



INTELLECTUAL CAPITAL



“Our intangible assets stand as critical drivers, underlining our unique value proposition—providing us with a solid foundation to deliver premium quality teas, thus, sustaining our competitive advantage within an evolving marketplace.”

Positioned as a leading regional plantation company (RPC), we are well-poised to navigate the intricacies in today’s fast-paced business environment. Our wealth of intellectual capital—encompassing intangible assets—complements our organisation, paving the way to excel in operations and setting us apart from the competition in the industry. This section will focus on our strategies to build and nurture these assets, fortifying our value proposition with a distinct identity as a discerning producer of quality teas, essentially underscoring our competitive edge.

Our Materiality Focus



Stakeholders Impacted



RANK 01
RPC Overall Ranking
Previous Year: RANK 01

232
Top Price Ranking
Previous Year: 211

Rs. 14.4 Mn
Management Training
Investment
FY 2022/23: Rs. 13.7 Mn

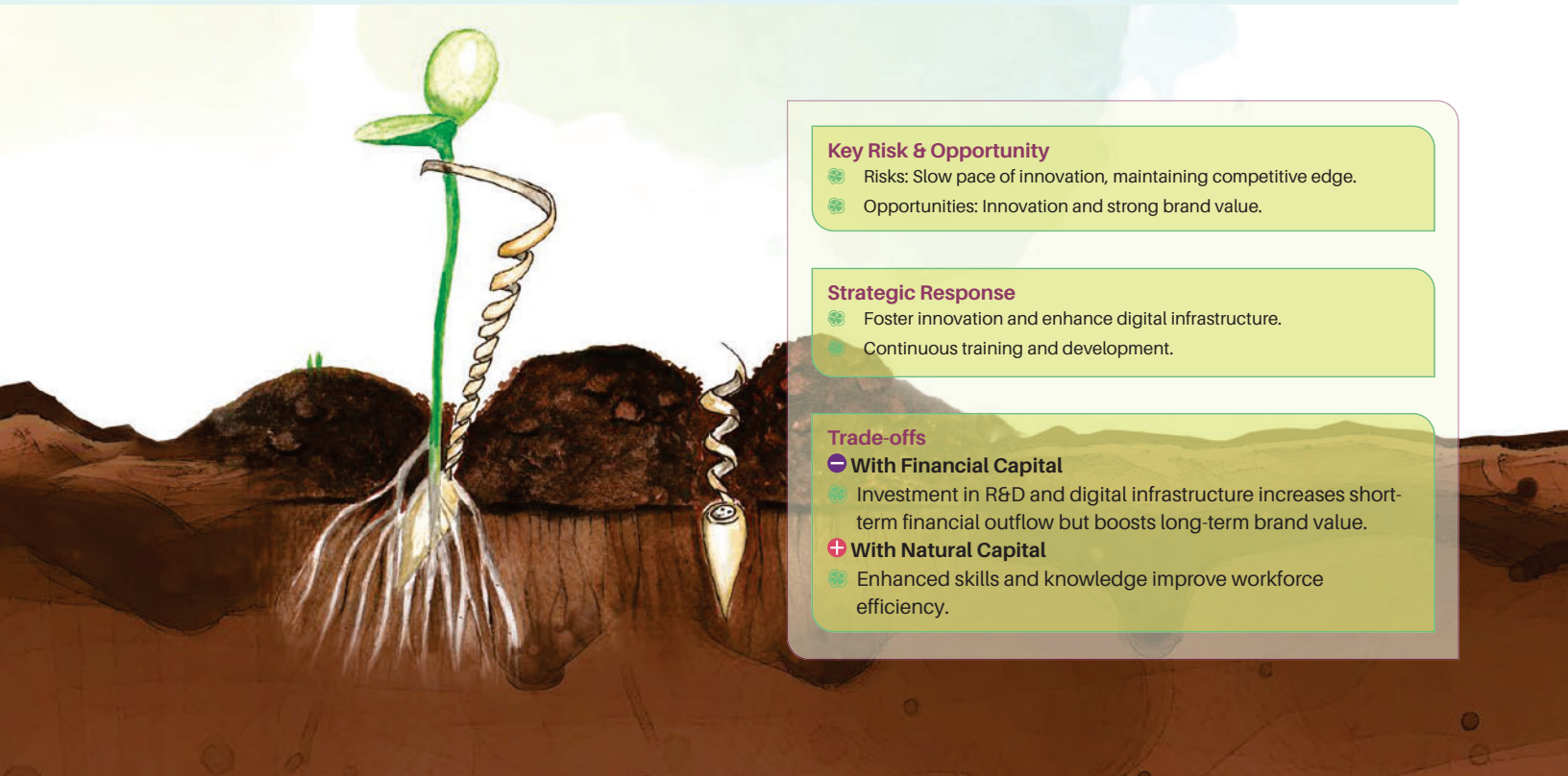
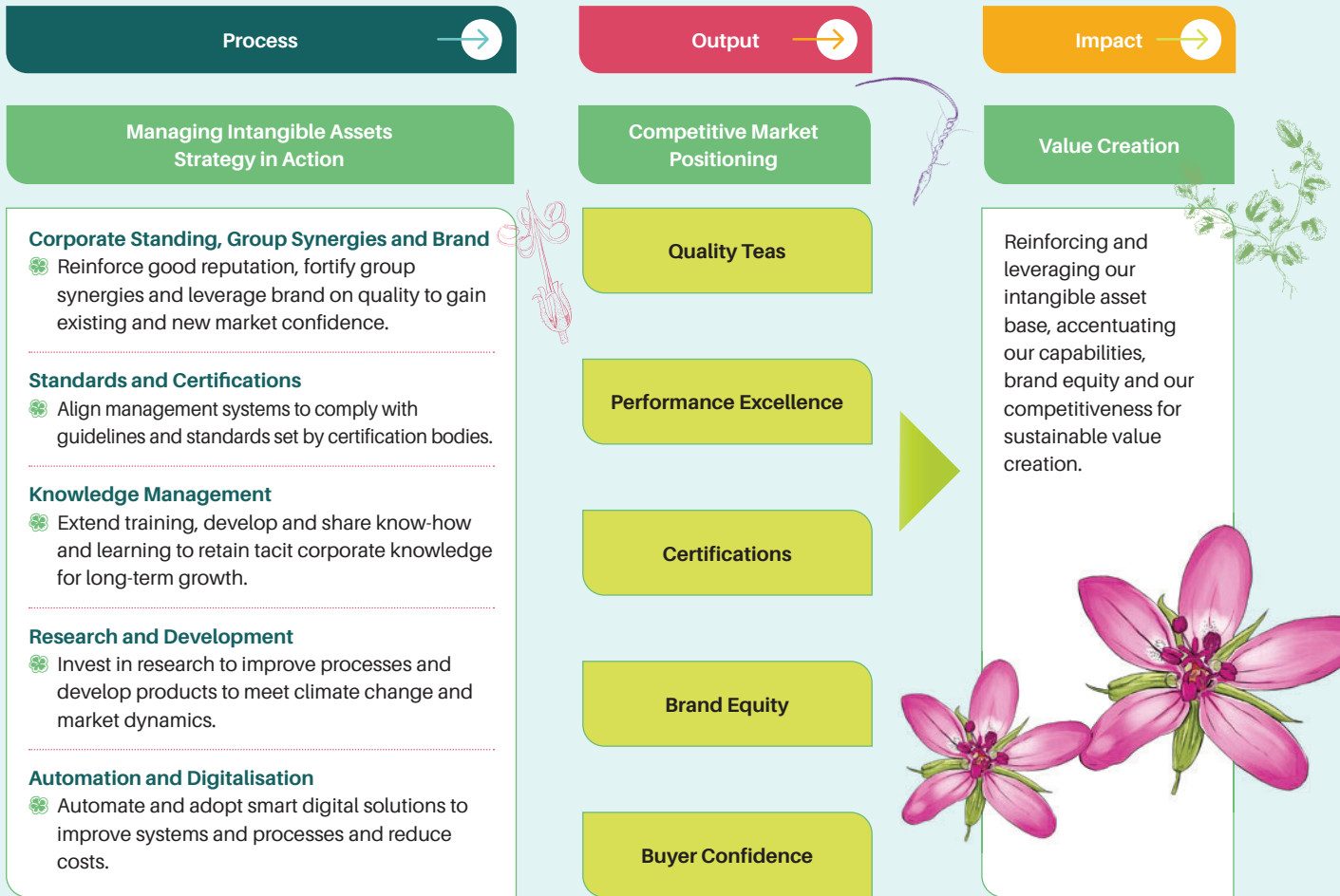
69
Awards & Recognitions
FY 2022/23: 37 Awards

Input

Our Intangible Asset Base

- Brand
- Expertise and market intelligence
- Management systems
- Digital solutions
- Research findings
- Strategic Investments
 - Brand Building
 - Certifications
 - Training
 - Digitalisation
 - Research and Development





Key Risk & Opportunity

- Risks: Slow pace of innovation, maintaining competitive edge.
- Opportunities: Innovation and strong brand value.

Strategic Response

- Foster innovation and enhance digital infrastructure.
- Continuous training and development.

Trade-offs

- With Financial Capital**
 - Investment in R&D and digital infrastructure increases short-term financial outflow but boosts long-term brand value.
- + With Natural Capital**
 - Enhanced skills and knowledge improve workforce efficiency.

Intellectual Capital

Appendices

Financial Reports

Statement of ESG Performance

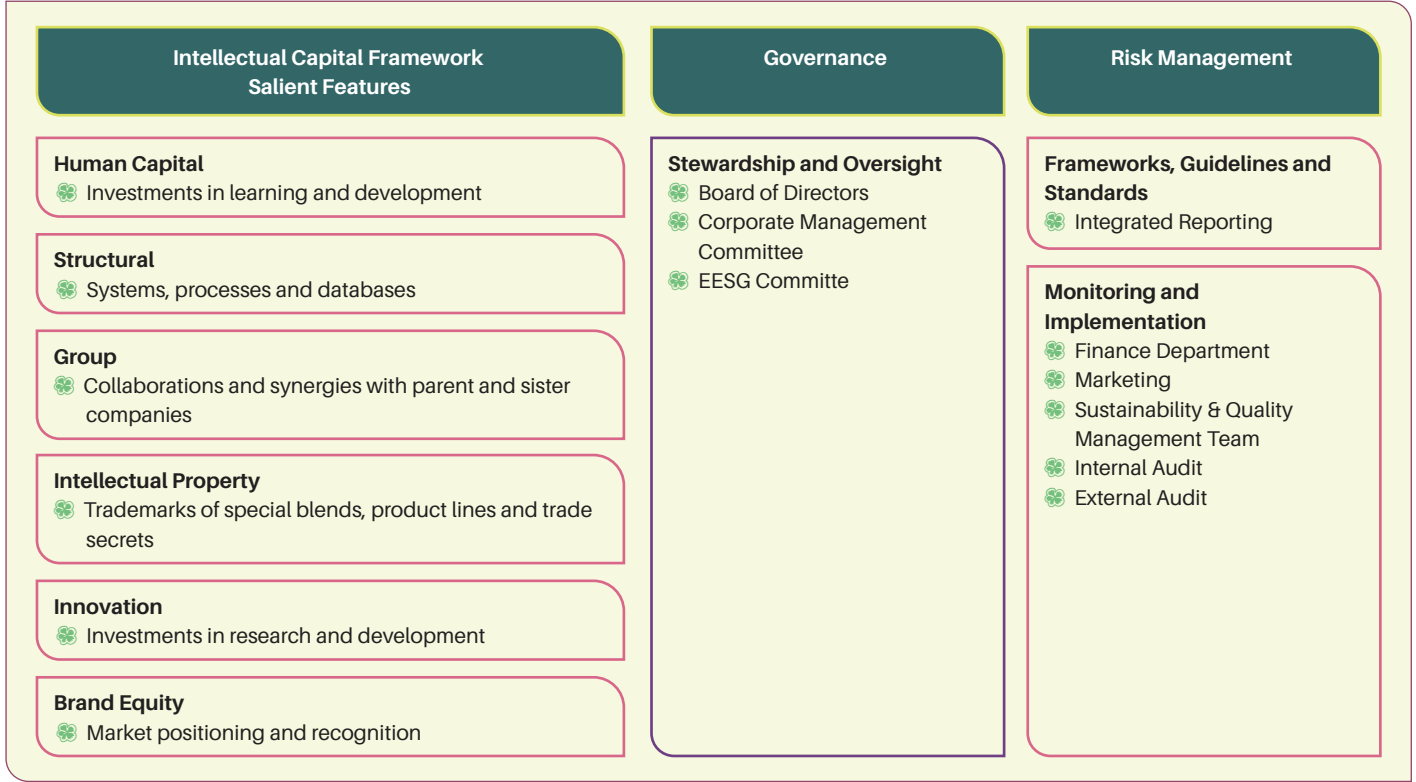
Risk and Governance

Management Discussion and Analysis

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Management Approach

GRI 3-3




The strength of our intellectual capital base sets a firm foundation to our success as a well-respected plantation company. Recognising the significance to our value creation process from a long-term standpoint, we give much thought to build, consolidate, leverage, and manage these assets, enabling a sound platform to successfully deliver our strategy.

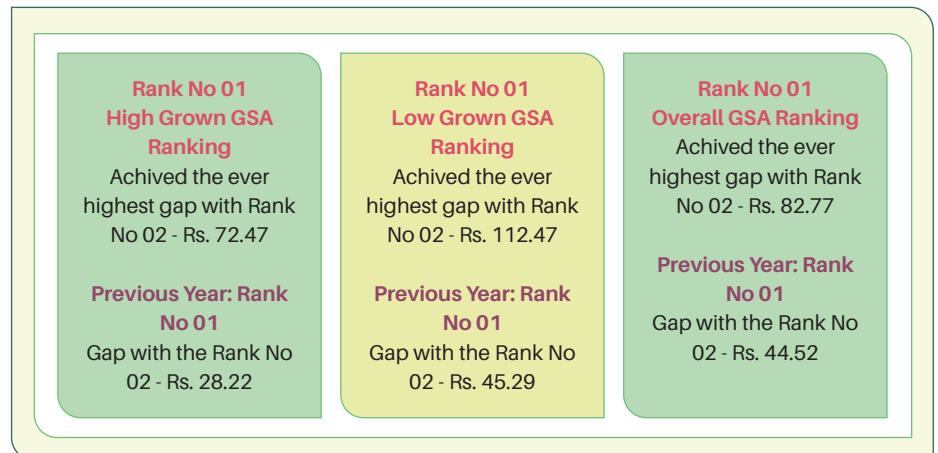
Our approach has been carefully developed and strategically designed around five key priorities that align perfectly with our purpose, vision and mission. These priorities reflect our core strengths and competencies. Working closely with our Board of Directors and corporate management, we create annual plans that outline specific actions and budgets to enhance the standards, scale and significance of each priority in the short, medium and long term. These plans also consider the risks and opportunities presented by the rapidly changing

marketplace, evolving technologies and industry standards. To ensure continuous improvement, we closely monitor and report on key performance indicators on a quarterly basis, allowing for informed management deliberations and recommendations.

Capital Performance

Corporate Standing, Group Synergies and Brand

 Social and relationship capital, buyer, broker and customer, page 136.






With a legacy spanning over three decades, we have made our mark as one the most respected RPCs within the plantation industry. We stand committed to uphold best practices—with a keen focus on ESG goals—which have indeed fortified our corporate standing, underscoring buyer confidence. The group synergies—particularly, the support from our esteemed parent, Hayleys PLC in terms of environmental and social responsibility, governance and ethics; along with collaborations with our sister companies, primarily, the plantation sector companies—further reinforces our positioning at the helm of the industry.


Steadfast in delivering operational excellence, we have established a robust footprint for finest quality Ceylon teas across several export markets. This has bolstered our market confidence. Our brand is much sought-after at the Colombo Tea Auctions—where our teas consistently fetch premium prices, often surpassing national averages. The accolades we have received at both national and international levels, coupled with our extensive certifications, demonstrate our standing as a good corporate citizen. This year, we are honoured and proud, inter alia, of winning the coveted 'Best Corporate Citizen Sustainability Award 2023' making history as the first category B company to win the

Overall award in the twenty-year history of the event. Additionally, we received a remarkable 11 awards in a single night at the 20th Best Corporate Citizen Sustainability Awards, further solidifying our position as the first plantation company to achieve such recognition by the Ceylon Chamber of Commerce.

Our Memberships
Fostering Collaborative Networks

GRI 2-28

-  Planters Association
-  Ceylon Chamber of Commerce
-  Colombo Tea Traders Association

<p>2017 Great Western First RPC to be certified under ISO 14001:2015 Environmental Management System and ISO 9001:2015 Quality Management System</p>	<p>2018 TTE First RPC to be certified under ISO 14064:2018 Greenhouse Gas Emission Inventory</p> <hr/> <p>Adopted the United Nations Women's Empowerment Principles</p> <hr/> <p>First RPC to be awarded Gold Overall Winner, Business Excellence Awards National Chamber of Commerce</p> <hr/> <p>Holyrood First factory to be certified under ISO 50001:2018 Energy Management Systems</p>	<p>2021 TTE First RPC to be certified as a 'Great Place to Work' and recognised as the 2nd best in Asia alongside seven other prestigious awards</p>
<p>2016 TTE Adopted United Nations Global Compact Principles Advanced Level</p>	<p>2019 TTE First plantation company in the world to adopt the Science Based Targets Initiative, committing net-zero emissions by 2050</p>	<p>2022 TTE Obtained certification under Eco Label</p>
<p>2011 TTE Obtained certification under Rainforest Alliance</p>	<p>2020 TTE First company in Sri Lanka to achieve Gold for all stages - 'measure, reduce, and contribute' United Nations Climate Neutral Now</p>	<p>2023 TTE First category B company to win the Overall award in the twenty-year history of the event. Additionally, we received a remarkable 11 awards in a single night at the 20th Best Corporate Citizen Sustainability Awards</p> <hr/> <p>Winner of Sri Lanka National Quality Award</p> 

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Standards and Certifications


Creating long-term value, our management systems, processes and procedures are carefully designed and structured to align with globally recognised best practices. We have pledged our allegiance to follow some of the best certification, standards and accreditation programmes. Reinforcing our organisational objectives, this approach provides a comprehensive framework for our strategic and day-to-day operations, encompassing—innovation and continuous improvement to drive efficiency; rigorous quality control; adept financial management; risk management; ESG commitments; regulatory compliance; and communication and knowledge sharing.

We follow a set of key performance indicators to evaluate and assess the efficacy of these systems and processes which in effect, set the tone for strategic decision making. We also carry out regular audits, both internal as well as certification audits, thereby, ensuring that we remain current and robust in our operational practices to meet dynamic needs of our stakeholders and to navigate the ever-changing business landscape.

Standards, Certifications and Accreditations

Certifications	Estate/Factory Certified (Out of: 16 Estates and 14 Factories)	Certification Audits (Number and Level of Compliance)
ISO 9001:2015 Quality Management System (Framework for quality management—consistently providing products that meet customer and regulatory requirements.)	01 factory	<ul style="list-style-type: none">  Internal:1  External:1  Compliance:1
ISO 22000:2018 Food Safety Management Systems (Comprehensive framework for safety of food products throughout the entire supply chain, from production to consumption.)	14 factories	<ul style="list-style-type: none">  Internal:14  External: 14  Compliance: 14
Hazard Analysis and Critical Control Points (HACCP) (A systematic method for ensuring food safety by identifying, evaluating, and controlling potential hazards throughout the production process.)	All estates and factories	Cover with ISO 22000 Internal and external audit.
Good Manufacturing Practice (GMP) (Standards to ensure production facility cleanliness, equipment maintenance, personnel training, documentation and quality control procedures.)	All estates and factories	Cover with ISO 22000 Internal and external audit and RA audit.
Rainforest Alliance (Standards for environmental, social, and economic sustainability—protecting ecosystems, supporting communities and promoting ethical business practices)	14 estates and factories	<ul style="list-style-type: none">  Internal:14  External: 1
ISO 14064-1:2018 Green House Gas Emission (GHG) Inventory/ Carbon Footprint Standard (Guidelines and principles for quantifying and reporting greenhouse gas emissions and offsets)	All estates, factories and head office	<ul style="list-style-type: none">  Internal:03  External:03
ISO 14001:2015 Environmental Management Systems (Framework to establish, implement, maintain, and continually improve environmental performance.)	05 factories	<ul style="list-style-type: none">  Internal:05  External:05
ISO 50001: 2018 Energy Management Systems (Framework to establish, implement and maintain an energy management system, to continuously improve energy performance, efficiency and sustainability.)	01 factory	<ul style="list-style-type: none">  Internal:1  External:1
Eco Label Certification (Comprehensive assessment of energy efficiency, resource conservation, waste reduction, use of environmentally friendly materials and compliance with relevant environmental regulations.)	All factories, estates and products	<ul style="list-style-type: none">  Internal:1  External:3
Great Place to Work (An accreditation awarded as per set criteria related to workplace culture, employee satisfaction and organisational best practices.)	TTE	-

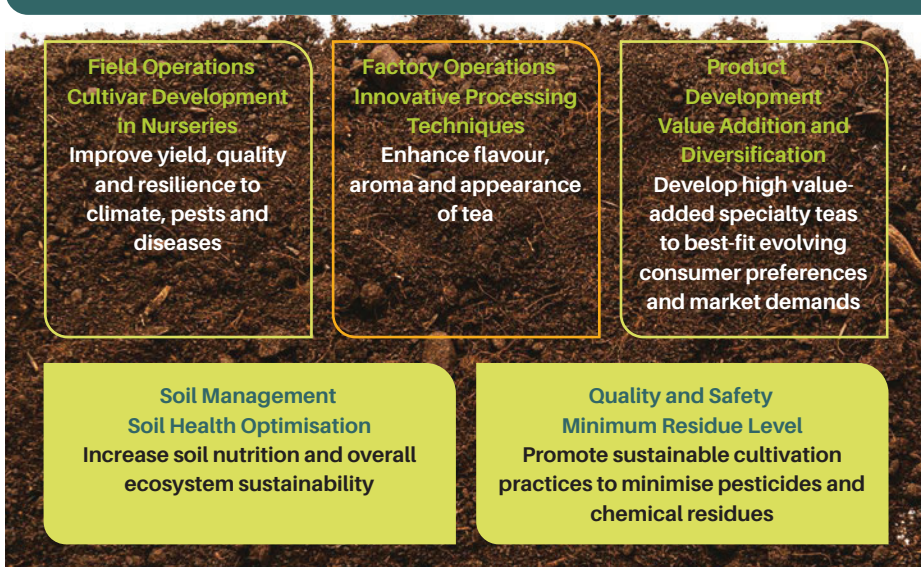
Knowledge Management

 Human capital, page 150.

As a renowned plantation company, we have the innate knowledge and expertise to produce finest quality teas including orthodox black, green teas and specialty teas—in both high and low grown elevations. Fortified by our robust management systems, we prioritise innovation and continuous improvement to further our know-how to add higher value to our teas. Our key initiatives in climate-smart agri-culture, regenerative agronomic practices and the promotion of specialty line of teas, including chemical-free organic options, amply demonstrate our capabilities in this regard.

Integral to our success is our effective institutional knowledge management process, facilitating seamless knowledge sharing and learning—to nurture and retain expertise within our organization. Our experienced senior staff is actively engaged to teach, coach and mentor our younger employees, ensuring the transfer of tacit knowledge across all aspects of our operations—be it in the field, factory, or markets. We make substantial investments in training our management-level staff, both, at the corporate and estate levels, through structured internal training programmes and progressive mentoring and succession planning initiatives. Our Board of Directors, with their pragmatism and keen acumen, gives leadership to our efforts. This commitment to knowledge transfer and skills development ensures the continuity of our operations whilst underscoring excellence in tea production and management.

Key Research Initiatives
Our R&D investment accounts for Rs. 46 Mn



Field Operations
Cultivar Development in Nurseries
Improve yield, quality and resilience to climate, pests and diseases

Factory Operations
Innovative Processing Techniques
Enhance flavour, aroma and appearance of tea

Product Development
Value Addition and Diversification
Develop high value-added specialty teas to best-fit evolving consumer preferences and market demands

Soil Management
Soil Health Optimisation
Increase soil nutrition and overall ecosystem sustainability

Quality and Safety
Minimum Residue Level
Promote sustainable cultivation practices to minimise pesticides and chemical residues

Research and Development

Our dedicated research and development (R&D) arm plays a pivotal role in driving innovation and sustainability across the organisation—be it in terms of optimising our operational processes, both, in the fields and factories; strengthening our quality control measures; and developing our product line through value addition and diversification. We engage and work closely with the Tea Research Institute, national universities and non-government organisations to leverage expertise, share knowledge, access funding opportunities to strengthen our research initiatives.

Automation and Digitalisation

In line with Industrie 4.0, the fourth industrial revolution, we have made key investments in automation and digitalisation of our operations, despite our labor-intensive nature. These initiatives have paved the way to streamline our processes and significantly improve our operational efficiency; underlining our agility and responsiveness in meeting today’s challenges, in a dynamic business environment.

Business Disruptions and Continuity

Managing Cyber Security Threats

As a leading RPC, we have taken proactive measures on cybersecurity—safeguarding our operations and business continuity from data breaches. Working closely with our parent company in this regard, we have in place an effective disaster recovery system to protect our data with robust back-up and recovery procedures, entailing live and off-site locations. We have also invested in securing our network with advanced firewalls, anti-malware software and encryption protocols to protect sensitive data and information. Complementing these measures, we also prioritise cyber security training whilst carrying out periodic audits and vulnerability assessments by internal and external auditors to maintain highest standards on security resilience.

Classified the data according to the recommended standards to secure our information.

We updated our existing information technology policy, IT disaster recovery plan and IT business continuity plan with other IT procedures according to ISO/IEC 27001:2022 - Information security, cybersecurity standards

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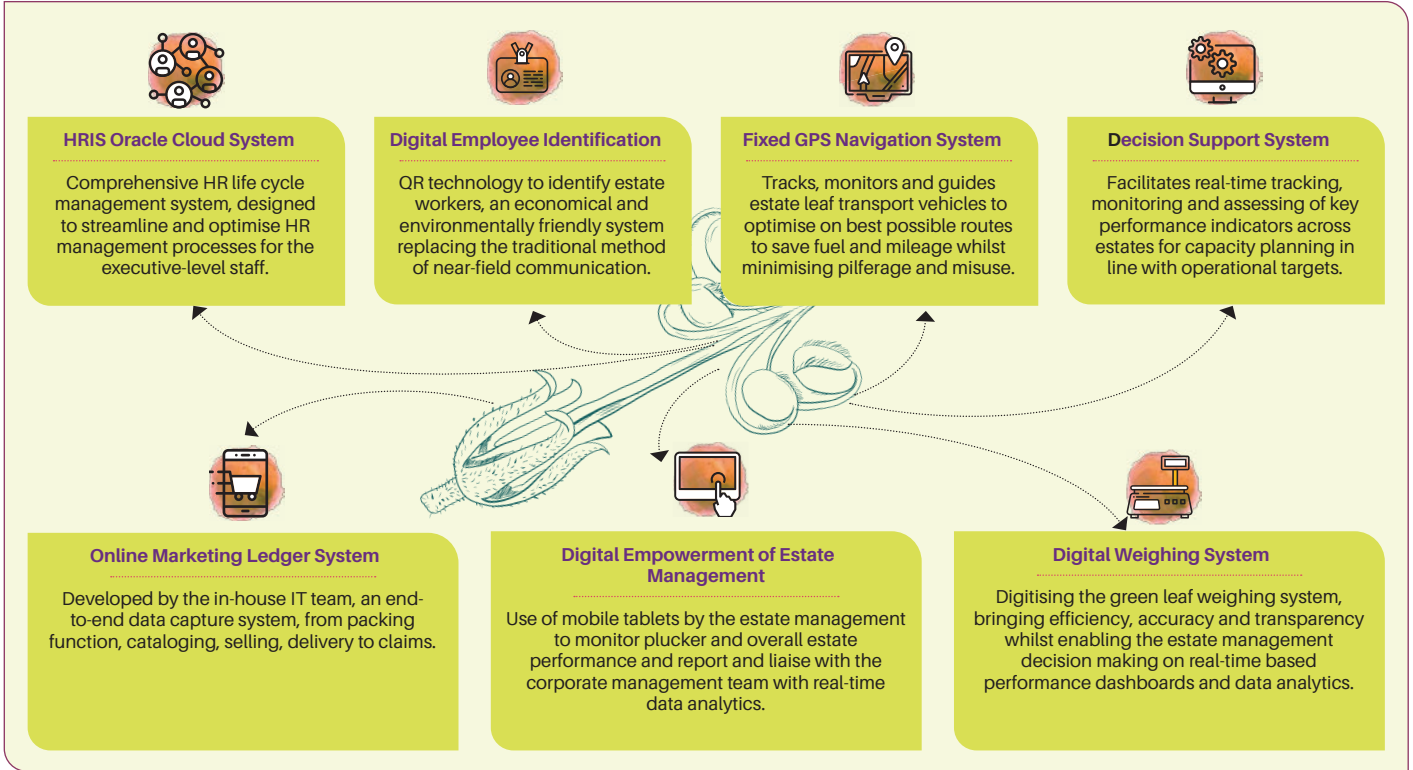
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Tracking UN Sustainable Development Goals



Goal 9: Industry, Innovation, and Infrastructure

Target: Drive innovation, knowledge creation and technology adoption for sustainable growth

- 🌱 Investments in research and development of processes and products
- 🌱 Investments in automation and digitalisation of systems, processes and procedures



Goal 16: Peace, Justice, and Strong Institutions

Target: Building trust, promoting accountable institutions and fostering peaceful societies

- 🌱 Strengthening corporate standing as a good corporate citizen
- 🌱 Enhancing brand equity on quality and standards
- 🌱 Adopting certifications and standards programmes



Goal 17: Partnerships for the Goals

Target: Building partnerships to foster collaboration, knowledge sharing and collective action

- 🌱 Collaborating with parent and sister companies in the group on ESG goals
- 🌱 Memberships and collaboration with industry and business associations

Key Performance Indicators	Related UNSDG	FY 2023/24	FY 2022/23	2030 Industry Baseline
Digital investment as % of revenue	Goal 9: Industry, innovation, and infrastructure	1%	-	N/A
Research and development investment as % of revenue		1%	-	N/A
Certification programmes followed (number)	Goal 16: Peace, justice and strong institutions	11	8	N/A
Certification renewal rate (%)		100%	100%	100%
Overall RPC Ranking		1	1	1
High grown average selling price (Rs)		1,259.85	1,303.61	N/A
Low grown average selling price (Rs)		1,537.27	1,399.33	N/A
Collaborative investments in social responsibility initiatives (Rs Mn)	Goal 17: Partnerships for the goals	103.6. Mn	165.4.Mn	N/A