	(316,043)
Temporary difference of grant received	(594,187)	(178,256)	(621,090)	(186,327)
Temporary difference of provision for bad debts	(3,883)	(1,165)	(3,738)	(1,121)
Temporary difference of impairment for inventories	(19,381)	(5,814)	(33,730)	(10,119)
Temporary difference of unrealised foreign exchange loss	-	-	(5,149)	(1,545)
As at 31 March	(3,161,410)	(948,422)	(3,075,951)	(922,785)
Net deferred tax liability as at 31 March	3,956,351	1,186,907	3,586,517	1,075,955

24.2 Statement of Profit or Loss

	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
As at 1 April	1,179,769	1,100,560	1,075,955	1,022,010
Tax charge recognised in profit or loss	133,703	93,902	104,079	82,361
Tax charge/ (reversal) recognised in comprehensive income	6,929	(14,693)	6,873	(28,416)
Effect of movements in exchange rates	1,396	-	-	-
As at 31 March	1,321,797	1,179,769	1,186,907	1,075,955

The effective tax rate used to calculate deferred tax liability for all the temporary differences as at 31 March, 2026 is 30% (2024/25 - 30%) by Group and the Company.

25. RETIREMENT BENEFIT OBLIGATIONS

Movement in the Retirement Benefit Obligations

	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
As at 1 April	1,440,058	1,263,546	1,358,767	1,192,959
Current service cost	104,467	90,851	99,410	84,485
Interest cost	143,868	149,974	134,140	141,503
Charged to profit or loss	248,335	240,825	233,550	225,988
Actuarial (gain) / loss due to changes in financial assumptions	(73,349)	29,446	(73,349)	29,389
Actuarial (gain) / loss due to changes in experience	50,252	66,030	50,441	65,331
Charged to statement of comprehensive income	(23,097)	95,476	(22,908)	94,720
Gratuity payments received for those employees who transferred in	34,423	-	34,423	-
Benefit paid by the plan	(188,211)	(159,789)	(172,914)	(154,900)
As at 31 March	1,511,508	1,440,058	1,430,918	1,358,767

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods using the Projected Unit Credit Method and discount that benefit in order to determine the present value of the retirement benefit obligations and the current service cost. This require an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

According to the actuarial valuation report issued by the actuarial valuer as at 31 March 2026, the actuarial present value of promised retirement benefits amounted to Rs. 1,511,506,692/- (2024/25 - Rs. 1,440,057,576/-). If the Group had provided for gratuity on the basis of 14 days wage & half months salary for each completed year of service, the liability would have been Rs. 1,640,722,937/- (2024/25 - Rs. 1,480,958,301/-).

The following payments are the expected from the defined benefit plan obligations in future years.

	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
Less than or equal 1 year	336,983	284,933	328,872	277,059
Over 1 year and less than or equal 5 years	515,420	526,457	482,351	501,774
Over 5 year and less than or equal 10 years	386,250	372,363	367,036	343,312
Over 10 years	272,854	256,305	252,659	236,622
	1,511,508	1,440,058	1,430,918	1,358,767

The weighted average duration of the defined benefit plan obligation as at the end of the reporting period for both Staff and workers are 5 years. The present Value of retirement benefit obligations is carried on annual basis.

25. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

The key assumptions used by Messers.Acturial & Management Consultants (Pvt) Ltd. include the following.

	2025/26	2024/25
(i) Discount rate	10%	10%
One of the principle assumptions is the discount rate, which should be based upon the yields available on government bonds or high quality corporate bonds at the accounting date with a term that matches that of the liabilities. LKAS 19 does not define "high quality", but this is generally taken to mean a security rating of at least AA.		
(ii) Rate of salary increase		
Workers	8% (Per annum)	9% (Per annum)
Staff	9% (Per annum)	10% (Per annum)
(iii) Retirement age		
Workers	60 years	60 years
Staff	60 years	60 years
Executive and Head office staff	60 years	60 years

Sensitivity Analysis

Values appearing in the financial statements are sensitive to the changes in financial and non-financial assumptions used. A sensitivity was carried out as follows:

	Group	
	Rs. '000	Rs. '000
A one percentage point change in the discount rate.	**+1%**	**-1%**
As at 31 March 2026	(72,995)	80,884
As at 31 March 2025	(70,064)	77,600
A one percentage point change in the salary / wage increment rate.	**+1%**	**-1%**
As at 31 March 2026	79,947	(73,419)
As at 31 March 2025	72,266	(66,434)

	Company	
	Rs. '000	Rs. '000
A one percentage point change in the discount rate.	**+1%**	**-1%**
As at 31 March 2026	(67,606)	74,763
As at 31 March 2025	(64,581)	71,417
A one percentage point change in the salary / wage increment rate.	**+1%**	**-1%**
As at 31 March 2026	73,449	(67,608)
As at 31 March 2025	65,715	(60,536)

26. LEASE LIABILITY

As at 31 March	Notes	Group/Company 2025/26 Rs. '000	Group/Company 2024/25 Rs. '000
Lease liability on Right-of-Use asset- Land	26.1	1,113,040	1,053,476
		1,113,040	1,053,476

26.1 Lease liability on Right-of-Use asset- Land

	Group/Company 2025/26 Rs. '000	Group/Company 2024/25 Rs. '000
Balance at the beginning of the year	1,053,476	863,136
Reassessment adjustment as at 01 April	71,927	200,492
Accretion of interest	157,557	148,908
Repayment during the year	(169,920)	(159,060)
Balance as at end of the year	1,113,040	1,053,476

The effect of adoption SLFRS 16 - Leases as at 01 April 2019 - Group/Company

	Group/Company Lease Liability Rs. '000	Group/Company Right-of-Use Assets - Land Rs. '000	Group/Company Retained Earnings Rs. '000
Balance as at 01 April 2019 (before intial application of SLFRS 16)	439,903	255,003	797,342
Transition adjustment due to initial application of SLFRS 16	126,518	311,418	184,899
Adjusted balance as at 01 April 2019 (at the intial application of SLFRS 16 Leases)	566,421	566,421	982,241

26.1.1 Maturity analysis of lease liability is as follows,

	Group/Company 2025/26 Rs. '000	Group/Company 2024/25 Rs. '000
Payable within one year		
Gross liability	169,920	159,060
Finance cost allocated to future periods	(155,826)	(147,487)
Net liability transferred to current liabilities	14,094	11,573
Payable within one to five years		
Gross liability	679,681	636,241
Finance cost allocated to future periods	(600,609)	(571,312)
Net liability	79,072	64,929
Payable after five years		
Gross liability	2,378,883	2,385,903
Finance cost allocated to future periods	(1,359,010)	(1,408,928)
Net liability	1,019,873	976,975
Net liability payable after one year	1,098,945	1,041,904

26. LIABILITY TO MAKE LEASE PAYMENT (CONTD.)

26.1.1 Maturity analysis of lease liability as follows, (Contd.)

The base rental payable per year Rs. 169,920,213/-.

The lease liability as at 01 April 2022 has been reassessed under the provisions of SLFRS 16 and both "Right of Use of Land" and "Lease Liability" has been enhanced. The Net Liability as at 31 March 2026 as follows:

	2025/26 Rs.'000	2024/25 Rs.'000
Gross liability	(3,398,404)	(3,340,264)
Finance charge	2,273,001	2,276,635
Net liability	(1,125,403)	(1,063,629)

Maturity analysis of gross lease liability are shown under Note. 36.3.

26.2 Lease liability

	Group/Company	
	2025/26 Rs. '000	2024/25 Rs. '000
Current liability	14,094	11,573
Non-current liability	1,098,945	1,041,904
Total lease liability as at 31 March 2026	1,113,049	1,053,477

27. TRADE AND OTHER PAYABLES

	Group		Company	
As at 31 March	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
Trade payables	724,579	420,803	173,462	117,545
Staff payables	521,967	455,927	521,967	455,927
Unclaimed dividends	44,041	30,367	44,041	30,367
Dividend Payable	119,000	160,392	119,000	160,392
Accruals and advance received from debtors	370,720	316,337	282,495	241,815
Sundry payables	852,647	695,394	662,662	615,614
	2,632,954	2,079,220	1,803,627	1,621,660

28. INCOME TAX

	Group		Company	
	2025/26 Rs. '000	2024/25 Rs. '000	2025/26 Rs. '000	2024/25 Rs. '000
28.1 Income Tax Payable				
As at 01 April	99,130	262,652	56,460	188,081
Subsidiaries/Parent taxation on current year's profit	232,551	330,598	75,986	180,166
Tax on Dividends	2,641	-	-	-
(Over)/under provision in respect of previous years	15,953	(2,015)	7,950	(1,765)
Cash paid during the year	(282,784)	(485,950)	(111,350)	(304,427)
ESC,WHT,ACT set-off against income tax	(10,966)	(6,194)	(8,807)	(5,595)
Effect of movements in exchange rates	(1,198)	39	-	-
As at 31 March	55,327	99,130	20,239	56,460

29. RELATED COMPANY BALANCES

29.1 Other related companies

As at 31 March	Group			
	2025/26		2024/25	
	Receivable Rs. '000	Payable Rs. '000	Receivable Rs. '000	Payable Rs. '000
Ultimate parent company				
Hayleys PLC	178	56,220	109	37,900
Intermediate parent				
Dipped Products PLC	9,730	-	11,538	428
Parent Company				
DPL Plantations (Pvt) Ltd.	-	-	-	-
Other related companies				
Martin Bauer Hayleys (Pvt) Ltd.	-	-	14,994	21,068
Hanwella Rubber Products Ltd.	2,510	20,935	-	1,052
Hayleys Agriculture Holdings Ltd.	129	2,140	-	9,826
Hayleys Agro Fertilizers (Pvt) Ltd.	-	70,476	-	4,077
Uni Dil Packaging Solution (Pvt) Ltd.	-	10,163	-	3,472
Uni Dil Packaging Ltd.	-	5,916	-	2,592
Talawakelle Tea Estates PLC.	8,297	8,453	2,371	5,413
Horana Plantations PLC	8,502	-	2,147	8
Hayleys Consumer Products Ltd.	39,105	8,293	60,840	9,068
Amaya Leisure PLC	-	770	-	3,689
Culture Club Resorts (Pvt) Ltd.	343	-	357	-
Haycarb Ltd.	303	-	-	-
The Kingsbury PLC	843	72	385	797
Amaya Beach Hotel	-	-	28	-
Sun Tan Beach Resorts Ltd.	-	-	184	-
IML Delivery Service (Pvt) Ltd.	38	-	-	-
Singer (Sri Lanka) PLC	1,754	1,001	1,322	756
Hayleys Business Solutions International (Pvt) Ltd.	285	893	-	1,191
Hayleys Fentons Limited.	1,131	-	549	5,171
Kandyan Resorts (Pvt) Ltd.	70	-	-	-
Alumex PLC	427	-	-	-
Advantis Freight (Pvt) Ltd.	-	2,851	51	106
Hayleys Travels (Pvt) Ltd.	-	2,595	-	2,490
S & T Interiors (Pvt) Ltd.	300	-	357	-
Toyo Cushion Lanka (Pvt) Ltd.	7,603	-	-	-
Bonterra Ltd.	190	-	-	-
Hayleys Aventura (Pvt) Ltd.	348	301	153	157
Advantis Project & Engineering (Pvt) Ltd.	-	-	-	970
Hayleys Engineering (Pvt) Ltd.	-	1,849	-	-
Logiwiz Ltd	3,333	-	4,703	-
Advantis Express (Pvt) Ltd	26	980	-	1,088
Lanka Tiles PLC	1,872	-	2,478	-
Rocell Bathware Limited.	94	-	94	-
Air Global (Pvt) Ltd.	65	-	-	-
Sun Tan Beach Resorts (Private) Limited	162	-	-	-
Celonex (Pvt) Ltd.	307	-	260	-
Cosco Shipping Lines Lanka (Pvt) Ltd.	41	13	-	116
Total	87,986	193,921	102,920	111,435

29.2 Other related companies

As at 31 March	Company			
	2025/26		2024/25	
Subsidiaries	**Receivable Rs. '000**	**Payable Rs. '000**	**Receivable Rs. '000**	**Payable Rs. '000**
Kalupahana Power Co. (Pvt) Ltd.	947	-	689	-
Mabroc Teas (Pvt) Ltd.	650,000	-	400,000	-
	650,947	-	400,689	-
Ultimate parent company				
Hayleys PLC	-	31,002	-	19,223
Intermediary ultimate parent				
Dipped Products PLC	4,963	-	11,538	428
Other related companies				
Martin Bauer Hayleys (Pvt) Ltd	-	-	14,669	184
Hanwella Rubber Products Ltd.	-	20,935	-	1,052
Hayleys Bussines Solutions Ltd.	-	486	-	708
Hayleys Agriculture Holdings Ltd.	-	775	-	9,777
Hayleys Agro Fertilizers (Pvt) Ltd.	-	70,476	-	4,077
Talawakelle Tea Estates PLC	8,297	8,453	2,371	5,413
Hayleys Travels (Pvt) Ltd.	-	1,547	-	2,472
Toyo Cushion Lanka (Pvt) Ltd.	7,603	-	-	-
Hayleys Consumer Products Ltd.	913	11	737	21
Advantis Project & Engineeering (Pvt) Ltd.	-	-	-	30
Singer Sri Lanka PLC	-	-	194	-
Horana Plantations PLC	7,810	-	2,147	8
Hayleys Fentons Limited	-	-	-	4,469
Total	29,586	133,685	31,656	47,862

30. ASSETS PLEDGED AS SECURITY

Following assets have been pledged as security for liabilities:

Company

	2025/26		
Nature of liability	**Facility (Rs. m)**	**Outstanding (Rs. m)**	**Security**
Overdraft			
Bank of Ceylon	100.00	Nil	Concurrent mortgage over stock in trade and debtors.
Sampath Bank PLC	30.00	Nil	Concurrent mortgage over stock in trade and debtors.

Subsidiary
Mabroc Teas (Pvt) Ltd.

Short-term borrowings (Foreign currency loans)	2025/26 Facility (USD m)	2025/26 Outstanding (Rs. m)	Security
Sampath Bank PLC	2.00	111	Hypothecation bond totaling USD 2 m and Rs. 210 m over stocks and book debts.

31. RELATED PARTY DISCLOSURES

Transactions with related parties were carried out at market price. Details of significant related party disclosures are as follows;

Recurrent Transactions

Company	Relationship	Nature of Transaction	Amount (paid)/received	
For the year ended 31 March			**2025/26 Rs. '000**	**2024/25 Rs. '000**
(A) Parent and Ultimate Parent Company				
The Company has controlling related party relationship with its parent company DPL Plantations (Pvt) Ltd.				
(i) Hayleys PLC	Ultimate parent	Office space together with other related facilities, finance and secretarial services	(190,825)	(177,812)

The managing agent DPL Plantations (Pvt) Ltd. has waived the management fees in its entirety effective from 2007.

(B) Transactions with key management personnel

Key management personnel includes, members of the Board of Directors of the Company and key employees holding directorships in the subsidiaries and other related Companies.

(i) Loans to Directors

No loans have been given to the Directors of the Company.

(ii) Key Management Personnel Compensation

For the year ended 31 March	2025/26 Rs. '000	2024/25 Rs. '000
Directors' emoluments	210,017	172,139

(C) Transactions with Subsidiaries

Company	Relationship	Nature of Transaction	Amount (paid)/received	
For the year ended 31 March			**2025/26 Rs. '000**	**2024/25 Rs. '000**
(i) Kalupahana Power Co. (Pvt) Ltd.	Subsidiary	Share of revenue	1,171	1,259
		Sale of tea	228,767	-
(ii) Mabroc Teas (Pvt) Ltd.	Subsidiary	Purchase of tea	-	(5,220)
(iii) Kelani Vally Resorts (Pvt) Ltd.	Subsidiary	Accommodation Charges-Oliphant Boutique Villa	(363)	-

The Company has sub leased an extent of 8 acres, 2 roods and 6.1 perches in Kalupahana estate to Kalupahana Power Co. (Pvt) Ltd.

31. RELATED PARTY DISCLOSURES (CONTD.)

(D) Transactions with other related Companies

Company	Relationship	Nature of transaction	Amount (paid)/received	
			2025/26 Rs. '000	2024/25 Rs. '000
(i) Dipped Products PLC	Intermediate parent	Sale of latex	243,129	174,704
		Purchase of skim crepe	(22,400)	(21,027)
(ii) Hanwella Rubber Products Ltd.	Affiliates	Purchase of skim crepe	(18,977)	(24,321)
(iii) DPL Premier Gloves (Pvt) Ltd.	Affiliates	Sale of latex	-	43,651
(iv) Hayleys Agro Fertilisers (Pvt) Ltd.	Affiliates	Purchase of fertilizers	(64,776)	(128,182)
(v) Hayleys Agriculture Holdings Ltd.	Affiliates	Purchase of chemicals	(38,011)	(9,943)
(vi) Rileys (Pvt) Ltd.	Affiliates	Sale of rubber products	-	4,175
(vii) Hayleys Consumer Products Ltd.	Affiliates	Payment for Rent	(138)	(115)
		Sale of cinnamon and cloves	7,091	664
(Viii) Talawakelle Tea Estates PLC.	Affiliates	Payment of Expences	(10,711)	(8,005)
(ix) Hayleys Business Solutions International (Pvt) Ltd.	Affiliates	Payment of executive payroll processing	(7,157)	(6,459)
(x) Fentons Ltd.	Affiliates	Solar System Installation	(5,154)	(31,040)
(xi) The Kingsbury PLC.	Affiliates	Services rendered for AGM and others	(3,189)	(3,142)
(xii) Logiwiz Ltd.	Affiliates	Storage & handling charges	(2,110)	(1,064)
(xiii) Hayleys Aventura (Pvt) Ltd.	Affiliates	Payment of repairs	(724)	(2,188)
(xiv) Horana Plantations PLC	Affiliates	Reimbursement of expenses	10,266	(571)
(xv) Toyo Cusion Lanka (Pvt) Ltd.	Affiliates	Sale of latex	56,364	37,174
(xvi) Singer Sri Lanka PLC	Affiliates	Purchase of electronic items	(8,711)	(334)
(xvii) Royal Ceramics Lanka PLC	Affiliates	Purchase of Equipments	(2,774)	(11,425)
(xviii) Advantis Frieght (Pvt) Ltd.	Affiliates	Storage & handling charges	(397)	(585)
(xix) Hayleys Travels (Pvt) Ltd.	Affiliates	Cost of air fair	(7,909)	(8,060)
(xx) Puritas (Pvt) Ltd.	Affiliates	Payment for maintainence	(492)	(1,406)
(xxi) Uni Dil Packaging Ltd.	Affiliates	Payment for corrugated cartoons	(2,609)	(603)
(xxii) Celonex (Pvt) Ltd.	Affiliates	Purchase of dye	(7)	(4)
(xxiii) Uni Dil Packaging Solutions Ltd.	Affiliates	Payment for corrugated cartoons	(12,935)	(1,776)
(xxiv) Delmege Forsyth & Company Ltd.	Affiliates	Refurbishment of head office	(19,540)	(775)
(xxv) Chals P Hayleys & Company(Pvt) Ltd.	Affiliates	Sale of Tea	186	-
(xxvi) Hayleys Fabric PLC	Affiliates	Sale of Tea	431	-
(xxvii) Hayleys Power Ltd.	Affiliates	Sale of Tea	105	-
(xxviii) Qualty Seeds Com.(Pvt) Ltd.	Affiliates	Sale of Tea	468	-
(xxix) Fentons Smart Facilities (Pvt) Ltd.	Affiliates	A/C Service Charge	(46)	-
(xxx) Singer Finance PLC	Affiliates	Investment in subordinated trust	(500,000)	-
(xxxi) Advantis Pro.& Eng. (Pvt) Ltd.	Affiliates	Payment For Purchase Of Plastic Seals	(820)	-
(xxxii) Energynet (Private) Limited.	Affiliates	Sealed Lead 12v Batteries	(74)	-

Non - Recurrent Transactions

(E) Transactions with FVTCI

Company	Relationship	Nature of Transaction	Amount (paid)/received	
For the year ended 31 March			2025/26	2024/25
			Rs. '000	Rs. '000
(i) Martin Bauer Hayleys (Pvt) Ltd.	Financial assets	Reimbursement of expenses	(979)	(1,287)

The Company has sub leased an extent of 1.0127 hectares in Ingestre estate and 2.2247 hectares in Blinkbonnie Estate to Martin Bauer Hayleys (Pvt) Ltd .

There are no non-recurrent related party transactions where aggregate value exceeds 10% of the equity or 5% of total assets and recurrent related party transactions where aggregate value exceeds 10% of gross revenue/income.

There are no related party transactions and balances other than those disclosed above and in Notes 29 to the Financial Statements.

32. CONTINGENT LIABILITIES

There are no known contingent liabilities exist as at the statement of financial position date.

33. CAPITAL EXPENDITURE COMMITMENTS

There were no material capital commitments as at the reporting date. However, the budgeted capital expenditure approved but, not committed by the Company for the financial year 2026/27 amounts to Rs.738,247,228 /- (2025/26 Rs.902,645,071/-).

34. EVENTS OCCURRING AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

No circumstances have arisen since the reporting date which require adjustments to or disclosure in the Financial Statements.

35. SEGMENTAL ANALYSIS

Group	Tea		Rubber		Others		Unallocated		Total	
	2025/26 Rs.'000	2024/25 Rs.'000	2025/26 Rs.'000	2024/25 Rs.'000	2025/26 Rs.'000	2024/25 Rs.'000	2025/26 Rs.'000	2024/25 Rs.'000	2025/26 Rs.'000	2024/25 Rs.'000
Segmental assets										
Non-current assets	3,942,381	3,569,782	3,447,091	3,385,863	1,146,356	732,135	1,848,403	1,559,825	10,384,231	9,247,605
Current assets	4,541,152	3,808,150	627,488	522,270	196,084	178,075	2,500,697	2,765,084	7,865,421	7,273,579
Total assets	8,483,533	7,377,932	4,074,579	3,908,133	1,342,440	910,210	4,349,100	4,324,909	18,249,652	16,521,184
Segmental liabilities										
Non-current liabilities	1,647,272	1,535,608	699,653	679,342	23,930	24,457	2,155,582	2,057,072	4,526,437	4,296,479
Current liabilities	2,918,383	2,189,191	266,042	184,230	18,061	20,820	1,183,656	1,154,161	4,386,142	3,548,402
Total liabilities	4,565,655	3,724,799	965,695	863,572	41,991	45,277	3,339,238	3,211,233	8,912,579	7,844,881
Non-interest bearing liabilities										
Deferred taxation	-	-	-	-	-	-	1,321,797	1,181,062	1,321,797	1,181,062
Retirement benefit obligations	1,080,586	1,031,043	429,275	407,630	1,647	1,385	-	-	1,511,508	1,440,058
Trade & other payables	1,136,889	690,194	723,118	650,163	13,189	11,055	759,758	727,808	2,632,954	2,079,220
Total depreciation	244,630	226,341	157,349	152,203	24,409	24,136	76,403	60,300	502,791	462,980
Amortisation of right of use assets	28,708	30,259	24,570	25,226	-	-	1,209	2,200	54,487	57,685
Capital expenditure	98,705	301,607	163,113	161,824	418,444	292,767	244,080	198,142	924,343	954,340
Company										
Segmental assets										
Non-current assets	2,603,920	2,339,355	3,447,091	3,385,863	1,055,391	635,396	1,815,095	1,559,826	8,921,497	7,920,440
Current assets	567,313	593,234	627,488	522,270	-	-	2,500,697	2,765,084	3,695,498	3,880,588
Total assets	3,171,233	2,932,589	4,074,579	3,908,133	1,055,391	635,396	4,315,792	4,324,910	12,616,995	11,801,028
Segmental liabilities										
Non-current liabilities	1,455,722	1,361,302	699,653	679,342	-	-	2,155,582	2,057,072	4,310,957	4,097,716
Current liabilities	521,947	399,163	266,042	184,230	-	-	1,183,656	1,154,162	1,971,645	1,737,555
Total liabilities	1,977,669	1,760,465	965,695	863,572	-	-	3,339,238	3,211,234	6,282,602	5,835,271
Non-interest bearing liabilities										
Deferred taxation	-	-	-	-	-	-	1,186,907	1,075,955	1,186,907	1,075,955
Retirement benefit obligations	1,001,643	951,137	429,275	407,630	-	-	-	-	1,430,918	1,358,767
Trade & other payables	320,751	243,688	723,118	650,163	-	-	759,758	727,809	1,803,627	1,621,660
Total depreciation	123,377	115,683	157,349	152,203	13,563	12,912	76,403	60,300	370,692	341,098
Amortisation of right of use assets	28,708	30,259	24,570	25,226	-	-	-	-	53,278	55,485
Capital expenditure	19,721	-	163,113	161,824	413,782	290,039	244,080	198,142	840,696	650,005

Information in respect of geographical segments was considered not significant enough to be disclosed as explained under segment reporting in accounting policies.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, Forward Exchange Contract and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and trade and other receivables, and cash and short-term deposits that arise directly from its operations. Accordingly the Group has exposure to mainly Credit Risk, Liquidity Risk, Currency Risk and Market Risks from its use of financial instruments.

This note presents information about the Groups exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

36.1 Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the group's financial risk management framework which includes developing and monitoring the Group's financial risk management policies.

The Group financial risk management policies are established to identify, quantify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls and to monitor financial risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The KVPL Audit Committee oversees how management monitors compliance with the Group's financial risk management policies and procedures and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Group.

36.2 Credit Risk

Credit Risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Group's receivable from customers and from its financing activities including deposits with banks and financial institution's foreign exchange transactions and other financial instruments.

As at 31 March 2026	Trade Receivables					
		Days past due				
	Current	61-120 days	121-180 days	181-365 days	> 365 days	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Expected credit loss rate (%)	0.12	1	4	7	12	-
Estimated total gross carrying amount at default	-	-	3,428	530	150	4,109
Expected credit loss rate	-	-	137	37	18	192

As at 31 March 2025	Trade Receivables					
		Days past due				
	Current	61-120 days	121-180 days	181-365 days	> 365 days	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Expected credit loss rate (%)	0.12	1	4	7	12	-
Estimated total gross carrying amount at default	-	-	2,487	1,336	-	3,823
Expected credit loss rate	-	-	99	94	-	193

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

36.2.1 Trade and Other Receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The new customers are analysed individually for credit worthiness before Group's standard payment and delivery terms and conditions are offered. Group review includes external ratings, when available and in some cases, bank references, purchases limit etc. which also subject to under review on quarterly basis. The past experience of the management is considered when revisions are made to terms and conditions.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 4,361 m (2024/25- Rs. 2,675 m).

KVPL has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea and Rubber auction systems.

MTPL has the largest exposure to credit risk as a major portion of the trade receivables are from foreign currencies. All open account debtors are covered with export credit Insurance. Settlement of other debtors are carried through banks.

36.2.2 Investments

Credit risk from invested balances with the financial institutions are managed by the Hayleys Group Treasury Department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore, mitigate financial loss through potential counterparty's failure.

The Group held short-term investments of Rs.1,314 m as at 31 March 2026 (2024/25- Rs.2,324 m) which represents the maximum credit exposure on these assets.

36.2.3 Cash and Cash Equivalents

The Group held cash at bank and in hand of Rs. 215 m as at 31 March 2026 (2024/25- Rs. 295 m) which represents its maximum credit exposure on these assets.

- Sampath Bank PLC – AA-(lka)
- Hatton National Bank PLC –AA-(lka)
- Bank of Ceylon – AA-(lka)
- Citi Bank N.A. – AAA(lka)
- Hong Kong and Shanghai Banking Corporation Ltd – AAA(lka)
- DFCC Bank PLC – A-(lka)
- National Development Bank PLC – BBB(lka)

36.3 Liquidy Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group does not concentrate on a single financial institution, thereby minimising the exposure to liquidity risk through diversification of funding sources. The Group aims to fund investment activities of the individual and Group level by funding the long-term investment with long-term financial sources and short-term investment with short-term financing. Where necessary, the Group consults the Treasury Department and Strategic Business Development Unit in Parent Company for scrutinising the funding decisions.

The table below summarises the maturity profile of the Groups financial liabilities based on contractual undiscounted payments.

As at 31 March 2026	On Demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	2 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Group						
Interest bearing loans & borrowing	6,178	380,792	1,102,876	-	-	1,489,846
Lease liability on right-of-use asset- land	14,160	28,320	127,440	679,681	2,548,803	3,398,404
Trade & other payables	852,647	1,780,307	-	-	-	2,632,954
	872,985	2,189,418	1,230,315	679,681	2,548,803	7,521,204
Company						
Lease liability on right-of-use asset- land	14,160	28,320	127,440	679,681	2,548,803	3,398,404
Trade & other payables	662,662	1,140,965	-	-	-	1,803,627
	676,822	1,169,285	127,440	679,681	2,548,803	5,202,032

As at 31 March 2025	On Demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	2 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Group						
Interest bearing loans & borrowing	1	348,854	898,188	12,365	-	1,259,409
Lease liability on right-of-use asset- land	13,255	26,510	119,295	636,241	2,544,963	3,340,264
Trade & other payables	695,394	1,383,826	-	-	-	2,079,220
	708,650	1,759,190	1,017,483	648,606	2,544,963	6,678,893
Company						
Lease liability on right-of-use asset- land	13,255	26,510	119,295	636,241	2,544,963	3,340,264
Trade & other payables	615,614	1,006,045	-	-	-	1,621,659
	628,869	1,032,555	119,295	636,241	2,544,963	4,961,923

The interest cost has been disclosed in Note 8.2 to the Financial Statements.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

36.4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk & other price risk such as equity price risk. Financial instrument affected by market risk include loans & borrowings, deposits, available for sale investment & derivative financial instruments.

36.4.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group has not engaged in any interest rate swap agreements.

The Group held long-term borrowings with floating interest rates of Rs. 13 m (2024/25 – Rs. 62 m) which represents its maximum credit exposure on these liabilities.

Interest rate sensitivity

The following table demonstrates sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's Profit Before Tax is affected through the impact on floating rate borrowings as follows:

	Increase/ decrease in Interest rate	Effect on profit before tax Rs.'000
Group		
2025/26	+1%	132
	-1%	(132)
2024/25	+1%	618
	-1%	(618)
Company		
2025/26	+1%	-
	-1%	-
2024/25	+1%	-
	-1%	-

36.4.2 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on sales, purchases and borrowings and net investments in foreign subsidiaries that are denominated in a currency other than the respective functional currencies of the Group.

These currencies primarily are the USD and CNY.

The Group hedges its exposure to fluctuations on the translation of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency forward contracts. Group treasury closely monitors the exchange rate fluctuations and advises on a regular basis.

Foreign Capital Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant. The impact on the Group's Profit Before Tax is due to changes in fair value of monetary assets and liabilities.

Group	Increase/ decrease in basis points	Effect on profit before tax Rs.'000
2025/26		
USD	5%	29,499
CNY	5%	17,973
EURO	5%	3,849
JPY	5%	5,733
USD	-5%	(29,499)
CNY	-5%	(17,973)
EURO	-5%	(3,849)
JPY	-5%	(5,733)
2024/25		
USD	5%	17,150
CNY	5%	15,470
EURO	5%	1,280
JPY	5%	2,939
USD	-5%	(17,150)
CNY	-5%	(15,470)
EURO	-5%	(1,280)
JPY	-5%	(2,939)

36.4.3 Equity Price Risk

The Group's listed & unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt & equity securities in its investment portfolio based on market indices. Material investment within the portfolio are Managed on an individual basis and all buy and sell decision are approved by the Board. Equity price risk is not material to the Financial Statements. However company does not hold any quoted shares as at reporting date.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

36.4.4 Capital Management

The Group's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retain earning & non-controlling interest of the Group. The Board of Directors monitors the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

	Group		Company	
As at 31 March	**2025/26 Rs. '000**	**2024/25 Rs. '000**	**2025/26 Rs. '000**	**2024/25 Rs. '000**
i. Interest bearing borrowings				
Current portion of long-term interest bearing borrowings	13,167	49,458	-	-
Payable within 2 and 5 years	-	12,365	-	-
ii . Lease liability				
Current portion of liability to make lease payment	14,094	11,573	14,094	11,573
Payable within 2 and 5 years	79,072	64,929	79,072	64,929
Payable later than 5 years from year-end	1,019,873	976,975	1,019,873	976,975
iii. Short-term Interest bearing borrowings	1,470,501	1,197,585	-	-
iv. Bank overdraft	6,178	1	-	-
Total debts	2,602,886	2,312,885	1,113,040	1,053,477
Equity	9,236,023	8,578,141	6,334,393	5,965,757
Equity & debts	11,838,909	10,891,026	7,447,433	7,019,233
Gearing ratio	22%	21%	15%	15%

Annexures

Period Ended	2025/26 31-Mar (12 Months) Rs.'000	2024/25 31-Mar (12 Months) Rs.'000	2023/24 31-Mar (12 Months) Rs.'000	2022/23 31-Mar (12 Months) Rs.'000	2021/22 31-Mar (12 Months) Rs.'000	2020/21 31-Mar (12 Months) Rs.'000	2019/20 31-Mar (12 Months) Rs.'000	2018/19 31-Mar (12 Months) Rs.'000	2017/18 31-Mar (15 Months) Rs.'000	2016/17 31-Dec (12 Months) Rs.'000
Trading Results										
Revenue	19,436,430	21,640,793	19,968,249	20,704,226	12,925,850	11,760,469	8,909,174	9,166,118	8,642,220	6,852,262
Gross profit	2,570,448	2,678,346	3,043,038	3,658,360	2,264,637	1,756,634	844,957	967,084	1,091,683	617,739
Profit/(loss) before tax	1,233,890	1,380,770	1,849,441	3,040,670	1,965,171	947,521	(22,772)	447,767	202,487	12,474
Profit/(loss) after tax	838,640	941,786	1,182,832	2,087,844	1,777,464	802,185	(87,019)	387,913	160,422	(15,349)
Balance Sheet										
Funds Employed										
Stated capital	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Revenue reserves	8,896,023	8,238,141	7,523,982	6,815,218	5,552,995	3,909,055	3,097,193	2,982,544	2,677,740	2,580,914
Total equity attributable to equity holders of the company	9,236,023	8,578,141	7,863,982	7,155,218	5,892,995	4,249,055	3,437,193	3,322,544	3,017,740	2,920,914
Non-Controlling interest	101,050	98,162	69,048	49,582	49,085	41,182	41,882	33,380	31,470	33,475
Lease liability	1,098,945	1,041,904	854,897	631,871	599,964	599,096	587,014	437,712	439,902	441,841
Amounts due to other related companies	-	-	-	-	-	-	13,086	28,392	43,041	36,286
Interest Bearing Borrowings	-	12,365	62,604	17,456	125,574	193,108	270,817	162,924	299,131	368,375
Other financial liabilities	-	-	-	-	-	71,454	200,411	-	-	-
Bank Overdraft	6,178	-	233	150,915	29,534	141,477	634,929	675,083	219,827	274,302
	10,442,196	9,730,572	8,850,764	8,005,042	6,697,152	5,295,372	5,185,332	4,660,035	4,051,113	4,075,193
Assets Employed										
Non-current assets	10,384,231	9,247,605	8,441,415	7,844,790	7,226,828	7,140,577	7,186,006	6,034,828	5,456,908	5,443,706
Current assets	7,865,421	7,273,579	6,663,847	6,490,119	5,284,347	3,611,819	2,185,654	2,651,826	2,329,463	1,813,705
Current liabilities	(4,379,964)	(3,548,402)	(3,232,623)	(3,607,339)	(3,663,172)	(3,254,384)	(2,002,323)	(1,914,931)	(1,812,969)	(1,372,311)
Retirement benefit obligations	(1,511,508)	(1,440,058)	(1,263,546)	(1,077,144)	(1,034,290)	(1,073,035)	(1,152,014)	(1,109,974)	(916,919)	(816,560)
Deferred tax liability	(1,321,797)	(1,181,062)	(1,102,838)	(992,118)	(444,120)	(462,162)	(415,361)	(405,363)	(427,497)	(457,659)
Deferred income	(594,187)	(621,090)	(655,491)	(653,266)	(672,440)	(667,443)	(616,630)	(596,351)	(577,874)	(535,688)
Capital employed	10,442,196	9,730,572	8,850,764	8,005,042	6,697,152	5,295,372	5,185,332	4,660,035	4,051,113	4,075,193
Key Indicators										
Gross profit margin %	13.22	12.38	15.24	17.67	17.52	14.94	9.48	10.55	12.60	9.02
Current ratio (times)	1.79	2.05	2.06	1.73	1.43	1.06	0.83	1.02	1.15	1.10
Turnover to capital employed (times)	1.86	2.22	2.26	2.59	1.93	2.22	1.72	1.97	2.13	1.68
Return on shareholders' fund %	9.01	10.64	14.92	29.17	30.03	18.71	(2.78)	11.40	5.19	(0.64)
Earning per share (Rs.) *	12.24	13.42	17.26	30.70	26.02	11.69	(1.40)	11.14	4.56	(0.55)
Net assets per share (Rs.) *	135.82	126.15	115.65	105.22	86.66	62.49	50.55	48.86	44.38	42.95
Dividend per share (Rs.)	3.45	2.60	3.75	10.00	4.45	3.00	-	-	1.00	-
Dividend payout ratio % *	28.18	19.37	21.73	32.58	17.10	25.66	-	-	43.82	-
Price earnings (Times) *	6.48	6.12	4.29	2.33	2.23	3.21	-	8.35	17.53	-
Market value (Rs.) *	79.50	82.20	74.00	70.50	58.00	37.50	80.00	93.00	80.00	82.00

* Due to company's shares were sub-divided by splitting each issued ordinary share into two ordinary shares,comparative key indicators (Share related) also ammended accordingly.

Investor Information

1. STOCK EXCHANGE LISTING

The ordinary shares of Kelani Valley Plantations PLC are listed with the Colombo Exchange. The audited Company and Consolidated Statements of Profit or Loss for the year ended 31 March 2026 and the audited Statement of Financial Position of the Company and of the Group as at the date have been submitted to the Colombo Stock Exchange within three months of the Statement of Financial Position date.

2. ORDINARY SHAREHOLDERS AS AT 31 MARCH 2026

As at 31 March 2026, there were 16,338 (31 March 2025 - 16,155) registered shareholders.

	Residents			Non-Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	15,481	3,723,467	5.48	12	4,658	0.00	15,493	3,728,125	5.48
1,001 - 10,000	673	2,227,666	3.28	9	33,182	0.05	682	2,260,848	3.33
10,001 - 100,000	134	3,293,716	4.84	1	40,000	0.06	135	3,333,716	4.90
100,001 -1,000,000	21	3,850,776	5.66	3	1,084,790	1.60	24	4,935,566	7.26
Over 1,000,000	4	53,741,745	79.03	-	-	0.00	4	53,741,745	79.03
Total	16,313	66,837,370	98.29	25	1,162,630	1.71	16,338	68,000,000	100.00

	Residents			Non-Residents			Total		
No. of Shares held	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	16,163	10,617,062	15.61	25	1,162,630	1.71	16,188	11,779,692	17.32
Institutions	150	56,220,308	82.68	-	-	0.00	150	56,220,308	82.68
Total	16,313	66,837,370	98.29	25	1,162,630	1.71	16,338	68,000,000	100.00

3. MARKET VALUE

The market value of Kelani Valley Plantations PLC ordinary shares :

	2025/26		2024/25	
Highest - Price	Rs.104.00	08.10.2025 & 30.09.2025	Rs. 98.90	17/01/2025
Lowest - Price	Rs. 74.00	23/03/2026	Rs. 66.10	03/09/2024
Closing - Price	Rs.79.50	31/03/2026	Rs. 82.20	28/03/2025

4. DIVIDEND PAYMENT 2025/26

First interim dividend Rs.0.60 per share, Second interim dividend Rs 1.10 per share and Third interim dividend Rs 1.75 per share (2024/25- interim dividend Rs.2.60 per share)

5. SHARE TRADING

	2025/26	2024/25
Number of transactions	12,274	13,663
Number of shares traded	12,955,959	11,473,409
Value of shares traded (Rs.)	1,222,654,121.30	966,059,575

6. FIRST TWENTY SHAREHOLDERS AS AT 31 MARCH 2026

	Name of Shareholder	No. of Shares as at 31.03.2026	%	No. of Shares as at 31.03.2025	%
1	DPL PLANTATIONS (PRIVATE) LIMITED	49,253,800	72.43	49,253,800	72.43
2	HAYLEYS PLC	1,751,306	2.58	-	-
3	SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	1,697,131	2.50	-	-
4	BANK OF CEYLON A/C CEYBANK UNIT TRUST	1,039,508	1.53	1,039,508	1.53
5	DR. DILESH JAYANNTHA	647,000	0.95	568,200	0.84
6	MR. TALIB TAWFIQ TALIB AL-NAKIB (DECEASED)	610,000	0.90	610,000	0.90
7	MR. BUDRIKA TARUSHA DE S WEERASOORIA	297,976	0.44	172,488	0.25
8	MR. HASHIM AHMED ALSAYID HASHIM ALGHARABALLY	291,400	0.43	291,400	0.43
9	COMMERCIAL BANK OF CEYLON PLC/ PREMPRA CAPITAL (PVT) LTD	275,000	0.40	-	-
10	CITIZENS DEVELOPMENT BUSINESS FINANCE ACCOUNT NO. 01	274,068	0.40	-	-
11	TRADING PARTNERS (PVT) LTD	257,273	0.38	249,098	0.37
12	MRS. JASBINDERJIT KAUR PIARA SINGH	183,390	0.27	200,000	0.29
13	MR. SARATH CLEMENT GANEGODA	165,000	0.24	165,000	0.24
14	MR. ALLAN JAGATH MONESH JINADASA	160,000	0.24	106,000	0.16
15	DR. MOHAMED ARAFATH AKRAM MOHAMED AKRAM	160,000	0.24	625,205	0.92
16	MR. ZOEBALY GULAMABASS CARIMJEE	147,734	0.22	147,734	0.22
17	MR. CHANDIMA BANDARA WELAGEDARA	144,000	0.21	134,000	0.20
18	MR. GEORGE MOHAN WEERAKOON	143,822	0.21	231,956	0.34
19	SENKADAGALA FINANCE PLC/M.SIRIDARAN	140,000	0.21	-	-
20	MR. MOHAMED HEEBATHULLA MUHAMMATH FAWSAN	136,543	0.20	200,000	0.29
	SUBTOTAL	57,774,951	84.96	53,994,389	79.40
	OTHERS	10,225,049	15.04	14,005,611	20.60
	TOTAL	68,000,000	100.00	68,000,000	100.00

7. DIRECTORS' SHAREHOLDINGS -(AS DEFINED IN COLOMBO STOCK EXCHANGE RULES)

	Name of the Director	As at 31/03/2026	As at 31/03/2025
	Mr. A.M. Pandithage - Chairman	-	-
	Dr. W.G.R. Rajadurai - Managing Director	5,382	4,382
	Mr. S. B. Alawattegama - Chief Executive Officer (Appointed on 01/08/2025)	-	
	Mr. F. Mohideen	-	-
	Mr. S.C. Ganegoda	165,000	165,000
	Mr. N. Ekanayake	-	-
	Mr. S.P.Peiris	-	-
	Mr. M.C.B. Talwatte	-	-
	Mrs. S. Amarasekera, PC	-	-
	Mr. T. M. Hewagama (Appointed on 15/09/2025)		
	Mr. A. Weerakoon (Resigned w.e.f. 31/07/2025)		
	Mr. Chatura Cabraal (Resigned w.e.f. 15/09/2025)		
		170,382	**169,382**

8. THE PERCENTAGE OF ORDINARY SHARES HELD BY THE PUBLIC WAS 24.74% (2024/25 - 27.32%) OF THE ISSUED SHARE CAPITAL AS AT 31 MARCH 2026

- There were no non-voting shares as at 31 March 2026.
- Total No. of shareholders represent in the public holding: 16,333
- Float adjusted market capitalization (Rs.) 1,337,548,704.00
- The Company complies with option 5 of the Listing Rules 7.13.1 (i) (a) Less than Rs.2.5Bn Float Adjusted Market Capitalization which requires 20% minimum Public Holding.

Independent Assurance Report

GRI 2-5

Shape the future with confidence

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Independent practitioner's assurance report to the Board of Directors of Kelani Valley Plantations PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2025/26

Scope

We have been engaged by Kelani Valley Plantations PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Kelani Valley Plantations PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Kelani Valley Plantations PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Kelani Valley Plantations PLC

In preparing the Subject Matter, Kelani Valley Plantations PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org

(GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022)

- CSE Sustainability Reporting Guide (version 3) issued by Colombo Stock Exchange (2023)
- Requirements of the frameworks given in the Non-Financial Reporting Guideline issued by Institute of Chartered Accountants of Sri Lanka (2022)
- Requirements of section III H.1 to H.5 of Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and Institute of Chartered Accountants of Sri Lanka (2023)

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Kelani Valley Plantations PLC's responsibilities

Kelani Valley Plantations PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Kelani Valley Plantations PLC on 06 May 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

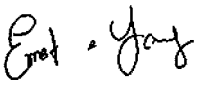
- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

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

Emphasis of matter
Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion
Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Kelani Valley Plantations PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



01 June 2026
Colombo

GRI Index Table

Statement of Use	Kelani Valley Plantations PLC has reported in accordance with the GRI Standards for the period from 1st April 2025 to 31st March 2026.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard (s)	GRI 13: Agriculture, Aquaculture, and Fishing

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirment Omitted	Reason	Explanation	
GRI 2: General Disclosure						
2-1	Organizational details	8, Inner Backcover				
2-2	Entities included in the organization's sustainability reporting	47				
2-3	Reporting period, frequency and contact point	4,5				
2-4	Restatements of information	4,49				
2-5	External assurance	5,70, 349				
2-6	Activities, value chain and other business relationships	52,187,189				
2-7	Employees	148-149				
2-8	Workers who are not employees	148				
2-9	Governance structure and composition	217,223,224				
2-10	Nomination and selection of the highest governance body	223,231,270				
2-11	Chair of the highest governance body	224				
2-12	Role of the highest governance body in overseeing the management of impacts	228,229				
2-13	Delegation of responsibility for managing impacts	224				
2-14	Role of the highest governance body in sustainability reporting	5,66,242				
2-15	Conflicts of interest	217,237				
2-16	Communication of critical concerns	231				
2-17	Collective knowledge of the highest governance body	74, 217, 228, 229				
2-18	Evaluation of the performance of the highest governance body	232				
2-19	Remuneration policies	233				
2-20	Process to determine remuneration	233				
2-21	Annual total compensation ratio	234				
2-22	Statement on sustainable development strategy	34				
2-23	Policy commitments		2-23	Information unavailable	We do not gather sufficient informations	
2-24	Embedding policy commitments		2-24	Information unavailable	We do not gather sufficient informations	
2-25	Processes to remediate negative impacts	163,166				
2-26	Mechanisms for seeking advice and raising concerns	166,227				
2-27	Compliance with laws and regulations	186,193,228				
2-28	Membership associations	49				
2-29	Approach to stakeholder engagement	44,45,46				
2-30	Collective bargaining agreements	45,165,166				

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirment Omitted	Reason	Explanation	
GRI 3: Material Topics						
3-1	Process to determine material topics	48				
3-2	List of material topics	49,50				
3-3	Management of material topics	50,146,181, 186,204				
13.1 Emissions						
13.1.1	Management of material topics	209				13.1.1
305-6	Emissions of ozone-depleting substances (ODS)	210				13.1.11
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	210				13.1.12
13.2 Climate adaptation						
13.2.1	Management of material topics	197				13.2.1
13.3 Biodiversity						
13.3.1	Management of material topics	199				13.3.1
101-1	Policies to halt and reverse biodiversity loss		101-1	Information unavailable	Currently we are not gathering information	13.3.2
101-2	Management of biodiversity impacts		101-2			13.3.3
101-3	Access and benefit-sharing		101-3			13.3.4
101-4	Identification of biodiversity impacts		101-4			13.3.5
101-5	Locations with biodiversity impacts		101-5			13.3.6
101-6	Direct drivers of biodiversity loss		101-6			13.3.7
101-7	Changes to the state of biodiversity		101-7			13.3.8
101-8	Ecosystem services		101-8			13.3.9
13.4 Natural ecosystem conversion						
13.4.1	Management of material topics	199				13.4.1
13.4.2	Deforestation- and conversion-free production		13.4.2	Information unavailable	Currently we are not gathering information	13.4.2
13.4.3	Deforestation- and conversion-free sourcing		13.4.3			13.4.3
13.4.4	Natural ecosystems converted by the organization		13.4.4			13.4.4
13.4.5	Natural ecosystems converted by suppliers		13.4.5			13.4.5
13.5 Soil health						
13.5.1	Soil health - Management of material topics*	207				13.5.1
13.6 Pesticides use						
13.6.1	Management of material topics	50,169, 205				13.6.1
13.6.2	Pesticides used by toxicity hazard levels		13.6.2	Information unavailable	we do not gather suffient Information	13.6.2
13.7 Water and effluents						
13.7.1	Management of material topics	207				13.7.1
303-1	Interactions with water as a shared resource	207				13.7.2
303-2	Management of water discharge-related impacts	207				13.7.3
303-3	Water withdrawal	207				13.7.4
303-4	Water discharge	207				13.7.5
303-5	Water consumption	207				13.7.6
13.8 Waste						
13.8.1	Management of material topics	208				13.8.1
306-1	Waste generation and significant waste-related impacts	208				13.8.2
306-2	Management of significant waste-related impacts	208				13.8.3
306-3	Waste generated**	208				13.8.4

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirment Omitted	Reason	Explanation	
306-4	Waste diverted from disposal	208				13.8.5
306-5	Waste directed to disposal	208				13.8.6
13.9 Food security						
13.9.1	Management of material topics	50				13.9.1
13.9.2	Food loss	50,185				13.9.2
13.10 Food Safety						
13.10.1	Management of material topics	191,193				13.10.1
416-1	Assessment of the health and safety impacts of product and service categories	193				13.10.2
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	193				13.10.3
13.10.4	Food safety certification	205				13.10.4
13.10.5	Food safety recalls		13.10.5	Information Unavailable	we do not gather suffient Information	13.10.5
13.12 Local communities						
13.12.1	Management of material topics	176				13.12.1
413-1	Operations with local community engagement, impact assessments, and development programs	174,176,179				13.12.2
413-2	Operations with significant actual and potential negative impacts on local communities	186				13.12.3
13.13 Land and resource rights						
13.13.1	Management of material topics	186				13.13.1
13.13.2	Operations where land and natural resource rights may be affected		13.13.2	Information Unavailable	we do not gather suffient Information	13.13.2
13.13.3	Violations of land and natural resource rights		13.13.3	Information Unavailable	we do not gather suffient Information	13.13.3
13.15 Non-discrimination and equal opportunity		165				
13.15.1	Management of material topics	148				13.15.1
405-1	Diversity of governance bodies and employees	148				13.15.2
405-2	Ratio of basic salary and remuneration of women to men*	165				13.15.3
406-1	Incidents of discrimination and corrective actions taken	163,164,165				13.15.4
13.15.5	Employment and compensation based on nationality and migrant status		13.15.5	Information Unavailable	we do not gather suffient Information	13.15.5
13.16 Forced or compulsory labor						
13.16.1	Management of material topics	164				13.16.1
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	165				13.16.2
13.17 Child labor						
13.17.1	Management of material topics	157				13.17.1
408-1	Operations and suppliers at significant risk for incidents of child labor	164				13.17.2
13.18 Freedom of association and collective bargaining						
13.18.1	Management of material topics	166				13.18.1
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	165,166				13.18.2
13.19 Occupational health and safety						
13.19.1	Management of material topics	166				13.19.1

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirment Omitted	Reason	Explanation	
403-1	Occupational health and safety management system	166,168				13.19.2
403-2	Hazard identification, risk assessment, and incident investigation	166,168,169				13.19.3
403-3	Occupational health services**	166,168				13.19.4
403-4	Worker participation, consultation, and communication on occupational health and safety	166,168				13.19.5
403-5	Worker training on occupational health and safety	166,168,169				13.19.6
403-6	Promotion of worker health	166,168				13.19.7
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	166,168				13.19.8
403-8	Workers covered by an occupational health and safety management system	166,168				13.19.9
403-9	Work-related injuries	166				13.19.10
403-10	Work-related ill health	166				13.19.11
13.20 Employment practices						
13.20.1	Employment practices - Management of material topics*	164-165				13.20.1
13.21 Living income and living wage						
13.21.1	Management of material topics	148				13.21.1
13.21.2	Wage and payment terms in collective bargaining agreements		13.21.2	Information Unavailable	we do not gather suffient Information	13.21.2
13.21.3	Living wage	148,165,166				13.21.3
13.22 Economic inclusion						
13.22.1	Management of material topics	109				13.22.1
201-1	Direct economic value generated and distributed	125				13.22.2
203-1	Infrastructure investments and services supported	176				13.22.3
203-2	Significant indirect economic impacts	176				13.22.4
13.23 Supply chain traceability						
13.23.1	Management of material topics	192				13.23.1
13.23.2	Traceability of products sourced	192				13.23.2
13.23.3	Traceability certification	192				13.23.3
13.23.4	Projects for supplier traceability certifications	192				13.23.4
13.24 Public policy						
13.24.1	Management of material topics	186				13.24.1
415-1	Political contributions	186				13.24.2
13.25 Anti-competitive behavior						
13.25.1	Management of material topics	163				13.25.1
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		206-1	information Unavailable	Currently we are not gathering information of Legal Actions for Anti competitive Behaviour	13.25.2
13.26 Anti-corruption						
13.26.1	Management of material topics	163				13.26.1
205-1	Operations assessed for risks related to corruption	163,165				13.26.2

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirment Omitted	Reason	Explanation	
205-2	"Communication and training about anti-corruption policies and procedures"	163,165				13.26.3
205-3	Confirmed incidents of corruption and actions taken	227				13.26.4
GRI 402: Labor/Management Relations						
402-1	Minimum notice periods regarding operational changes	166				
GRI 404: Training and Development 2016						
404-1	Average hours of training per year per employee	160				
404-2	Programs for upgrading employee skills and transition assistance programs	152,160				
404-3	Percentage of employees receiving regular performance and career development reviews	159				
GRI 401: Employment						
401-1	New employee hires and employee turnover	150				
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	154,155				
401-3	Parental Leave	154,158				
202-2	Proportion of senior managemenet hired from the local community	150				
GRI 415: Public Policy						
415-1	Political contributions	186				
GRI 301: Materials						
301-1	Materials used by weight or volume	204,205				
301-2	Recycled input materials used	205				
301-3	Reclaimed products and their packaging materials	205				
GRI 302: Energy						
302-1	Energy consumption within the organization	206				
302-2	Energy consumption outside the organization		302-2	Information unavailable	Currently we are not gathering information of energy consumsion outside the organisation	
302-3	Energy Intensity	206				
302-4	Reduction of energy consumption	206				
302-5	Reductions in energy requirements of products and services	207				
GRI 305: Emissions						
305-1	Direct (Scope 1) GHG Emissions	208				
305-2	Energy Indirect (Scope 2) GHG Emissions	208				
305-3	Other Indirect (Scope 3) GHG Emissions	208				
305-4	GHG Emission Intensity	209				
305-5	Reduction of GHG Emissions	208				

Topics in the applicable GRI Sector standards determined as not materal

TOPIC	EXPLANATION
GRI 13: Agriculture,Aquaculture and Fishing Sectors 2022	
13.3.2: Policies to halt and reverse biodiversity loss	Currently we are not gathering information
13.3.3: Management of biodiversity impacts	Currently we are not gathering information
13.3.4: Access and benefit-sharing	Currently we are not gathering information
13.3.5: Identification of biodiversity impacts	Currently we are not gathering information
13.3.6: Locations with biodiversity impacts	Currently we are not gathering information
13.3.7: Direct drivers of biodiversity loss	Currently we are not gathering information
13.3.8: Changes to the state of biodiversity	Currently we are not gathering information
13.3.9: Ecosystem services	Currently we are not gathering information
13.4.2: Deforestation- and conversion-free production	Currently we are not gathering information
13.4.3: Deforestation- and conversion-free sourcing	Currently we are not gathering information
13.4.4: Natural ecosystems converted by the organization	Currently we are not gathering information
13.4.5: Natural ecosystems converted by suppliers	Currently we are not gathering information
13.6.2: Pesticides used by toxicity hazard levels	We do not gather sufficient Information
13.10.5: Food safety recalls	We do not gather sufficient Information
13.13.2: Operations where land and natural resource rights may be affected	We do not gather sufficient Information
13.13.3: Violations of land and natural resource rights	We do not gather sufficient Information
13.15.5: Employment and compensation based on nationality and migrant status	We do not gather sufficient Information
13.21.2: Wage and payment terms in collective bargaining agreements	We do not gather sufficient Information
13.25.2: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Currently we are not gathering of legal actions for anti competitive behavior

Consolidated Statement of ESG Performances

	Note	2025/26	2024/25
Environmental Performance			
Resource			
Non-renewable Energy Consumption for Operations (GJ)	2.1	17,438	35,495
Generation of Renewable Energy (GJ)	2.2	42,629	45,756
Water Consumption for Operations (m3)	2.3	99,449	75,112
Waste			
Total Solid Non-hazardous waste (kg)	2.4	53,672	29,474
Total Solid Hazardous waste Disposed (kg)	2.4	223	512
Emission			
Carbon emitted for operations (tCO2e)	2.5	9,303	9,063
Voluntary Initiatives			
Investments on Environment and Biodiversity Projects (LKR)	3.8	9,259,948	13,080,167
Social Performance			
People & Employees			
Total employees	3.1	7088	7,432
Employee turnover (%)	3.1	31%	25%
Female employees as a percentage of total employees (%)	3.2	51%	51%
Female employees in decision-making roles	3.2	17	16
Employee engagement score (out of 5)	3.3	4.9	4.97
Employee Trust Index (out of 100)	3.4	97	99
Total number of injuries	3.5	0.12%	0.13%
Average training hours per employee	3.6	15.56	12.2
Total employee benefits distributed (Rs. 000)	3.8	5,025,113	4,666,195
Customers and Society			
Customer Satisfaction Index (%)	3.7	92.10%	91%
Duty and tariff paid (Rs. 000)	3.8	1,157,026	669,616
Donations and other social contributions (Rs. 000)	3.8	60,683	66,416
Number of apprenticeships provided for technical education	3.9	203	27
Governance Performance			
Values and Ethics			
Employees trained on Hayleys Life code of business conduct	4.1	100	103
Number of whistle-blower cases reported and solved	4.2	-	-
Number of Anti-Harassment cases reported and solved	4.3	-	-
Management Systems			
Number of total audits conducted on management systems	4.4	14	16
Number of non-compliances reported in management systems	4.4	-	-
Number of times the sustainability committee met	4.5	4	7
Data Privacy and Security			
Number of employees trained on data privacy	4.6	180	103

SECTION 01 - BASIS OF PREPARATION

General Reporting Standards and Principals

This ESG statement is prepared for Kelani Valley Plantations PLC (KVPL) and for its subsidiaries. The indicators reported in the ESG statement are those that are material to the Group and are reported Aligned to;

- The GRI Universal Standards 2021 and GRI 13 Sector Standards issued by the Global Sustainability Standards Board (GSSB)
- Climate first reporting aligning with SLFRS S1 & S2 standard.
- Sustainability Accounting Standards Board (SASB)
- International Integrated Reporting Framework (International <IR> Framework) 2021
- United Nations Global Compact (UNGC) Communication of Progress (COP) requirements
- United Nations Sustainable Development Goals (UNSDGs)
- The Companies Act of 2007 Listing rules of the CSE
- The Code of Best Practice on Corporate Governance for public listed companies, jointly issued by The Institute of Chartered Accountants of Sri Lanka, The Securities and Exchange Commission of Sri Lanka and The Colombo Stock Exchange.
- The ISO 14064-1:2018 Environmental Commitments & Social Commitments, GHG verification is used to measure and report on the Group's carbon footprint

KVPL applies reporting principles highlighted in GRI standards and <IR> Framework to ensure the quality of information presented. Some key principles are highlighted below.

Materiality

KVPL considers information that is material to financial capital providers in determining KVPL's value creation ability. A comprehensive materiality assessment is conducted annually, with the engagement of company's leadership, corporate & estate management teams, and other key stakeholder groups. Refer page 46 to 48 for more information about stakeholder engagement and Materiality assessment.

Accuracy, completeness, verifiability of data and information are ensured by qualified external audit body and the certified management systems that are audited twice a year.

They are;

KVPL

- ISO 22000:2018, HACCP and GMP (Good Manufacturing Practices)
- regenagri Certification
- Rain Forest Alliance (RA)
- Forest Stewardship Council (FSC)
- ISO 14064-1:2018 (Environmental Commitments & Social Commitments, GHG verification)
- ISO 45001:2018 (Occupational Health and Safety)

Mabroc

- Food safety standards-FSSC 22000
- ISO 22000:2018
- HACCP
- BRC
- Rain Forest Alliance Master License Agreement
- ISO 9001:2015

Comparability

Indicators presented in this statement are calculated based on guidelines presented in GRI sustainability standards.

SECTION 02 - ENVIRONMENTAL PERFORMANCE

2.1 Non- Renewable Energy Consumption

Non-renewable Energy Consumption for Operations (GJ)

Energy Source	Energy Used (GJ)	
	2025/26	2024/25
Total Diesel Usage	14,168	13,910
Total Petrol Usage	2,883	2,189
LP Gas	387	388
Total	**17,438**	**16,487**

Basis of Measurement

Energy consumption consists of consumption of power, heat, and fuel for KVPL's manufacturing operations. Other than renewable energy generated internally, as solar and hydro power, all other energy sources are from non-renewable sources such as petrol, diesel, and gas. The measurement is calculated based on the meter readings and invoices on actual readings.

2.2 Renewable Energy Generation

Generation of Renewable Energy (GJ)

Hydropower Generation	2025/26 (GJ)	2024/25 (GJ)
Kalupahana	7,455	9,696
Glassaugh	33,654	35,106
Batalgalla	385	514
Udaradella	9	-
Solar power generation	**2025/26 (GJ)**	**2024/25 (GJ)**
Dewalakanda	1,126	440
Total	42,629	45,756

Basis of Measurement

Renewable energy is generated through solar power plants installed on the roof tops of Dewalakanda and Panawatte Rubber processing centers at Dehiowita and Yatiyanthota respectively, in Sabaragamuwa province. Hydro energy is generated through hydro power plants installed at Kalupahana, Glassugh, Battalgalla and Uda Radella estates. The measurement is based on meter readings of the system installed to facilitate solar and hydro power generation.

2.3 Water Consumption for Operations (m3)

Surface water consumption for factory operation	Total (L)	Total(m^3)
2024/2025 (Liters)	75,111,606	75,112
2025/2026 (Liters)	99,448,942	99,449

Basis of Measurement

KVPL's main water source is field level surface water generated through the water sources within our estates. Water used at the Colombo Head Office, is mainly from municipal water. Water consumption is measured based on meter readings and invoices.

2.4 Waste Disposed

Total Solid Non-hazardous waste (kg)

Non- Hazardous waste (kg)	2024/25	2025/26
Bio-degradable Waste / Food waste	29,025	53,035
Metal	4	11
Glass	41	31
Plastic	66	120
Polythene	50	189
Paper	288	286
Total	**29,474**	**53,672**

Total Solid Hazardous Waste Disposed (kg)

Hazardous waste (kg)	2024/25	2025/26
Empty Chemical cans	390	115
Medical Waste	26	14
Batteries	1	0
Bulbs	17	36
E-Waste	80	58
Total	**514**	**223**

Basis of Measurement

Majority of polythene, plastics and glass are generated at the KVPL's estates and collected waste is segregated and dispatched through approved suppliers of the Central Environmental Authority (CEA). Waste water is treated, reused operations in our factories and the balance is released to the outside after it reach to approved PH level.

2.5 Emission

Carbon Emitted for Operations (tCO2e)

GHG Emission (tCO2e)	2024/25	2025/26
Scope 01	5,732	6,366
Scope 02	2,259	2,368
Scope 03	1,072	569
Total GHG emission tCO2e	**9,063**	**9,303**

Basis of Measurement

Emissions are limited to CO2 emissions from energy and do not include other greenhouse gases. The methodology of measurement of the emission follows the WBCSD/WRI Greenhouse Gas Protocol's Corporate Standard (Revised Edition). Reporting is primarily under Scopes 1 and 2 with some elements of the optional Scope 3, according to data availability. Invoices and meter readings are used when measuring consumption. Assumptions are used where required to arrive at estimated quantities of consumption when exact qualities are not available. Emission from petrol or diesel given to employees is calculated based on the actual usage of the fuel cards (an e- card that can be used to pump fuel from fuel stations) given to employees and fuel issues reports at the estates. Assumptions are used to identify the liters of usage based on the prevailing fuel prices in each month.

SECTION 03 - SOCIAL PERFORMANCE

3.1 Total employees and employee turnover

Employee composition as at 31st March

	Male	Female	Total
Permanent	2,479	2,793	5,272
Contract	1,014	802	1,816
Total	**3,493**	**3,595**	**7,088**

Category	Male	Female	Total
Executives & Above	83	17	100
Non Executives	362	144	506
Manual Grade	3048	3434	6482
Total	**3493**	**3595**	**7088**

Employee turnover

2021/22	2022/23	2023/24	2024/25	2025/26
0.07	0.16	0.26	0.25	0.31

3.2 Female employees as a percentage of total employees (Employee diversity)

Category	Male - 49 %		Female - 51 %		Total
Executives & Above	83	83%	17	17%	100
Non Executives	362	72%	144	28%	506
Manual Grade	3048	47%	3434	53%	6482
	3493		**3595**		**7088**

Female employees in decision making roles

	2025/26	2024/25
Executives & Above	17	16

Basis of measurement
Employee diversity is a measure of total female employees as a percentage of total employees. Senior Management includes employees above Senior Manager designations, and the middle management includes employees above Executives and Assistant Manager designations, but below Senior Manager designations. Both Middle Management and Senior Management employees are considered as employees in decision making capacity.

3.4 Employees trust index (out of 100)

2025/26	2024/25	2023/24
97	99	94

Basis of measurement
Employee Trust Index is measured by use of GPTW Employee Trust Index based on credibility, respect, fairness, pride and camaraderie. Results were categorized based on parameters such as highly positive perception, positive, mixed perception and low perception. Comparison with the averages of Sri Lanka's Best 50 companies and Asia's best workplaces categories.

3.5 Total number of injuries

Days/Absenteeism	2025/26	2024/25
Injuries	0.12%	0.13%
Occupational diseases	0.01%	0.01%
Lost working days	0.16%	0.15%
Work related fatalities	1	-

Basis of measurement
An injury is defined as non-fatal or fatal injury arising out of, or during, work. Injury rate is calculated based on the frequency of injuries, relative to the total time worked by all workers during the reporting period. An occupational disease is defined as disease arising from a work situation or activity, or from a work-related injury (Examples - stress or regular exposure to harmful chemicals). Lost working days are the number of days that cannot be worked (and are thus 'lost') because of a worker or workers being unable to perform their usual work due to an occupational disease or injuries. Occupational injuries and occupational diseases are recorded based on the logs maintained by the estate medical officer of respective locations/ SBUs.

3.6 Average training hours per employee

Training details report 2025/ 2026

Category	Head Count			P/Hours		
	Male	Female	Total	Male	Female	Total
Managerial	1,040	17	1,057	6,506	85	6,591
Executives and Junior Executives	593	11	604	535	15	550
All Other (Staff and Operational Workers)	26,600	52,974	79,574	34,083	69,095	103,178
Total	28,233	53,002	81,235	41,124	69,196	110,319

Average hours of training per year per employee

Average Training Hours Per Employee		15.56
Gender Wise	Male	11.77
	Female	19.25
Designation Wise	Managerial	86.72
	Executive and Junior Executive	22.92
	All Other	14.77

Training investment comparison

Year	Investment (Rs)
2021/22	1,020,459.00
2022/23	12,041,746.73
2023/24	7,092,551.67
2024/25	9,013,492.84
2025/26	15,105,869.04

Basis of Measurement
Training hours per employee is calculated based on total hours of training provided to each employee category and the total employees trained. Employee training hours are measured based on digital sustainability portal maintained in the group level.

3.8 Total employee benefits distributed (Rs. 000)

Statement of Value Addition and distribution - 2023/24

Group				
For the year/period ended 31st March	2025/26		2024/25	
	Rs. m		Rs. m	
Revenue	19,436		21,641	
Other income	304		308	
	19,740		21,949	
Cost of material and services obtained	(12,305)		(14,498)	
Value addition	7,435		7,451	
Value created shared with		**%**		**%**
Employees	5,563	74.8%	5,191	69.7%
Government of Sri Lanka	553	7.4%	839	11.3%
Shareholders	235	3.2%	177	2.4%
Lenders of Capital	(205)	(2.8)	(136)	(1.8)
Deferred tax impact	128	1.7%	94	1.3%
Value Retained for expansion & Growth				
Depreciation	557	7.5%	521	7%
Profit/(Loss)	604	8.1%	765	10.3%
	7435	**100%**	**7,451**	**100%**

Basis of Measurement

Statement of value created and distributed measures the financial value the Group created and how the financial value thus created is distributed amongst different stakeholders and thereby facilitates economic and social progress. Financial transactions recorded in the accounting system are the basis for this calculation. Value created compared to last year has decreased by 15% mainly due to the reduction in profit. But the Company was able to distribute major portion of its value among Employees and Government compared to last financial year.

Investments on Environment and Biodiversity Projects (LKR)

Investment/Cost (LKR)	2024/2025	2025/2026
Effluent/ Water Treatment Cost (if any cost other than constructions. Ex: Chemical Purchasing, Upgrading, Electricity, Labour & Other)	1,153,732	2,268,337
Soil Management & Conservation (include Cover Crops, Drains Labour/Terracing Labour/Quality Testing,etc)	1,494,901	1,790,086
Planting/maintenance of Agro-forestry & Fuelwood / Native and Shade Trees	5,518,251	661,581
Rainforest Alliance/FSC Program Certification Maitain Cost & Establishment of Vegetative Barriers & Chemical Free Buffer Zones	4,679,433	4,499,944
Other	233,850	40,000
Total	13,080,167	9,259,948

CUSTOMERS AND SOCIETY

3.7 Customer Satisfaction Index (%)

2025/26	2024/25
92.1%	91%

Basis of Measurement

Measuring customer satisfaction is at high priority for every business because client's feedback is a valuable contribution to the development of a company. KVPL, we measure customer satisfaction in Tea sector mainly using a questionnaire filled by our main buyers. The dedicated marketing division of tea & Rubber conducts the survey for every financial year end via formal surveys and informal interactions. We monitor customer satisfaction index (CSI) metric that reflects the overall customer satisfaction with KVPL estates product quality, Head office and Estate management service, company overall performance, etc. It allows KVPL marketing team to fine tune and further develop the quality of product and services. This metric allows KVPL to gain insights into various marketing aspects and have a clear picture of KVPL's overall customer service strategy.

3.8 Duty and Tariff Paid (Rs. 000)

For the year ended 31 March	2025/26	2024/25
Corporate Income Tax	282,784	328,583
Government Lease Rental	157,557	148,908
Vat & Other Taxes	716,685	192,125
Total	1,157,026	669,616

Basis of Measurement

Taxes are calculated according to the Inland Revenue (Amendment) Act No. 45 of 2022. The Corporate income tax of the Group has increased due to increase in corporate tax rates in the corporate sector and the Government Lease has increased and the Government Lease Rental has increased due to the significant increase in GDP Deflator compared to the previous year

3.8 Donations and other social contributions (Rs. 000)

	2025/26	2024/25
	Rs. '000	Rs. '000
Community Development & Awareness Programmes	33,419	39,886
Housing for Workers & Family	27,164	26,530
Donations	100	100
Total	60,683	66,516

3.9 Number of apprenticeships provided for technical education

2025/26	2024/25
203	27

Basis of Measurement

Apprenticeships for technical education include paid and unpaid internships for youth who have completed or are following vocational or technical training as well as research placements, in collaboration with local and foreign universities and other higher/ tertiary education institutes.

SECTION 04 - GOVERNANCE PERFORMANCE

Values & Ethics

4.1 Employees trained on Hayleys Life code of business conduct

2025/26	2024/25
100	103

Basis of Measurement

Calculated the head count based on the training provided to the Head Office & Estate Management on Hayleys Life Code with updates and separately the newly recruited employees were trained on the full version of Hayleys Life Code. The measurement is based on the HR records.

4.2 Number of Whistle - blower cases reported & solved

Basis of Measurement

Policy has encouraged the employees to raise their concerns directly to Chief Executive Officer or General Manager - HR & Corporate Sustainability against unlawful acts & illegal acts. There were no cases reported in the last financial year as well as per the HR division records

4.3.Number of Anti - Harassment cases reported & solved

Basis of Measurement

KVPL is aligned with the Hayleys Anti - Harassment Policy and as a responsible corporate entity, the company has ensured that there were no cases reported in the previous & current financial year as well as per the HR division records

4.4.Number of total audits conducted on management systems

Basis of Measurement

Including the external audit, company has conducted 14 audits on Management System similar to the previous year with the Hayleys Internal Audit Department based on the records of Financial Division

4.4.Number of non-compliances reported in management systems

Basis of Measurement

There were no non - compliances reported in the management system as per the system audits conducted in the year

4.5.Number of times the sustainability committee met

2025/26	2024/25
4	7

4.6.Number of employees trained on data privacy

2025/26	2024/25
180	103

Basis of Measurement

Data Privacy and security lies with the Company IT Department & the Group IT of Hayleys. As per the records of the IT Department, all the Head Office and Estate Management is trained on the above topic

Glossary

FINANCIAL TERMS

ACCOUNTING POLICIES
The Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

ACCRUAL BASIS
Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

ACTUARIAL GAINS AND LOSSES
Is the effects of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

AGRICULTURAL PRACTICES
Is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion in to agricultural produce or in to additional biological assets.

AGRICULTURAL PRODUCE
Is the harvested product of the entity's biological assets.

AMORTISATION
The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AVAILABLE FOR SALE
Non derivative financial asset that are designated as available for sale or are not classified as loans and receivable, held to maturity investment or financial assets at fair value through profit and loss.

AWDR
Abbreviation for Average Weighted Deposit Rate.

AWPLR
Abbreviation for Average Weighted Prime Lending Rate.

BASIC EARNINGS PER SHARE
Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

BEARER BIOLOGICAL ASSETS
Biological assets those are not to be harvested as agricultural produce or sold as biological assets. (The biological assets other than the consumable biological assets).

B
Billion.

BIOLOGICAL ASSETS
A living animal or plant.

BIOLOGICAL TRANSFORMATION
It comprises the process of growth, degeneration, production, and procreation that cause qualitative or quantitative change in a biological assets.

BORROWINGS/DEBT
All interest-bearing liabilities. Such as Bank loans , Overdraft, Long term loans, Debentures and Finance Obligations.

CAPEX
Abbreviation for Capital Expenditure.

CAPITAL EMPLOYED
Total equity, non-controlling interest and interest bearing borrowings.

CAPITAL RESERVES
Reserves identified for specific purposes and considered not of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity available for distribution.

CASH EQUIVALENTS
Abbreviation for liquid investments with original maturity periods of three months or less.

CASL
Abbreviation for the Institute of Chartered Accountants of Sri Lanka.

CBSL
Abbreviation for Central Bank of Sri Lanka.

CONTINGENT LIABILITY
A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

CONSUMABLE BIOLOGICAL ASSETS
The biological assets those that are to be harvested as agricultural produce or sold as biological assets.

CSE
Abbreviation for Colombo Stock Exchange.

CURRENT RATIO
Current assets divided by current liabilities. A measure of liquidity.

CURRENT SERVICE COST
Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

DCF METHOD
A method of valuing project, Company or asset using the concepts of the time value of money. All future cash flows are estimated and discounted by using cost of capital to give their present value(PVs).

DEBT TO EQUITY RATIO
Borrowing divided by Equity.

DEFERRED TAXATION
The tax effect of timing differences deferred to /from other periods, which would only qualify for inclusion on a tax return at a future date.

DERIVATIVE
Is a financial instrument or other contract whose prices is dependent upon or derived from one or another underline asset.

DIVIDEND
Distribution of profits to holders of equity investments.

DIVIDEND COVER
Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT
Dividend per share as a percentage of the earnings per share.

DIVIDEND YIELD
Dividend per share as a percentage of the market price. A measure of return on investment.

EBIT
Abbreviation for Earnings Before Interest and Tax.

EBITDA
Abbreviation for Earnings before Interest, Tax, Depreciation and Amortisation.

EFFECTIVE TAX RATE
Income tax expenses divided by profit from ordinary activities before tax.

EIR
Abbreviation for Effective Interest Rate.

ENTERPRISE VALUE-EV
Market capitalisation plus market value of debt, minority interest & preference shares minus total cash & cash equivalent.

ENTERPRISE MULTIPLE-EM
Enterprise value divided by earnings before Interest Tax Depreciation & Amortisation (EBITDA).

EPS
Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

EQUITY
Shareholders' fund.

EQUITY INSTRUMENTS
Any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

EQUITY METHOD
The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

EVA
Abbreviation for Economic Value Addition. The return earned beyond the cost of capital.(Weighted Average Cost of Capital into Capital Invested minus Net Operating Profit).

FAIR VALUE
Fair Value is the amount for which an asset could be exchanged between a knowledgeable or liability settled between knowledgeable willing parties in an arm's length transaction.

FAIR VALUE THROUGH PROFIT AND LOSS
A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short – term profit taking, or a derivative. (except for a derivative that is a financial guarantee contract).

FINANCIAL ASSET
Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

FINANCIAL INSTRUMENT
Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

FINANCIAL LIABILITY
Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

FORWARD CURRENCY CONTRACT
A forward contract in the forex market that locks in the price at which an entity can buy or sell a currency on a future date. Also known as "outright forward currency transaction", "forward outright" or "FX forward".

GEARING
Proportion of total interest-bearing borrowings to capital employed.

GEARING RATIO
Interest bearing capital divided by total capital invested (interest bearing and non-interest bearing).

GSA
Abbreviation for the Gross Sales Average. This is the average sales price obtained (over a period of time, for a kilo of produce) before any deductions such as brokerage etc.

Ha
Hectares.

IBR
Abbreviation for Incremental Borrowing Rate.

INTEREST COVER
Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

IAS
Abbreviation for International Accounting Standards.

IFRIC
Abbreviation for International Financial Reporting Interpretations Committee.

IFRS
Abbreviation for International Financial Reporting Standards.

LIBOR
Abbreviation for London Inter- Bank Offered Rate.

MARKET CAPITALISATION
Number of shares in issue multiplied by the market value of a share at the period date.

MARKET VALUE ADDED-MVA
The difference of market capitalisation and book value of share capital.

m
Million.

MT
Metric Tonnes

NET ASSETS PER SHARE
Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

NON-CONTROLLING INTEREST
The interest of individual shareholders, in a company more than 50% of which is owned by a holding company.

COMPREHENSIVE INCOME
Items of income and expenses that are not recognised in profit or loss as required or permitted by other SLFRS's.

PRICE EARNINGS RATIO
Market price of a share divided by earnings per share as reported at that date.

RELATED PARTIES
Parties who could control or significantly influence the financial and operating policies of the business.

RETIREMENT BENEFITS
Present value of a defined benefit.

OBLIGATION
The present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

CURRENT SERVICE COST
The increase in the present value of the defined benefit obligation resulting from employee service in the current period.

INTEREST COST
The increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

ACTUARIAL GAINS AND LOSSES
The effect of difference between the previous actuarial assumptions and what has actually occurred and effects of changes in actuarial assumption.

RETURN ON EQUITY
Attributable profits to the shareholders divided by shareholders funds.

RETURN ON CAPITAL EMPLOYED
Profit before tax plus net interest cost divided by capital employed.

RETURN ON ASSETS
Profit before tax plus net interest cost divided by total assets.

REVENUE RESERVES
Reserves considered as being available for distributions and investments.

RPT
Abbreviation for Related Party Transactions.

SEGMENTS
Constituent business units grouped in terms of similarity of operations and location.

SLFRS / LKAS
Sri Lanka Accounting Standards corresponding to International Financial Reporting Standards.

SLIBOR
Abbreviation of Sri Lanka Inter Bank offered Rate.

SoRP
Statement of Recommended practice.

SUBSIDIARY
A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent).

SLAS
Abbreviation for Sri Lanka Accounting Standards. Also known as LKAS and SLFRS.

TOTAL BORROWING
Total borrowing consist of interest-bearing liabilities, fair-value derivatives, accrued interest expenses and prepaid interest income, and trade receivables with resources.

TURNOVER PER EMPLOYEE
Consolidated turnover of the company for the year divided by the number of employees.

VALUE ADDITION
The quantum of wealth generated by the activities of the group measured as the difference between turnover and the cost of materials and services bought in.

WORKING CAPITAL
Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities.

NON-FINANCIAL TERMS

AGM
Abbreviation for Annual General Meeting

CROP
The total produce harvested over a given period of time (usually during a financial year).

EXTENT IN BEARING
The extent of land form which crop is being harvested

IMMATURE PLANTATION
The extent of plantation that is under-development and is not being harvested.

JEDB
Abbreviation for Janatha Estate Development Board

KVAL.N0000
CSE stock code for the company.

KEY MANAGEMENT PERSONNEL
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

Ltr
Litre.

MATURE PLANTATION
The extent of plantation from which crop is being harvested.

REPLANTING
A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing trees/bushes and replanting with new trees/bushes.

ESG
Environment, Social and Governance.

GHG
Greenhouse Gas.

SDG
Sustainable Development Goals.

NOTICE IS HEREBY GIVEN THAT THE THIRTY FOURTH ANNUAL GENERAL MEETING OF KELANI VALLEY PLANTATIONS PLC will be held on **Thursday, 25th June 2026 at 11.00 a.m.** at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10, for the following purposes;

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2026, with the Report of the Auditors thereon.

2. To re-elect as a Director Mr. S.B. Alawattegama, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 28(2) of the Articles of Association of the Company.

3. To re-elect as a Director Mr. T.M. Hewagama, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 28(2) of the Articles of Association of the Company.

4. To re-elect as a Director Mr. M.C.B. Talwatte, who retires by rotation at the Annual General Meeting in terms of Article 30(1) of the Articles of Association of the Company.

5. To re-elect as a Director Mrs. S. Amarasekera, who retires by rotation at the Annual General Meeting in terms of Article 30(1) of the Articles of Association of the Company.

6. To propose the following resolution for the re-appointment of Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No.07 of 2007.

   Ordinary Resolution
   'That, Mr. Abeyakumar Mohan Pandithage, who is over seventy years be and is hereby re-appointed as a Director until the next Annual General Meeting and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to him.'

7. To propose the following for the re-appointment of Mr. F. Mohideen, in terms of Section 211 of the Companies Act No.07 of 2007.

   Ordinary Resolution
   'That, Mr. Faiz Mohideen, who is over seventy years be and is hereby re-appointed as a Director until the next Annual General Meeting and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to him.'

8. To authorise the Directors to determine donations and contributions to charities for the ensuing year.

9. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2026/27 and to authorise the Directors to determine their remuneration.

10. To consider and if thought fit, to pass the following Special Resolution to amend the existing Article 51(1) in the Articles of Association of the Company;

    Special Resolution
    IT IS HEREBY RESOLVED THAT Article 51(1) of the Articles of Association of the Company be amended by the inclusion of the following paragraph at the end of Article 51(1) ;

    "The Company may serve any notice or document by electronic mail to an electronic mail account notified by a shareholder in writing or by any other acceptable means to the Company or to the Central Depository System (Pvt) Ltd. Where electronic mail is used, the notice or document shall be deemed to have been received by the shareholder upon the dispatch of same by the Company or by the Central Depository System (Pvt) Ltd, through electronic mail."

By Order of the Board,
KELANI VALLEY PLANTATIONS PLC



HAYLEYS GROUP SERVICES (PRIVATE) LIMITED
Secretaries

Colombo.
1 June 2026

Notes to shareholders:

1. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/her and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.

2. The Annual Report of the Company for 2025/26 is available on the corporate website www.kvpl.com and on the Colombo Stock Exchange website - www.cse.lk. If you wish to have a printed copy of the Annual Report, please forward the duly completed 'Request Form - Annexure A' to the office of the Secretaries. A printed copy of the Annual Report will be forwarded within 8 market days from the date of receiving the Request Form.

Contact Person : Ms. Ranoja De Silva
Contact Number : +94 11 2627654
Email Address : ranoja.desilva@secretarial.hayleys.com
Mailing Address : Hayleys Group Services (Private) Limited,
Secretaries for Kelani Valley Plantations PLC,
No. 400, Deans Road,
Colombo 10.

Form of Proxy

I/We .....(full name of shareholder)
NIC No./Reg. No. of Shareholder .....of.....
.....being Shareholder/
Shareholders of **KELANI VALLEY PLANTATIONS PLC** hereby appoint:
(1) .....(full name of proxyholder)
NIC No. of Proxyholder .....of .....
.....or,
failing him/them

(2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our proxy to attend and vote as indicated hereunder for me/us and on my/our behalf of at the Thirty Fourth Annual General Meeting of the Company to be held on Thursday, 25th June 2026 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

		For	Against
1.	To adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2026, with the Report of the Auditors thereon.		
2.	To re-elect as a Director Mr. S.B. Alawattegama, as set out in the Notice.		
3.	To re-elect as a Director Mr. T.M. Hewagama, as set out in the Notice.		
4.	To re-elect as a Director Mr. M.C.B. Talwatte, as set out in the Notice		
5.	To re-elect as a Director Mrs. S. Amarasekera, as set out in the Notice		
6.	To re-appoint Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.		
7.	To re-appoint Mr. F. Mohideen, in terms of Section 211 of the Companies Act No. 07 of 2007.		
8.	To authorise the Directors to determine donations and contributions to charities for the ensuing year.		
9.	To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2026/27 and to authorise the Directors to determine their remuneration.		
10.	To pass the Special Resolution to amend the Article 51(1) of the Articles of Association of the Company as set out in the Notice.		

Signed on this ..... day of .....2026.

.....
Signature of Shareholder

(Instructions are given overleaf)

Instructions

1. The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. **Delayed Proxy Forms shall not be accepted.**

2. A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.

3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.

4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.

5. The duly completed Proxy Form must be dated and signed by the Shareholder.

6. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy can vote as he/she thinks fit.

7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.

8. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.

9. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

Corporate Information

GRI 2-1

NAME OF COMPANY
Kelani Valley Plantations PLC

LEGAL FORM
A Public Limited Company, incorporated in Sri Lanka on 18 June 1992.

REGISTRATION NUMBER
PQ 58

ACCOUNTING YEAR END
31 March

STOCK EXCHANGE LISTING
The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

STOCK CODE
KVAL.N0000

PRINCIPAL LINE OF BUSINESS
Producing and processing of Tea and Rubber

DIRECTORS
Mr. Mohan Pandithage - *Chairman*
Dr. Roshan Rajadurai - *Managing Director*
Mr. Senaka Alawattegama - *Chief Executive Officer*
Mr. Sarath Ganegoda
Mr. Nandana Ekanayake - *Senior Independent Director*
Mr. Faiz Mohideen
Mr. Milinda Hewagama
Mr. Sujeewa Peiris
Mr. Malaka Talwatte
Mrs. Saumya Amarasekera,PC

SUBSIDIARIES
Kalupahana Power Company (Private) Limited
Mabroc Teas (Private) Limited
Kelani Valley Resorts (Private) Limited

AUDIT COMMITTEE
Mr. Nandana Ekanayake (Chairman)
Mr. Faiz Mohideen
Mr. Malaka Talwatte

REMUNERATION COMMITTEE
Mr. Nandana Ekanayake (Chairman)
Mr. Faiz Mohideen
Mr. Malaka Talwatte

NOMINATIONS AND GOVERNANCE COMMITTEE
Mr. Nandana Ekanayake (Chairman)
Mr. Faiz Mohideen
Mr. Malaka Talwatte

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
Mr. Nandana Ekanayake (Chairman)
Mr. Faiz Mohideen
Mr. Malaka Talwatte

MANAGING AGENT
DPL Plantations (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka.

SECRETARIES
Hayleys Group Services (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka.
Telephone: (94-11)2627650
E-mail: info@sec.hayleys.com

Please direct any queries about the administration of shareholding to the Company Secretaries.

REGISTERED OFFICE / HEAD OFFICE
400, Deans Road, Colombo 10, Sri Lanka.
Telephone: (94-11) 2627700,
2686274-5 (2 Lines)
Fax : (94-11) 2694216
E-mail : postmaster@kvpl.com website : www.kvpl.com

BANKERS
Bank of Ceylon
NDB Bank
Sampath Bank
Hatton National Bank
DFCC Bank
Citi Bank N.A.
People's Bank
Amana Bank

AUDITORS
Ernst & Young Chartered Accountants
No. 201, De Saram Place, Colombo 10
Sri Lanka.

optima
Designing Your Year!
Designed & Produced by
Optima Designs (Pvt) Ltd.
A full service design and print company.
www.optimadesigns.lk

www.kvpl.com

Kelani Valley Plantations PLC
No. 400, Deans Road, Colombo 10, Sri Lanka.

