



SOCIAL AND RELATIONSHIP CAPITAL

“Building meaningful relationships with mutual trust and collaboration with all stakeholders, serve as the cornerstone of our strategy for creating shared value.”

Well-respected at the helm of the plantation industry, we have over the years built robust relationships, earning the trust and confidence of our buyers, brokers and customers; suppliers; and resident estate communities. Upholding responsible and ethical business standards is key to our value proposition. This section will delve into the way we actively engage and nurture our relationships with these key stakeholders—reflecting our unwavering commitment to creating shared value.



Our Materiality Focus

- Community Health & Wellbeing
- Premium Quality Teas
- Sustainable production
- Traceability
- Product Responsibility

Stakeholders Impacted



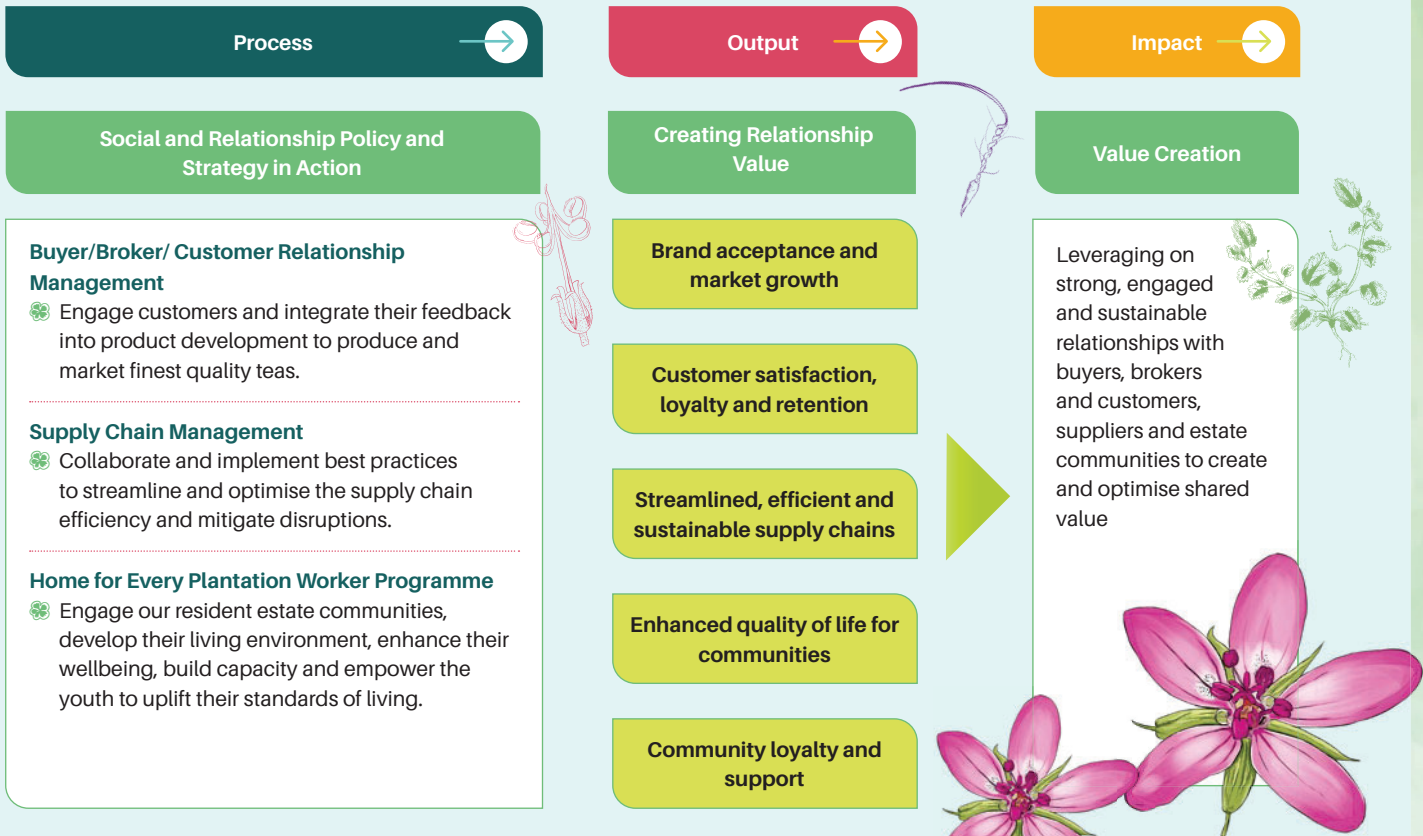
86 %
Customer Satisfaction
FY 2022/23 - 86%

Rs. 721 Mn
Payments to Bought-leaf Suppliers
FY 2022/23 - Rs. 931 Mn

Rs. 103.6 Mn
Investment “A Home for Every Plantation Worker”
FY 2023/24

15
External Audits - Food Safety Management Systems
FY 2022/23 - 15





Key Risk & Opportunity

- ⊗ Risks: Social unrest, labour migration.
- ⊗ Opportunities: Strong customer relationships and community engagement.

Strategic Response

- ⊗ Community capacity building and engagement.
- ⊗ Focus on transparency and purposeful relationships.

Trade-offs

– With Financial Capital

- ⊗ Investments in community programmes for long-term social license to operate, affecting short-term financial resources.

+ With Natural Capital

- ⊗ Engaged and stable communities ensure a loyal workforce, enhancing operational stability.

Social and Relationship Capital

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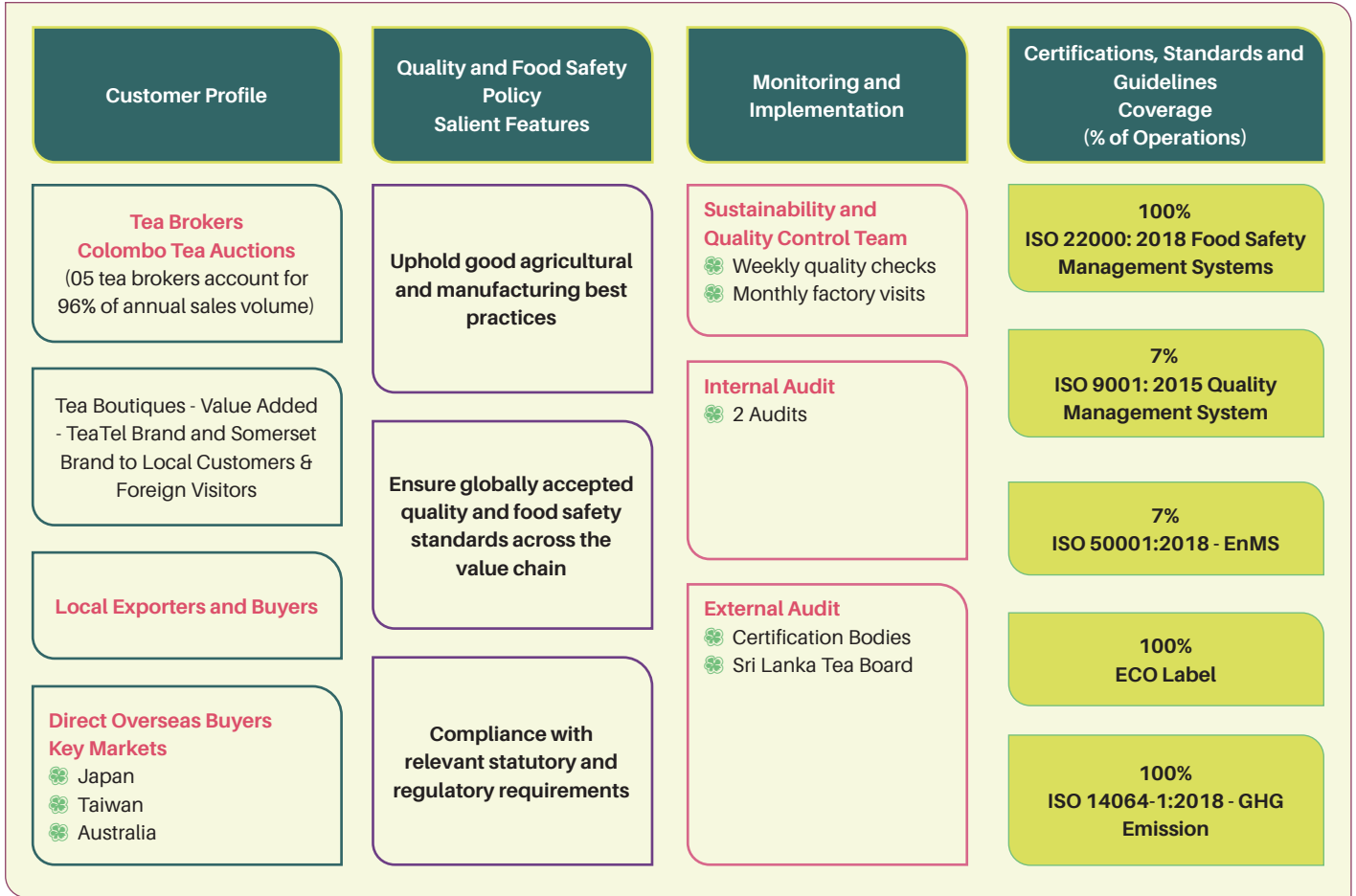
Risk and Governance

Management Discussion and Analysis

Overview

Management Approach

GRI 3-3



Positioned as a leader in the tea industry, we prioritize effective customer relationship management to create sustainable value. Our proactive and focused approach allows us to attract, build, manage, and sustain a loyal customer base. By fostering a 360-degree approach, we engage closely with our buyers, brokers, and customers based on trust, confidence and mutual value. This approach has been the foundation of our success over the years.

Dedicated to producing top-quality teas, we invest in modernizing our processes to reinforce best practices in our fields and factory operations. This, combined with our expertise, highlights our customer value proposition. Our strategic focus centers

on product stewardship, communication and engagement, and customer complaint management.

We strictly adhere to national and international food safety laws, regulations, and standards, as evidenced by our certifications and ISO standards. Our success is further demonstrated by the competitive prices we achieve at the Colombo Tea Auctions.

To maintain quality control and management, we have established a systematic and consistent monitoring mechanism. This enables us to take timely corrective actions and address any gaps or malpractices that could compromise our commitment to product responsibility.

Capital Management

Product Stewardship

GRI 2-23 & 24; 416-1 & 2, Sector: 13-9

Zero incidents of non-compliance with regulations related to health and safety impacts of products; and zero product recalls issued/recalled

As pledged in our 'Quality and Food Safety Policy', we uphold highest standards of quality and safety throughout the product lifecycle to deliver consistent value. This entails guidelines to reduce environmental and health risks and improve resource efficiency covering the entirety of the value chain—from our tea nurseries; planting and harvesting the finest quality leaves in the fields; interaction with bought-leaf

suppliers; responsible processing of tea blends in the factories; to packaging and distribution.

In addition, we have set out and adopted specific guidelines to cover the responsible use of agro-chemicals in production including independent verification of safety, based on random sampling. All products in effect are subject to health

and safety impacts whilst testing for maximum residue level (MRL) assurance for agro-chemicals as well as agro-chemical inputs within the production process. Our certification bodies also collaborate and complement us in this regard.

Product Information and Labelling

GRI 417-1 & 2

Zero incidents of rejections and monetary fines of non-compliance with regulations related to product and service information and labelling

We follow the guidelines set by the Sri Lanka Tea Board and the Colombo Tea Traders Association in product information

and labelling. All tea packages, that is, paper sacks, entail information in English on product quality including the grade, selling mark, weight information, invoice details, number of bags and certifications. Packages also carry the credentials and certifications of the packaging manufacturer.

Communication and Engagement

GRI 417-3

Zero incidents of non-compliance with regulations/voluntary codes related to marketing communications, and zero breaches of customer privacy

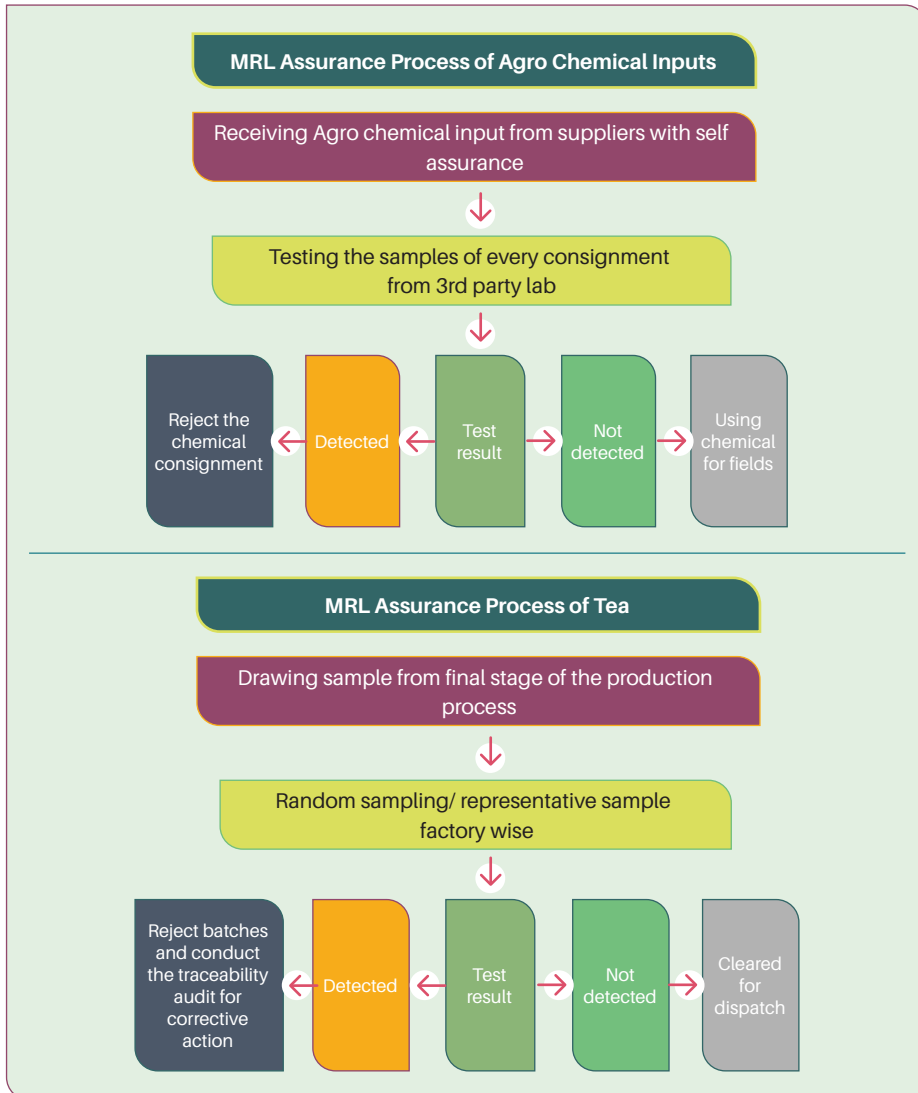
Open lines of communication play an essential role within our customer value proposition. Our targeted marketing campaigns alongside social media engagements and personalised interactions over the years have complemented our efforts to strengthen our brand positioning and foster meaningful connections with our brokers as well as our direct buyers. These marketing initiatives continue to underscore our efforts to reinforce our positioning in traditional tea markets as well as foray in to non-traditional markets including Japan, Taiwan and Australia.

All data and information gathered from our marketing campaigns and initiatives are considered confidential-maintaining utmost respect for customer privacy.

In addition, we carry out a yearly Customer Satisfaction Survey among our clientele. The most recent survey, conducted in 2023/24, unveiled an overall customer satisfaction score of 86%, which closely aligns with the score recorded in 2022/23. This comprehensive survey encompasses various aspects, such as the positive and negative attributes of our teas, the appearance and taste of teas, customer requirements, packaging quality, delivery and customer service, as well as the relevance and necessity of certifications.

Quality and Standards Audits

We carried out 15 audits on quality and food safety standards in the FY 2023/24.



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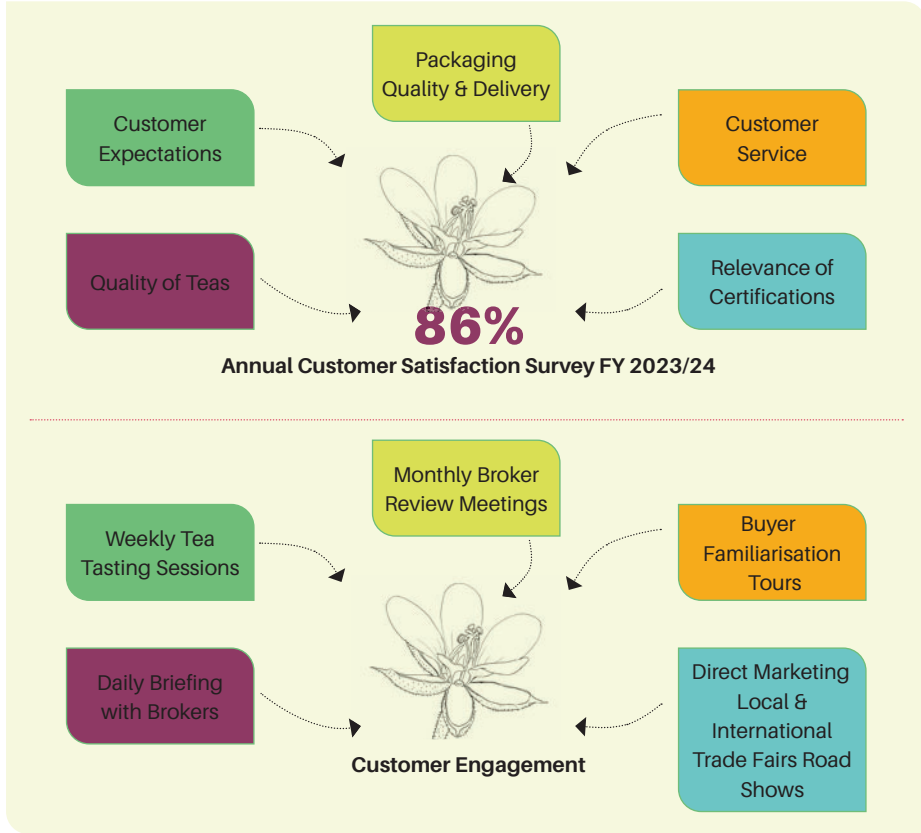
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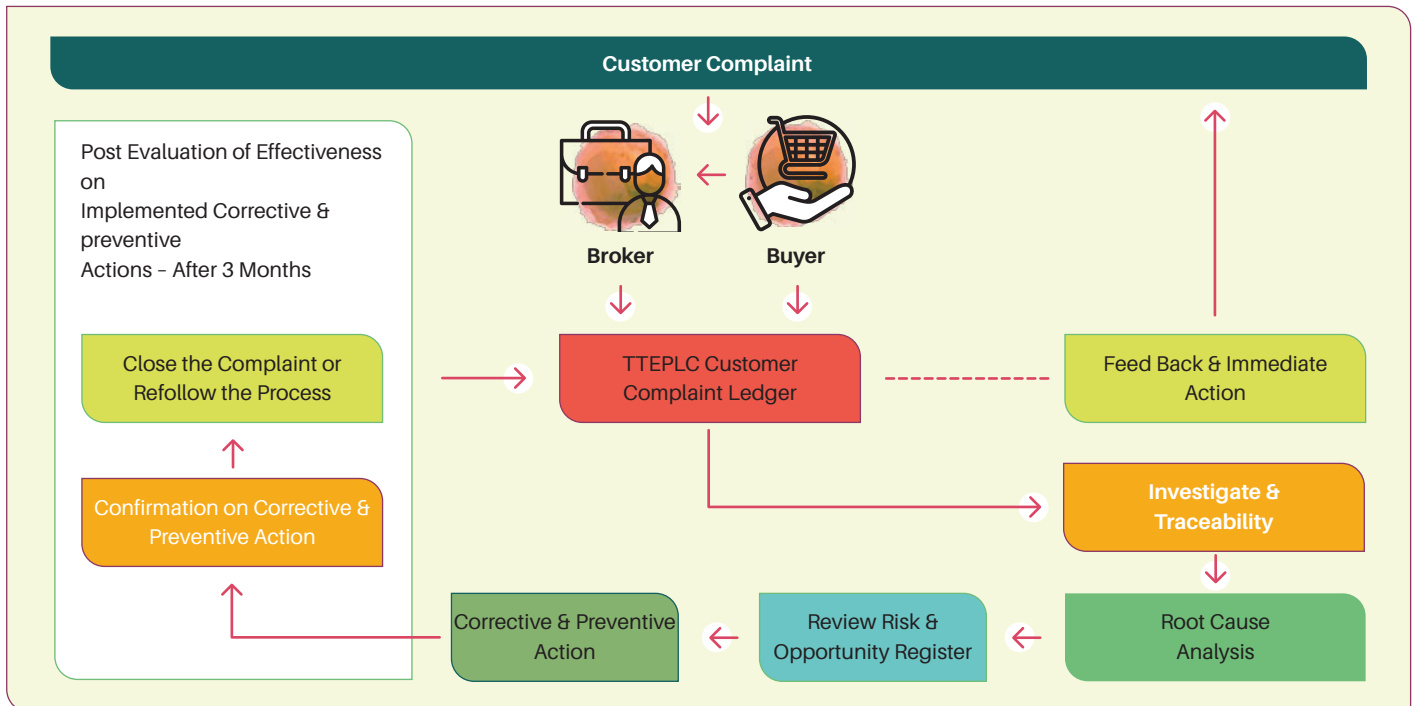


Customer Complaint Management

GRI 2-25,2-26

Customer complaints have steadily decreased year-on-year, reflecting our proactive management efforts.

We have a robust customer complaint management process, with emphasis on managing customer grievances as well as responding to inquiries, concerns and feedback. Each complaint is approached with empathy, urgency, and professionalism, leading up to a thorough and well-structured investigation. This not only redresses immediate concerns of the aggrieved customer, but also gives us invaluable market insights for continuous improvements across our systems, processes and product offer. In the reporting year, we recorded 5 formal complaints and fully resolved.



Key Customer Initiatives

TeaTel By Talawakelle

Launching Our Inaugural Tea Boutique

We launched a custom-designed tea boutique in Colombo on November 2023 to captivate and attract high-end local tea enthusiasts and cater to the discerning tastes of the tourism market. The boutique showcases an exquisite array of our finest quality tea blends, curated to take the tea-drinking experience to new heights.



Tracking UN Sustainable Development Goals



Goal 3: Good Health and Well-being

Target: Best practices to minimise health and safety impacts of our products

- 🌿 A well-structured MRL assurance process in place to minimise impacts from agro-chemicals in production
- 🌿 Collaborating with certification and standards setting bodies to internalise globally accepted best practices in quality and food safety



Goal 12: Responsible Consumption and Production

Target: Driving for sustainable products

- 🌿 Implementing rejuvenative and climate smart agronomic practices for sustainable tea production
- 🌿 Adoption of globally accepted and best manufacturing practices
- 🌿 Advocate environmental and social sustainability across the value chain
- 🌿 Use of eco-friendly packages - recyclable paper sacks

If UNSDG targets are tracked on quantifiable basis you may include same as a table as follows: Example

Key Performance Indicators	Related UNSDG	FY 2023/24	FY 2022/23	2030 Industry Baseline
Number of customer complaints	Goal 3: Good health and wellbeing	5	6	-
Customer satisfaction index		86%	86%	100%
Number of audits carried out on quality and food safety on products	Goal 12: Responsible consumption and production	15	15	Each Factory should be audited once a year

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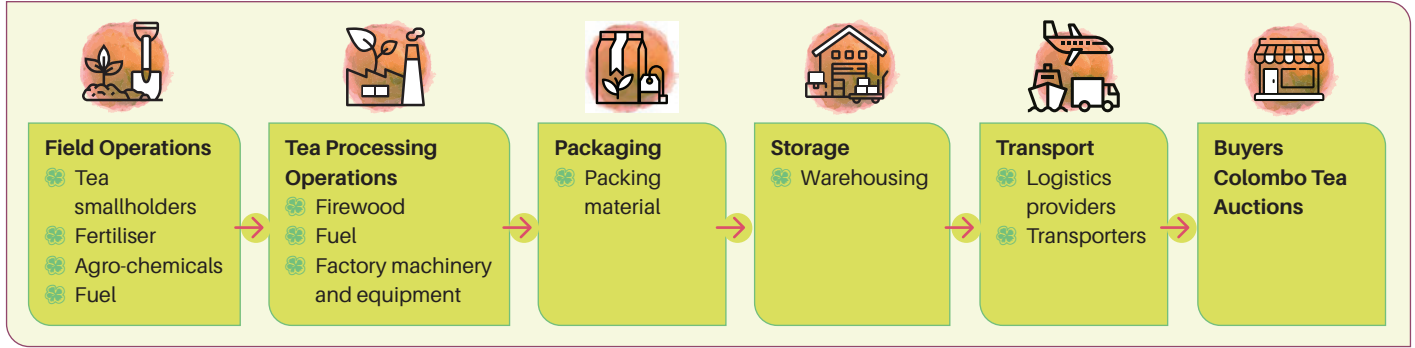
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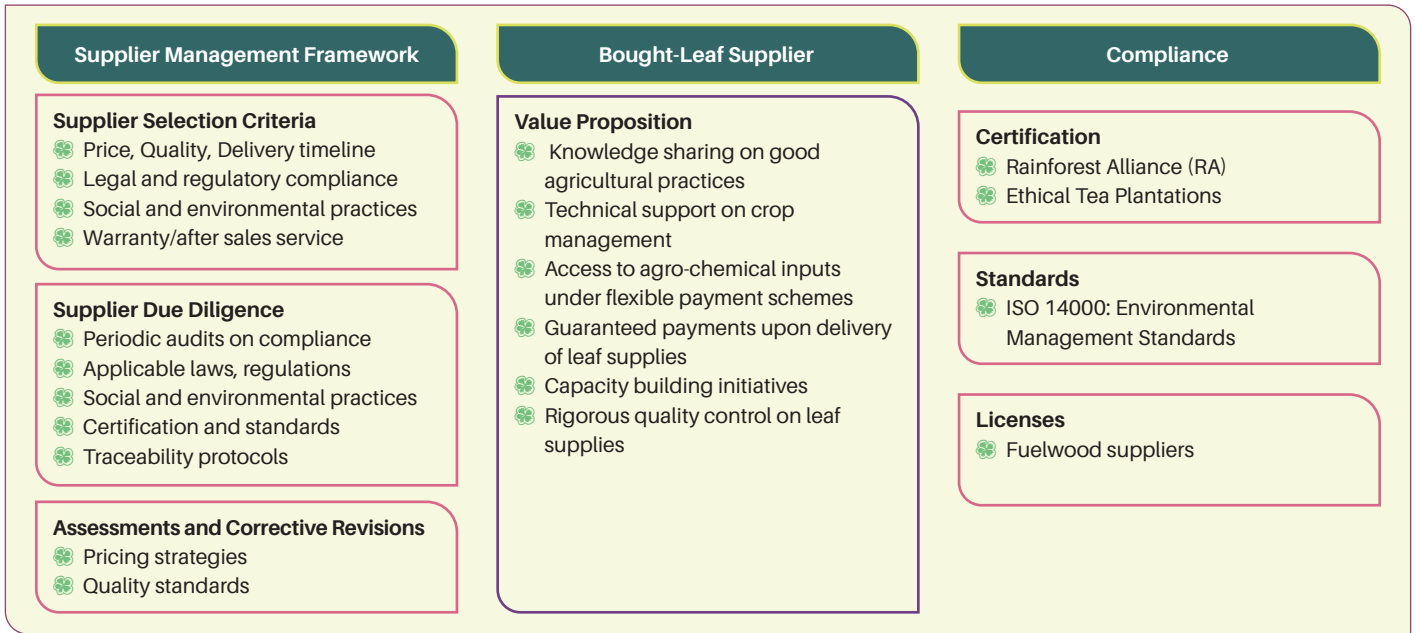
Supplier

Our Supply Chain



Management Approach

GRI 3-3; 308-1 & 2; 414-1 & 2; Sector: 13.23.2,3, & 4



As a regional plantation company with expansive operations, we engage and collaborate with a wide-ranging network of suppliers, predominantly local. They play a pivotal role in supporting our sourcing needs within our value creation process; and therefore, managing a progressive supply chain with a focused approach warrants our strategic precedence. Upholding best practices, we are conscientious and maintain professionalism in all our dealings across the supply chain. We are fair and responsible in meeting our payment and other contractual obligations.

In our management approach, we strive for partnerships with best-fit suppliers who are able to adopt and align with our business ideals. In this regard, we have in place a cohesive value proposition on a six-tier basis to develop, engage and manage our bought-leaf suppliers—the largest supplier group in terms of our procurement spend. As for the other supplier groups, we have developed a comprehensive supplier management framework—with a stringent supplier screening and a due diligence mechanism and assessments to ensure that they have the proficiency, track record

and receptiveness to meet our strategic priorities on quality and standards. This includes their accountability and responsibility to social and environmental considerations.

Our procurement teams at the estate level, in consultation with the corporate management, conduct thorough assessments on suppliers via on-site visits and comprehensive reviews.

Capital Management

GRI 204-1, 308-1, 414-1

Screening Suppliers and Payments

Zero incidents on terminating supplier contracts due to illegal or corrupt practices; and zero incidents of negative social and environmental impacts across our supply chain— no child and forced labour and violations of human rights

Our supplier base as at the year-end 31st March 2024 stood at 2550, led by bought-leaf suppliers and followed by agro-chemical and fertiliser suppliers. We continued in the year to closely engage and monitor their businesses, workplace practices and values. We established links and screened 408 new suppliers under social and environmental criteria; whilst renewing 100% existing supplier contracts—ensuring alignment with our stringent assessment criteria.

Our procurement expenditure in the year, comprising only local payments—totaled to Rs1,926 million, corresponding to a 7.65 percent year-on-year decrease. We spent Rs 721 million, that is 37 percent share, on

our bought-leaf suppliers who operate as individual tea planters with small plots of land or tea businesses within the small and medium enterprises sector.

Payments to suppliers

Supplier Types	2023/24 (Rs. Mn)	2022/23 (Rs. Mn)
Bought Leaf	721.17	930.96
Agro Chemical and Fertilizer	523.14	452.29
Fuel	90.48	135.23
Firewood	143.50	100.67
Machinery, and equipment, capital Items Including Construction	334.91	324.37
Packing Material	38.33	68.88
Transport Service Providers	74.65	73.45
Total	1926.18	2085.85

Tracking UN Sustainable Development Goals



Goal 8: Decent Work and Economic Growth

Target: Productive employment with fair prices for bought-leaf suppliers, promoting inclusive growth

- Providing livelihood opportunities
- Guaranteed and fair prices for bought-leaf
- Capacity building initiatives
- Advocating good agricultural practices



Goal 10: Reduced Inequalities

Target: Creating equitable and sustainable supply chains

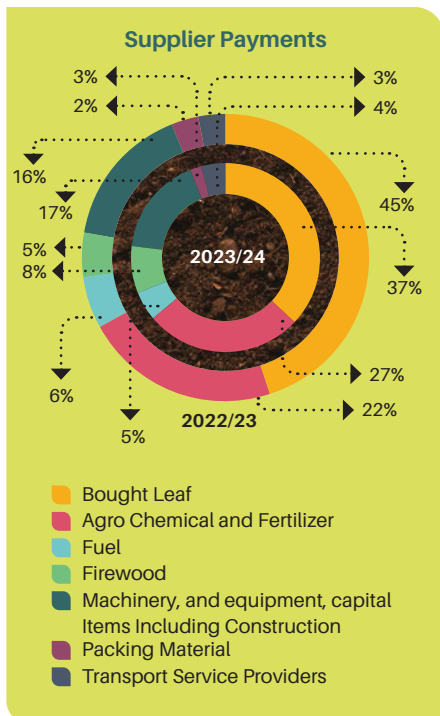
- Advocating and collaborating to internalise best environmental and social practices amongst bought-leaf suppliers
- Obtaining and complying with RA and Ethical Tea Plantations certification programmes



Goal 12: Responsible Consumption and Production

Target: Drive socio-economic and environmental sustainability across the supply chain

- Empowering and enabling access to resources, & opportunities
- Supporting estate workers to transition as block managers under the revenue share model
- Fair trade practices and Capacity building initiatives



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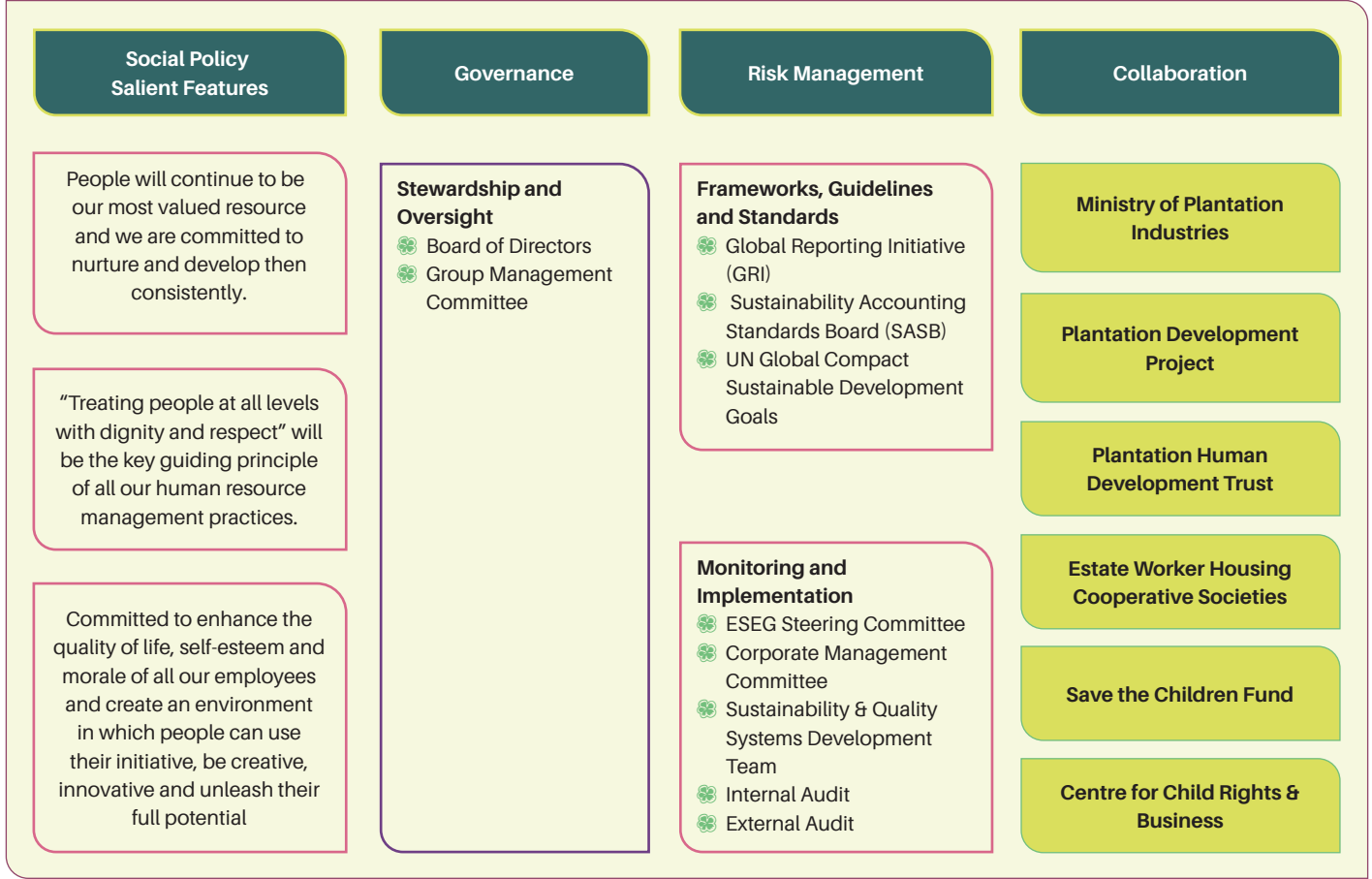
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Resident Estate Community Management Approach

GRI 3-3; 413-2



Our plantation company recognizes the importance of the communities living within our estates, as they not only provide us with a skilled workforce but also serve as a crucial support network. In line with our social policy, we have implemented a comprehensive program called 'Home for Every Plantation Worker' that focuses on improving living standards, health and nutrition, capacity building, and youth empowerment. Additionally, we actively engage and support our neighboring communities in their development initiatives. These community-based efforts are aligned with the sustainability agenda of the Hayleys Group, with full involvement from our Board of Directors. Our initiatives are carefully planned and executed, taking into account the potential impacts on the communities and ensuring alignment with our strategic objectives. We conduct thorough assessments to evaluate the costs and benefits of our community investments. In the past year, there have been no reported incidents of negative impacts on our estate and neighboring communities.

Empowering Young Minds

We partnered with LEADS Organisation-a non-governmental organization, Surala (Japan) and Next Learners (Sri Lanka), to launch a mathematical learning programme for our estate children. Surala is a Japanese mathematics teaching technique designed to simplify the learning of basic mathematical concepts. To kick-start the initiative, we provided support to train our training officers along with access to our training centres-equipped with Wi-Fi connections and other necessary facilities enabling the children to learn this technique online.

Key Indicators

- 🌿 Participating estates: Holyrood & Mattakelle estates
- 🌿 Number of trainers trained: 4
- 🌿 Number of expected beneficiaries: 60 children

Implementation of Estate Housing Scheme Signage Enhances Employee Identification

A comprehensive signage system has been introduced across all housing schemes within the estates, facilitating easy identification for employees. This initiative aims to streamline navigation and improve accessibility within the estate communities, ensuring convenience and efficiency for all residents.



Uplifting Women and Nurturing Children

We are now Certified **“Mother & Child Friendly Seal” for Responsible Business** One of the first companies to obtain the certification in Sri Lanka



Going beyond our pledge to uphold the ‘Mother and Child Friendly Seal’, we extended our collaboration with the Centre for Child Rights and Business and the Save the Children Fund-bringing in meaningful changes with positive measures, systems and processes to safeguard the wellbeing of the female workers and the children of our estates. This year, we developed a comprehensive strategy and action plan, obtaining certification to systematically tackle challenges and bolster support for our female employees; whilst prioritizing investments in good childcare facilities to protect the rights of the children across our estates.

Commemorating Generations in the Community

The celebration of Children’s and Elders’ Day across all estates showcases the importance of honoring different generations within the community. Each estate celebrated in unique ways, emphasizing the value of intergenerational connections and mutual respect. This initiative fosters a sense of belonging and appreciation within the estate community, promoting unity and understanding among all age groups.

Community Kitchen at Dessford Estate

The Ethical Tea Partnership (ETP) collaborated with the Plantation Human Development Trust (PHDT) and established a Community Kitchen at Dessford Estate. This initiative aims to enhance the nutritional standards within the estate community, addressing vital aspects of health and well-being.



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GRI 203-1 & 2; 413-1; Sector:13.9.1

Home For Every Plantation Worker

Living Environment

- Investment: **Rs. 8.2 Mn**
- Beneficiaries: **17,676**

Health and Nutrition

- Investment: **Rs. 70.2 Mn**
- Beneficiaries: **183,494**

Living Environment

Under this pillar, we focus on developing and enhancing the living environments of our estate communities. Through dedicated and flagship initiatives under the Hayleys Plantation sector, we invest in essential infrastructure facilities including:

- Access road development
- Housing construction and upgrades
- Providing water and sanitation
- Child development centres
- Construction of recreation centres
- Construction of rest rooms

Outcome: Healthier, more sustainable and thriving communities, with improved quality of life and empowerment to live productive and fulfilling lives.

Health and Nutrition

In our quest to promote vibrant and resilient communities, we give strategic precedence to health and wellness with a strong focus on:

- Immunisation programme
- Prevention of communicable and non-communicable diseases and nutrition
- Antenatal and postnatal care
- Childhood development, health and wellbeing
- Daycare centres, creches and child protection focal points
- Auxiliary medical services - medical centres, ambulance services etc.

Outcome: Enhanced well-being, enabling estate communities to lead productive lives with improved quality and vitality.

Tracking Our Targets

Our Target: Improve the living environment investment and beneficiaries by 50% by 2030

Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	17,676	20%	30%	50%
Investment	10%	8.2 Mn	20%	30%	50%

Tracking Our Targets

Our Target: Improve the health and nutrition investment and beneficiaries by 50% by 2030

Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	183,494	20%	30%	50%
Investment	10%	70.2 Mn	20%	30%	50%



Community Capacity Building
 Investment: **Rs. 24.6 Mn**
 Beneficiaries: **40,979**

Youth Empowerment
 Investment: **Rs. 0.7 Mn**
 Beneficiaries: **39,865**

Community Capacity Building

We collaborate with the Estate Worker Housing Cooperative Societies to extend capacity building opportunities, focusing on developing skills for supplementary livelihoods along with financial and technical support:

- Loan schemes
- Housing loans, microfinance facilities
- Savings schemes
- Community training

Outcome: Supplementary livelihood opportunities, fostering improved standards of living through diversified income sources and enhanced financial stability.

Youth Empowerment

We have in place a targeted youth development programme, designed to build their skills, confidence and attitude necessary to pursue positive change and secure a more viable livelihood.

- Vocational training
- Developing inter-personal and leadership skills
- Awareness building on pertinent social issues

Outcome: Skilled, confident and employable young men and women, well prepared to reach higher life goals.

Tracking Our Targets

Our Target: Improve the capacity building investment and beneficiaries by 50% by 2030

Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	40,979	20%	30%	50%
Investment	10%	24.6 Mn	20%	30%	50%

Tracking Our Targets

Our Target: Improve youth empowerment investment and beneficiaries by 50% by 2030

Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	39,865	20%	30%	50%
Investment	10%	0.7 Mn	20%	30%	50%



Social and Relationship Capital

Special Community Initiatives FY 2023/24

Fostering Positive Change for Women, Youth & Children - CRIB Challenges

 *Human Capital, Page 150*

The Centre for Child Rights and Business launched and invited all plantation companies in the country to take part in the 'Child Rights in Business' (CRIB) challenge. Participating, we submitted three innovative concept papers to address the challenges faced within our estates, including:

- 🌱 Appointing of female field supervisors (which we have already implemented within our organisation);



Talawakelle Tea Estates

Promoting Young Women as Field Supervisors

Talawakelle Tea Estates has initiated a skill development and career advancement program for young women in the tea estates. Young women are provided with skill development, career opportunities, and training partnerships for their advancement in the tea industry.



- 🌱 Grooming unemployed youth as butlers to promote Tea Tourism and Hospitality



Talawakelle Tea Estates

Promoting Hospitality and Ecotourism among Youth

The initiative offers training and mentoring in "butler service" to current bungalow caretakers and young individuals in plantation estates. This partnership with hotels emphasises hospitality management, traditional Sri Lankan cuisine, environmental sustainability, and communication skills. It also fosters knowledge transfer from experienced caretakers to the next generation. Completion of the training enables participants to work at estate bungalows for tourism or secure placements at partner hotels.



- 🌱 Establish Child Protection and Safe guarding Information Centre at a regional level (a prototype centre is currently operational at our Logie estate).



Logie Estate of Talawakelle Tea Estates

CRIB Challenge Round 4

Establishing a regional child protection and child safeguarding centre

This initiative aims to address the absence of suitable facilities and services tailored to the educational and child protection needs of children and youth in the area. The centre will serve as a vital resource hub and training venue for approximately 8,000 children and officers across all 12 tea estates under Talawakelle Tea Estates in the region.



Key Indicators

- 🌱 **Secured:** First place for all three concepts
- 🌱 **Awarded:** Funding of Rs. 1.0 million for each concept + technical support

CSR Project : Give the Gift of Sight

By sponsoring cataract surgeries for 20 individuals through HelpAge, the company demonstrates a commitment to supporting healthcare access and addressing the specific needs of the elderly population. This compassionate gesture not only improves the vision and overall well-being of the beneficiaries but also fosters a sense of community care and responsibility.



Tracking UN Sustainable Development Goals



Goal 1: No Poverty

Target: Aligning welfare policies with industry stipulated standards

- 🌿 Community welfare benefits
- 🌿 Capacity building initiatives
- 🌿 Financial Inclusion and Support



Goal 2: Zero Hunger

Target: Food security and nutrition

- 🌿 Awareness building on nutrition
- 🌿 Antenatal and postnatal nutritional support
- 🌿 Free mid-day meal for children
- 🌿 Building, training & support on growing nutritious food in home gardens



Goal 3: Good Health & Wellbeing

Target: Good health and disease prevention

- 🌿 Access to essential healthcare services
- 🌿 Healthcare initiatives to prevent diseases
- 🌿 Comprehensive immunisation programme
- 🌿 Antenatal and postnatal healthcare



Goal 6: Clean water and sanitation

Target: Access to clean water for good health and wellbeing

- 🌿 Invest in infrastructure facilities to provide clean water and sanitation
- 🌿 Protect waterbodies from chemical contamination
- 🌿 Build awareness and ensure cleanliness of sanitation facilities



Goal 10: Reduced inequalities

Target: Reduce income disparities for Socio-economic inclusion

- 🌿 Developing community infrastructure
- 🌿 Extending employment opportunities
- 🌿 Capacity building initiatives

Key Performance Indicators (High and Low Grown Resident Estate Population)	Related UNSDG	FY 2023/24 Rs (Mn)	FY 2023/24 Rs (Mn)	2030 Industry Baseline
Living Environment	Goal 1: No poverty Goal 6 : Clean water and sanitation	8.1	5.7	10.0
Health & Nutrition	Goal 1: No poverty Goal 3: Good health and wellbeing	70.2	138.6	150
Community Capacity Building	Goal 2: Zero Hunger	24.6	20.1	30
Youth Empowerment	Goal 10: Reduced inequalities	0.7	1	2