

Boundless Impact

Corporate Governance



Corporate Governance

CHAIRMAN'S MESSAGE

GRI 2-22



DURING THE YEAR WE CONTINUED TO EMPHASIZE THE INTEGRATION OF ESG PRINCIPLES INTO OUR BUSINESS STRATEGY. OUR SUSTAINABILITY FRAMEWORK HAS GUIDED OUR EFFORTS TO CREATE LASTING VALUE FOR ALL STAKEHOLDERS.

The Haycarb Group operates through a network of twenty legal entities spread across eleven countries, necessitating effective and disciplined cross-border oversight. Managing this geographically diverse footprint is made more demanding by the need to adhere to varying legal and regulatory standards that are unique to each jurisdiction. As the global landscape continues to evolve at varying paces across regions, the Group remains unwavering in its dedication to the highest standards of corporate governance, anchored firmly in the principles of transparency, accountability, and ethical conduct. These values form the cornerstone of Haycarb's long-term success and sustainability.

The governance structure underwent notable changes during the year, driven by several key factors, including the incorporation of a subsidiary in Germany, the resignation and retirement of certain Board members, and appointment of new directors to fill those vacancies. In addition, key Board committees were reconstructed to ensure alignment with recent regulatory developments. Collectively, these changes alongside the ongoing refinement of governance frameworks have significantly

enhanced the Board's capacity to deliver strategic oversight and respond effectively to emerging challenges.

During the year we continued to emphasise the integration of ESG principles into our business strategy. Our Sustainability Framework has guided our efforts to create lasting value for all stakeholders, from adoption of ethical conduct policies, including the Anti-Bribery and Anti-Corruption Policy, to our proactive adoption of the revised Section 9 of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange, we continue uphold the highest standards as a responsible corporate citizen in Sri Lanka.

I am pleased to affirm that Haycarb has adhered to the Code of Best Practice on Corporate Governance - 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

The Integrated Annual Report serves as a testament to our unwavering commitment to accountability and transparency. By exceeding mandatory disclosure requirements, we aim to provide stakeholders with a holistic view of our governance practices and sustainability initiatives. Our focus extends

beyond compliance, showcasing the dedication to advancing ESG priorities and driving long-term value creation.

As we look to the future, our focus remains on delivering greater value to shareholders, fostering resilience amidst changing industry dynamics, and maintaining our reputation as a benchmark for exemplary corporate governance.

I extend my heartfelt appreciation to the Board of Directors, the Management team, our employees, and all stakeholders for their unwavering commitment to uphold Haycarb's purpose-driven vision.

By fostering transparency in our disclosures and decision-making, we empower stakeholders and foster enduring trust. This approach ensures not only regulatory compliance but also reflects our steadfast commitment to the true spirit of mindful governance.

Mohan Pandithage
Chairman

15th May 2025
Colombo



EXPANSION

- Haycarb commenced expansion its manufacturing footprint to the Philippines through Haycarb Philippines Corporation, and further strengthened its marketing presence by setting up a dedicated marketing entity in Germany.

POLICY FRAMEWORK

- The Company's governance policies were published on the corporate website (www.haycarb.com) to ensure transparency and public accessibility.

SUSTAINABILITY

- Mid-term sustainability review reports were published during the financial year, in September 2024 and February 2025.

EVALUATIONS

- Self-Evaluations by the Board
- Evaluation of the CEO by the Board



APPOINTMENTS

- Mr. Yohan Perera assumed the role of Senior Independent Director (w.e.f. 14th November 2024)
- Mr. Timothy Speldewinde was appointed as an Independent Non-Executive Director (w.e.f. 22nd November 2024)

RESIGNATIONS

- Mr. Hisham Jamaldeen as the Senior Independent Director (w.e.f. 14th November 2024)
- Mr. James Naylor as an Executive Director (w.e.f. 31st January 2025)

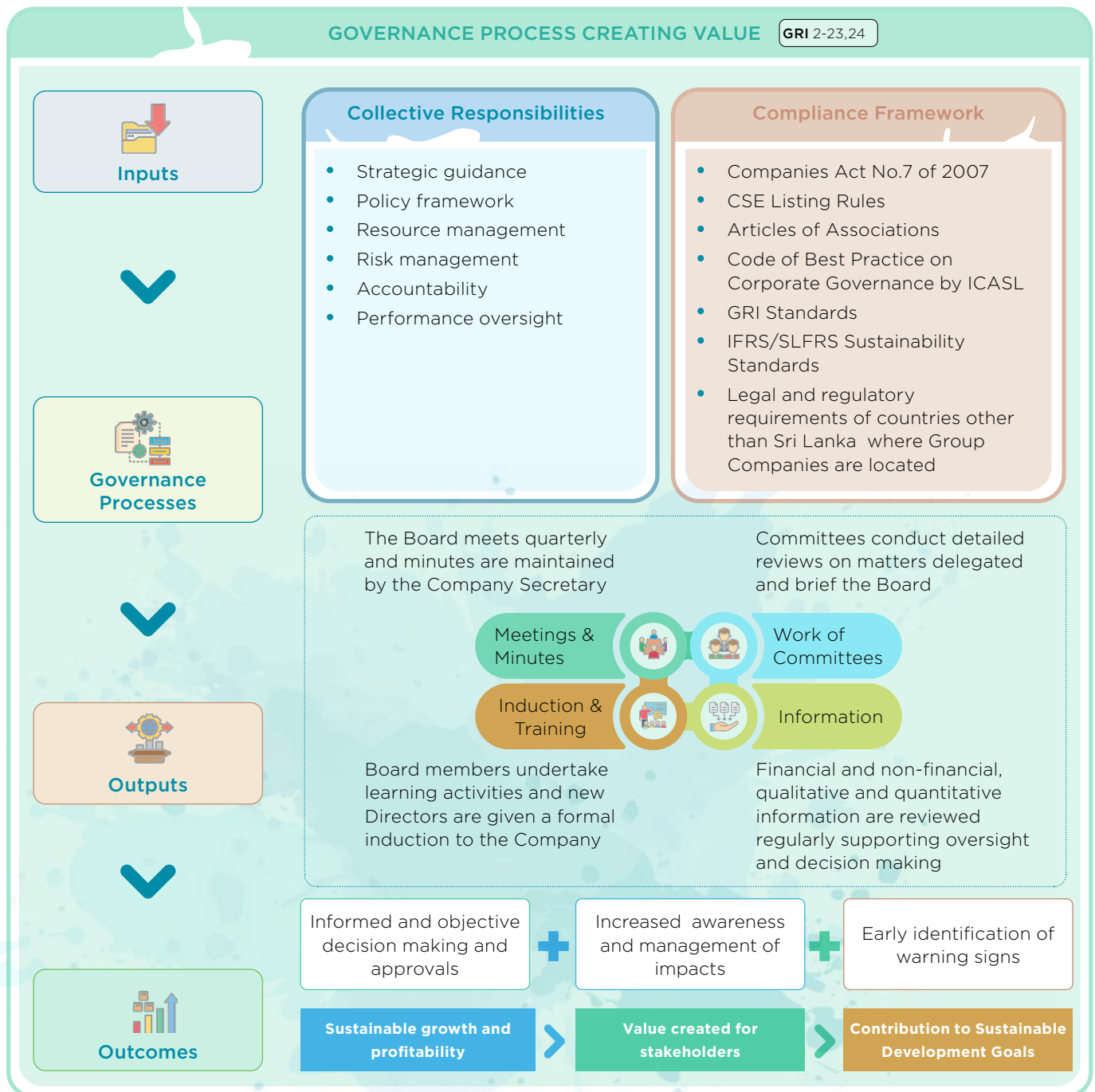
NEW COMMITTEES OF THE BOARD

- Nominations and Governance Committee (w.e.f. 16th May 2024)
- Remuneration Committee (w.e.f. 16th May 2024)
- Related Party Transactions Review Committee (w.e.f. 16th May 2024)



Corporate Governance

THE COMPANY HAS FULLY COMPLIED WITH THE LATEST REGULATORY PRONOUNCEMENTS, INCLUDING SECTION 9 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE, THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA, AND THE RECENTLY INTRODUCED SLFRS SUSTAINABILITY STANDARDS S1 AND S2.



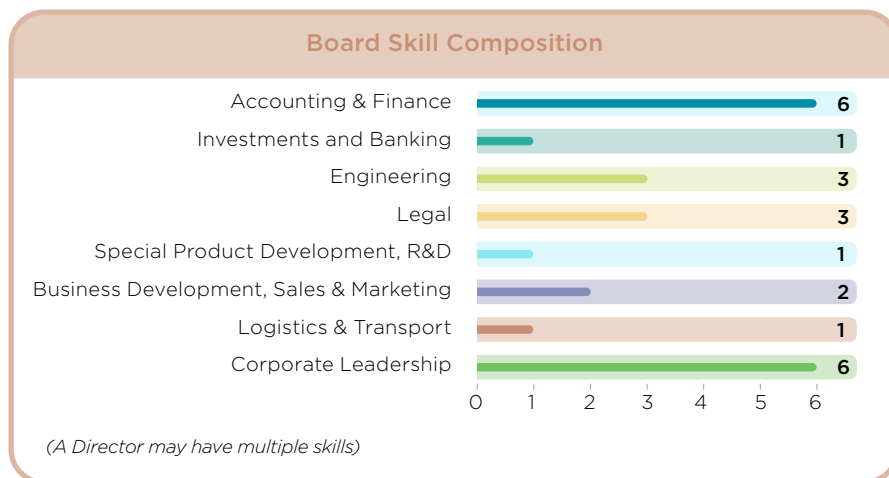
COMPOSITION IS KEY

GRI 2-9, 17, 405-1

As of 31st March 2025, the Board comprised 14 Directors, whose profiles are presented on pages 28 to 32 of this Report. The Board includes six Executive Directors, among them the Chairman and the Managing Director, and eight Non-Executive Directors, five of whom are independent. This composition ensures compliance with Section 9.8 of the Colombo Stock Exchange Listing Rules, which requires a minimum of one-third independent representation on the Board. The diverse mix of skills, experience, and

perspectives among the Directors enables robust and objective deliberation on matters brought

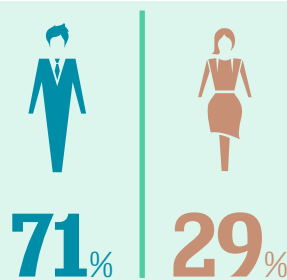
before the Board. A summary of the Board's collective strengths is provided below.



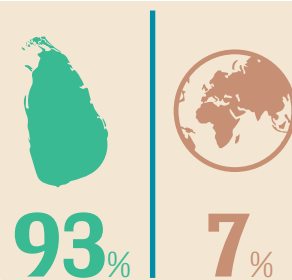
Balanced Composition of the Board as of March 31, 2025

Executive Directors (including Chairman and MD)		43%
Non-Independent Non-Executive Directors		21%
Independent Non-Executive Directors		36%

Gender Representation of the Board



Nationality Representation of the Board



Age Diversity of the Board of Directors

> 60		65%
55 - 60		14%
50 - 55		14%
< 50		7%

Tenure on the Board (Years)

> 15		36%
10 - 15		14%
5 - 10		7%
< 5		43%

Corporate Governance

NOMINATIONS AND GOVERNANCE

GRI 2-10

The Nominations and Governance Committee supports the Group in identifying suitable candidates for Board appointments as required. The Committee assesses prospective Directors based on their skills, competencies, experience, and personal attributes, while also considering the overall composition and diversity of the Board. The primary criterion is to select the most qualified individual who aligns with the Company's strategic needs and satisfies the Board's requirements for independence and diversity.

FIT & PROPER CRITERIA / DETERMINING INDEPENDENCE

GRI 2-13, 18

The criteria for determining whether a Director is 'fit and proper' to discharge their duties and independence, where applicable, are defined under Section 9 of the CSE Listing Rules. Haycarb adhered to these criteria throughout the year in its Board evaluation processes. Self-declarations were obtained from all Directors during the year and were duly reviewed and assessed.

APPOINTMENT, RETIREMENT AND RESIGNATIONS

Directors are appointed by the Board in accordance with the Company's Articles of Association and are subsequently reappointed by the shareholders at the Annual

General Meeting. The Board recommends suitable candidates for appointments based on the advice of the Nomination and Governance Committee. Upon appointment, the details of new Directors are duly disclosed to the Colombo Stock Exchange, in line with regulatory requirements.

- A brief resume of the Director
- The nature of his expertise in relevant functional areas
- The names of companies in which the Director holds directorships or memberships in Board Committees
- Whether such Director can be considered 'Independent' in accordance with the CSE Listing Rules

The Board is empowered to appoint Directors to fill any casual vacancies that may arise during the year. In accordance with the Articles of Association, such appointments are valid until the next Annual General Meeting, at which point the appointed Directors are required to stand for election by the shareholders. This process ensures active shareholder participation in the appointment of Directors.

One-third of the Directors in office retire at each Annual General Meeting by rotation with the Directors who have served for the longest period since their appointment/re-appointment retiring first. Retiring Directors are generally eligible for re-election. The names of the Directors who

are submitted for election or re-election are given in the Notice of Meeting and their resume is provided in the Annual Report to enable shareholders to make an informed decision on their election.

Provisions of the Articles of the Company do not require the Director who is the Managing Director to retire by rotation.

SUBCOMMITTEES OF THE BOARD

GRI 2-9


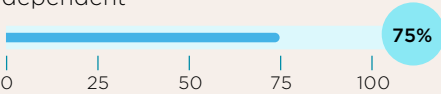

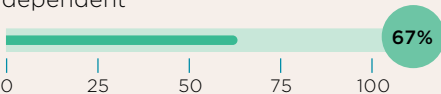

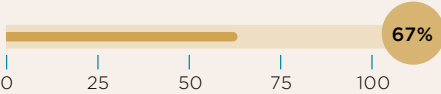

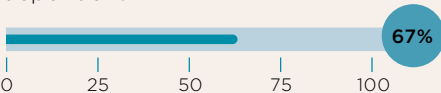
During the year, the Board established the Nominations and Governance Committee, the Remuneration Committee and the Related Party Transactions Review Committee to aid in fulfilling its obligations in accordance with the recently introduced CSE Listing Rules, Section 9 on Corporate Governance.

Before the formation of these three new committees, the respective committees of the parent company Hayleys PLC discharged the duties towards the Haycarb Board.

The Company has its Audit Committee, responsible for overseeing financial reporting, risk management, internal controls, and assessing the work of both External and Internal Auditors, including the Independence of the External Auditor.

The composition and respective areas of oversight of the subcommittees are summarised below.



Board Committee	Composition	Areas of Oversight
Audit Committee (Refer pages 246 to 248 for Report of the Committee)	Comprises three Independent Non-Executive Directors and one Non-Executive Director. <div>  <p>INED NED</p> <p>% of committee members who are independent</p>  <p>0 25 50 75 100</p> </div>	<ul style="list-style-type: none"> Evaluating the integrity of the financial statements and adequacy of internal controls Review of the key risk exposures and measures in place to mitigate risks Internal Audits External Audit
Nominations and Governance Committee (Refer pages 251 to 253 for Report of the Committee)	Comprises two Independent Non-Executive Directors and one Non-Executive Director. <div>  <p>INED NED</p> <p>% of committee members who are independent</p>  <p>0 25 50 75 100</p> </div>	<ul style="list-style-type: none"> Appointment of Key Management Personnel Establish and maintain a formal procedure for the appointment of new directors Succession Planning Effectiveness of the Board and its Committees
Remuneration Committee (Refer pages 249 to 250 for Report of the Committee)	Comprises two Independent Non-Executive Directors and one Non-Executive Director. <div>  <p>INED NED</p> <p>% of committee members who are independent</p>  <p>0 25 50 75 100</p> </div>	<ul style="list-style-type: none"> Remuneration policy for Key Management Personnel Goals and targets for Key Management Personnel Performance evaluation
Related Party Transactions Review Committee (Refer pages 244 to 245 for Report of the Committee)	Comprises two Independent Non-Executive Directors and one Non-Executive Director. <div>  <p>INED NED</p> <p>% of committee members who are independent</p>  <p>0 25 50 75 100</p> </div>	<ul style="list-style-type: none"> Review of all related party transactions of the Group. Monitor that all related party transactions are transacted on normal commercial terms Oversight on disclosure of related party transactions

Corporate Governance

A FRAMEWORK FOR COMPLIANCE

GRI 2-27

The Group's compliance framework has evolved beyond meeting regulatory requirements, reflecting its commitment to adopting global

best practices and maintaining high standards of governance. In line with this approach, the Group incorporated the SASB Standards for the chemicals sector and adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). No

instances of non-compliance or legal actions were reported during the year. The current structure of the Group's compliance framework is outlined below. There have been no significant instances of non-compliance with laws and regulations during the reporting period.

Regulatory Frameworks

- Companies Act No.7 of 2007
- Sri Lanka Accounting and Auditing Standards Act No.15 of 1995
- Section 9 on the Corporate Governance Rules for listed Companies issued by the Colombo Stock Exchange (CSE)
- Inland Revenue Act No. 24 of 2017 and amendments thereto
- Customs Ordinance No. 17 of 1869
- Foreign Exchange Control Act No. 12 of 2017
- Industrial Disputes Act No. 43 of 1950
- The Shop and Office Employees Act No. 15 of 1954
- Factories Ordinance No. 45 of 1942
- All legal and regulatory framework of countries where the Group Companies are operating.
- Continued Listing Requirements of the Colombo Stock Exchange - Section 7.

Voluntary Standards, Codes and Frameworks

- "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka
- Integrated Reporting Framework
- Global Reporting Initiative Standards
- Recommendations of the Taskforce on Climate Related Financial Disclosures
- IFRS S1 and S2 Sustainability Reporting Standards/ SLFRS Sustainability Standards
- Chemicals Sustainability Accounting Standard
- Requirements of Environmental & Social Certifications
- Requirements of the Environmental Quality Standards and Certifications.
- Sustainability Accounting Standards Board (SASB) Disclosures.
- Non-Financial Reporting Guidelines of the Institute of Chartered Accountants of Sri Lanka.

Internal Mechanisms

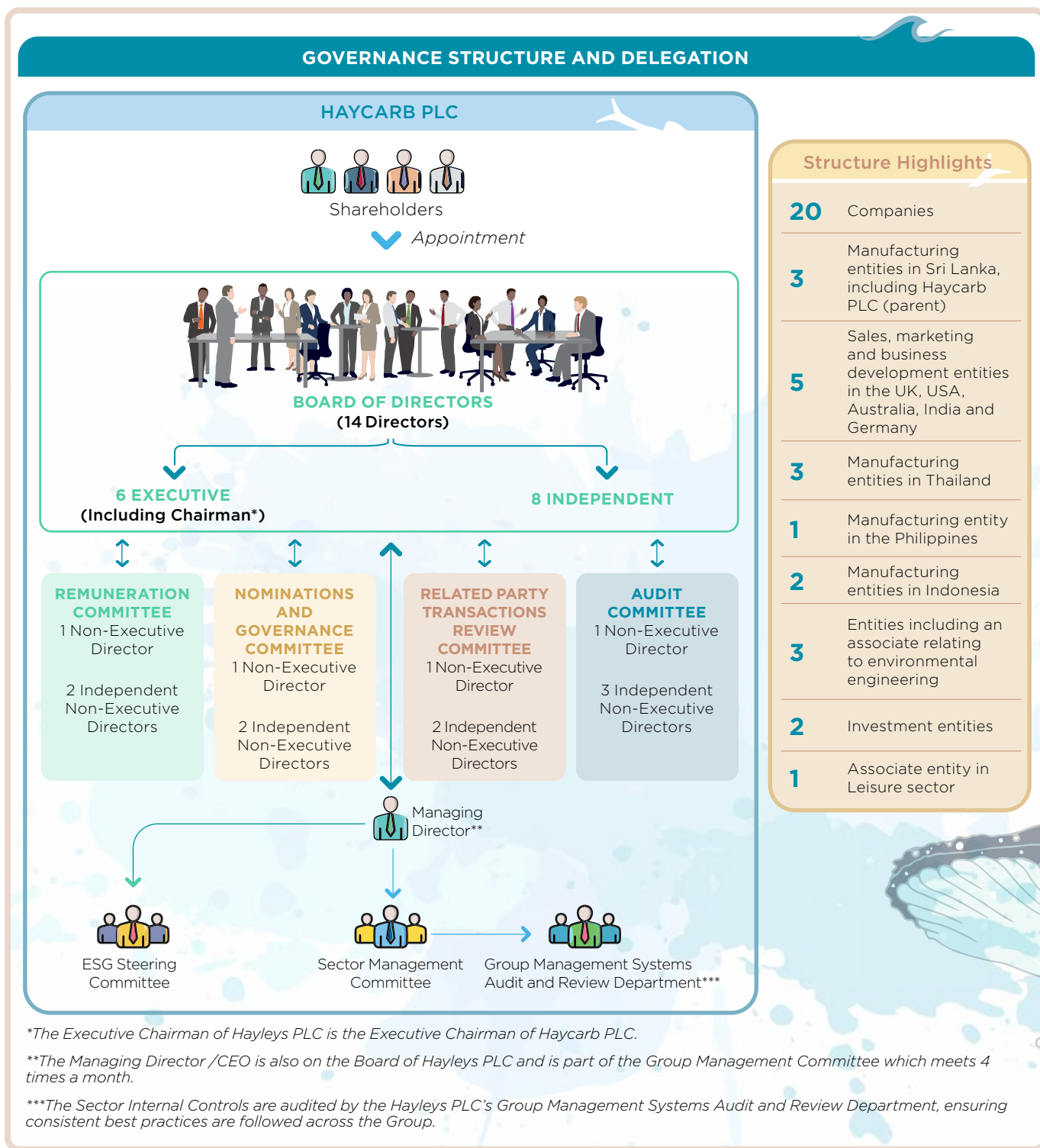
- The Articles of Association
- Charters of the Board of Directors and the Subcommittees
- "Hayleys Life code" - ESG Framework
- The Hayleys Way
- "Activate" - ESG Roadmap 2030
- Haycarb's Policies and Procedures
- Delegation of Authority Limits /SOPs



A FIT FOR PURPOSE GOVERNANCE STRUCTURE

GRI 2-9

The Group has 20 Companies including 17 subsidiaries and 2 associates. The governance structure of the Group facilitates the line of sight to the Board on the geographically diverse operations as set out alongside.



ROLES AND RESPONSIBILITIES

GRI 2-12

Chairman

Leads the Board, preserving good corporate governance and ensuring that the Board works ethically and effectively.

Responsibilities:

- Setting the ethical tone for the Board and Company.
- Setting the Board's annual work plan and the agendas, in consultation with the Company Secretary and the Managing Director.
- Building and maintaining stakeholder trust and confidence.
- Ensuring effective participation of all Board members during Board meetings.
- Facilitating and encouraging discussions amongst all Directors of matters set before the Board and ensuring a balance of power is maintained between Executive and Non-Executive Directors (NED's).
- Monitoring the effectiveness of the Board.

Senior Independent Director (SID)

Provides guidance to the Chairman on matters of governance of the Company.

Responsibilities:

- Set corporate values facilitating an equitable balance between key stakeholder interests.
- Uphold high standards of ethics, integrity and support executive leadership whilst monitoring their conduct.
- Promote high standards of corporate governance and compliance.
- Meet with NEDs to facilitate discussion and communication of governance matters and communicate same to Chairman.
- Maintain sufficient contact with shareholders and be available in case they have concerns which cannot, or should not, be addressed by the Chairman or Executive Directors.
- Act on the results of any performance evaluation of the Chairman.

Managing Director/Chief Executive Officer

Accountable for implementation of Haycarb PLC strategic plan and driving performance.

Responsibilities:

- Appointing and ensuring proper succession planning of the corporate management team and assessing their performance.
- Developing the Company's strategy for consideration and approval by the Board.
- Developing and recommending to the Board budgets supporting the Company's long-term strategy.
- Monitoring and reporting to the Board on the performance of the Company and its compliance with applicable laws and Corporate Governance principles.
- Establishing an organisational structure for the Company which is appropriate for the execution of strategy.
- Ensuring a culture that is based on the Company's values.
- Ensuring that the Company operates within the approved risk appetite.



Company Secretaries

The office of the Company Secretary is integral to the effective functioning of the Board. Secretarial services to the Board are provided by Hayleys Group Services (Private) Limited. The Company Secretary guides the Board on discharging its duties and responsibilities, promoting best practices in Corporate Governance.

Responsibilities include.

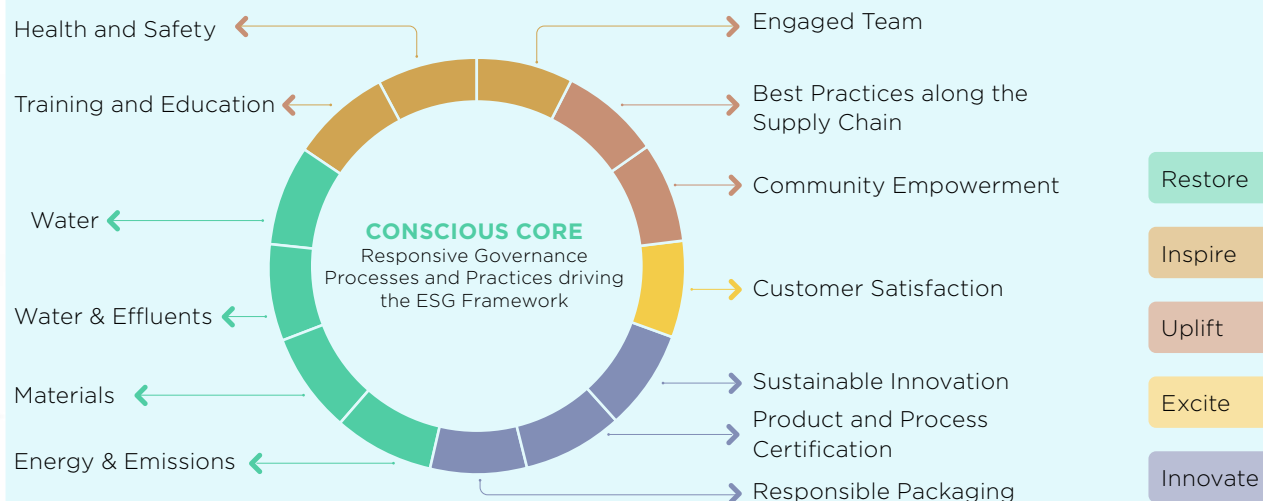
- Ensuring the conduct of Board and General Meetings in accordance with the Articles of Association and relevant legislation.
- Maintaining statutory registers and the minutes of the Board and Committee meetings.
- Prompt communication to regulators and shareholders.
- Filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary.
- All Directors have access to the advice and services of the Company Secretary. Appointment and removal of the Company Secretary is a matter for the Board.

Oversight of Subsidiaries

The following mechanisms facilitate oversight of the geographically diverse interests by the Board of Haycarb PLC:

- Mr. Mohan Pandithage is the Chairman of all entities in the Group other than PT. Mapalus Makawanua Charcoal Industry and PT. Haycarb Palu Mitra where he holds the office of President Commissioner and President Director respectively.
- Mr. Rajitha Kariyawasan (Managing Director) is on the Board of all Group entities except for one Associate company
- Mr. Sarath Ganegoda serves on the Boards of two entities of Australia and Indonesia and an Associate company in Sri Lanka.
- Ms. Jeevani Abeyratne (Finance Director) is on the Board of all Group entities, except two associate entities.
- Mr. Brahman Balarathnarajah (Deputy Managing Director) serves on the Boards of ten entities in Sri Lanka, Thailand, USA, Singapore, Philippines and Indonesia
- Mr. Ali Asgar Munaver Carderbhoy (Director - Business Development) serves on the Board of seven entities in Sri Lanka, Australia, India, Philippines, Singapore and Indonesia
- Mr. James Naylor (resigned w.e.f. 31st January 2025) serves on the Board of the UK entity.
- Mr. M.S.P. Udaya Kumara (Director - Research & Development and Technical) serves on the Board of six entities in Sri Lanka, USA, Philippines, Singapore and Indonesia.
- Ms. Brindiini Perera serves on the Board of the UK entity.
- Mr. Arjun Senaratna serves on the Board of the USA entity

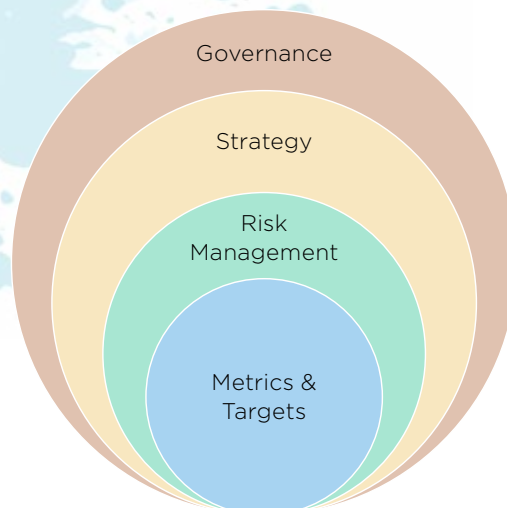
HAYCARB LAUNCHED "ACTIVATE", ITS OWN ESG FRAMEWORK WHICH BUILDS ON THE HAYLEYS LIFECODE TO CUSTOMISE THE SAME TO MEET OUR NEEDS



READINESS FOR IFRS/SLFRS SUSTAINABILITY STANDARDS

Haycarb commenced its journey to report with IFRS as soon as they were launched, spending time and effort to understand the standards and build awareness of sustainability reporting within the Group. Accordingly, training was carried out for the entire leadership of the Group including the Executive Directors to ensure there is alignment of understanding and that every department understands their responsibilities with regard to sustainability reporting, underscoring that sustainability requires the active participation of every employee and stakeholder.

Governance and strategy pillars are in place and we are now focusing on the Risk Management aspect of sustainability reporting. Haycarb reported using the SASB for Chemicals which has the most similar industry description but observed that this is not a good fit as many of the sustainability issues in the standard are not relevant to the Group. Consequently, we explored GRI concepts of ESRS to determine the Group's SRROs and CRROs, to ensure the targets and metrics in place align with our business model and impacts across the value chain.



ALIGNING FINANCIAL & SUSTAINABILITY REPORTING BOUNDARIES

The ESG Framework has been implemented across all locations and entities. This includes reporting on material topics relevant to both the Group and the industry sector. We firmly believe that any location not reporting ESG information poses a potential unidentified and unassessed risk to the Group.

STRENGTHENING OVERSIGHT OF ESG IMPLEMENTATION

The Board is responsible for formulating the Group's ESG strategies, policies, goals, and targets. To support the implementation of its ESG agenda across all Group companies, an ESG Steering Committee has been established at the parent company Board level.

The composition of the ESG Steering Committee:

- Chaired by the Managing Director
- Four Executive Directors including, Deputy Managing Director, who heads the Sustainability Division and the Finance Director
- 7 members of the Corporate Management Team

The responsibilities of the ESG Steering Committee:

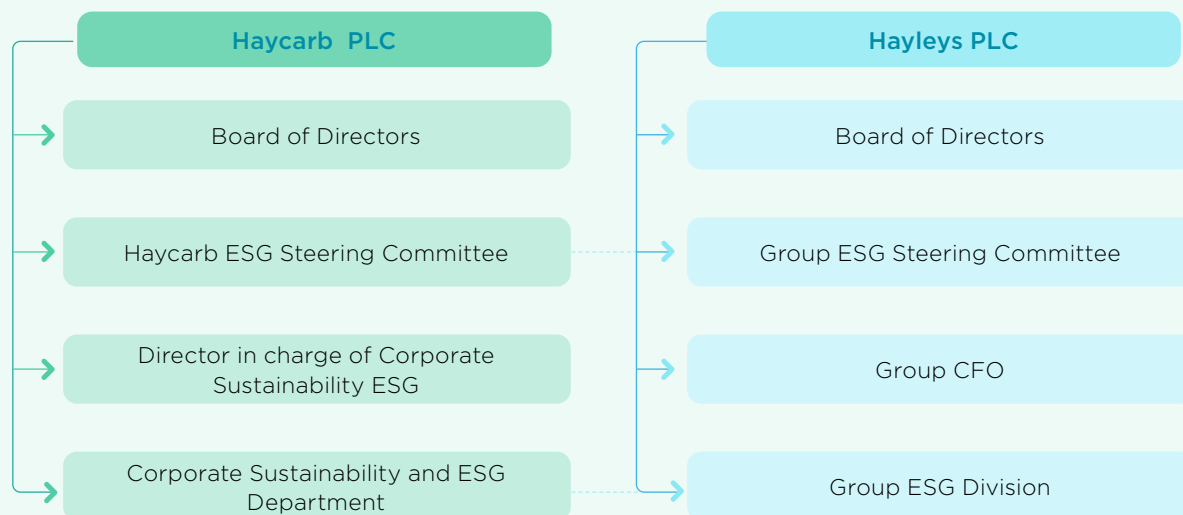
- Provide oversight and monitor the execution of (Activate and the Hayleys Life code) including progress against environmental, social and governance targets in the short, medium and long-term.
- Identify sustainability related risks and opportunities (SRROs) including climate related risks and opportunities (CRROs) and recommend the implementation of appropriate measures to effectively address these dynamics.

- Review and provide guidance on ESG related policies and programmes required to drive the Group's ESG Framework and strategy.
- Review and approve the Group's stakeholder engagement strategy which allows management to identify, understand and respond to stakeholders' legitimate concerns.
- Review emerging trends and issues in the ESG areas and assess potential impact on the Group.

The ESG Steering Committee held 3 meetings during the year to discharge its duties.

The committee is supported by the dedicated Corporate Sustainability & ESG Department of the Company.

Sustainability Governance Composition



Corporate Governance

CODE OF BUSINESS CONDUCT

GRI 205-2

The Haycarb Group has adopted and published an internal Code of Business Conduct and Ethics policy, aligned with the business principles of its parent entity, "The Hayleys Way".

The Board plays an integral role in shaping the Group's organisational culture through setting the right tone at the top and ensuring that behaviour of all internal stakeholders is aligned to the Group's core values.

The Group is committed to maintaining the highest degree of integrity, ethics and transparency in all its operations, which includes measures to prevent the risk of corruption. These measures include monitoring of compliance to all relevant laws and regulations through the Internal Audit function, a clearly articulated and communicated whistleblowing policy and grievance mechanisms. Code of Business Conduct and Ethics sets the tone for ethical behaviour across the Group.

All employees including Key Management Personnel of the Group are bound by this Code which is based on the following principles:

- Commitment to conduct its business operations with honesty, integrity and with respect to the rights and interests of all stakeholders.
- All Group companies and employees are required to comply with the laws and regulations of the countries in which they operate.
- Every employee shall be responsible for the implementation of and compliance with the Code in his/her environment.

ANTI-BRIBERY & ANTI-CORRUPTION POLICY

GRI 205-1, 3, 2-26

UNGC Principle 10

The Haycarb Anti-Bribery and Anti-Corruption Policy emphasises zero tolerance for bribery and corruption. The policy is applicable

to the Board of Directors and all employees of Haycarb PLC and its subsidiaries and includes guidelines on gifts, hospitality and promotional expenses, facilitating payments, political contributions and donations, charitable donations, commission payments to third parties and partner due diligence among others.

The Group is in compliance to ISO 9001:2015 quality management system which requires the evaluation of external entities, that provide goods and services under contract as to their compliance on anti-corruption and anti-bribery policies. The Group is committed to compliance with anti-corruption laws of all the geographies it operates.

All new recruits receive training on the Group's Code of Conduct which includes Anti Bribery and Corruption provisions within three months of joining. Information on accessibility, anonymity, processes and the policies relating to the Anti-Bribery & Anti-Corruption are communicated to all employees including all the Directors through the intranet and other related/adjacent trainings.

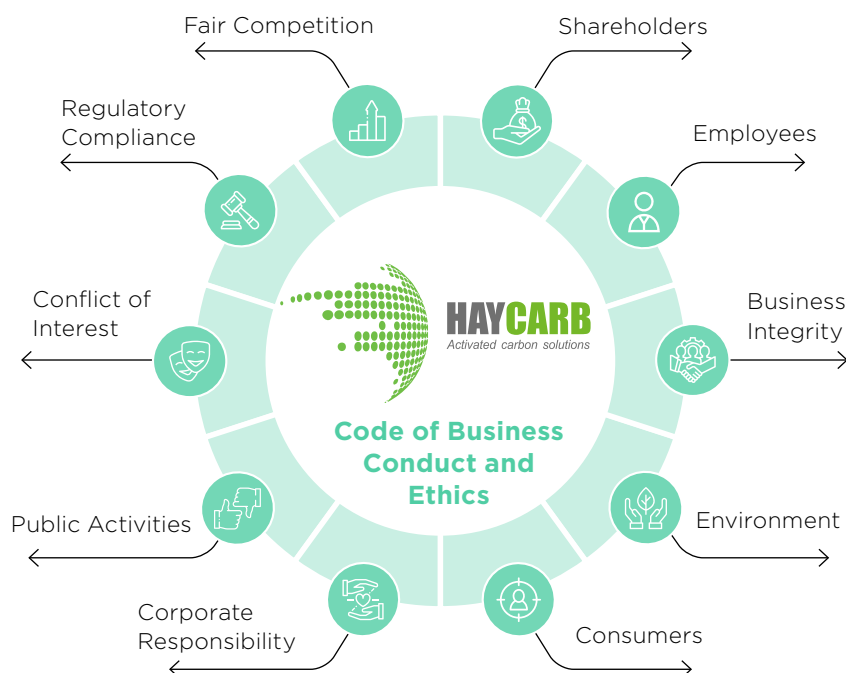
No confirmed incidents of corruption covering employees who were disciplined or dismissed for corruption, contracts and no contracts with business partners were terminated due to corruption. There were also no public legal cases regarding corruption during the year. All operations were assessed for risks related to corruption during the reporting period.

HUMAN RIGHTS

GRI 2-23

UNGC Principle 1, 2

As a participant to the United Nations Global Compact, Haycarb has committed to its ten Principles of preserving Human Rights. Haycarb Group also abides by the Human Rights Policy implemented by its parent Hayleys PLC.



Key aspects of the policy include the following:

- Fair treatment: Equality of opportunity and treatment for the purpose of eliminating discrimination
- Non-harassment: Creating an environment free of all forms of workplace harassment
- Abolishing child, forced and compulsory labour in both our operations and along our value chain in working with subcontractors and suppliers
- Freedom of Association and Collective Bargaining
- Promoting health and safety by providing appropriate safety measures and precautions at all locations

WHISTLEBLOWING AND GRIEVANCE MECHANISMS

GRI 2-25, 26

Mechanisms are in place for employees and other stakeholders to seek advice or report concerns about unethical or unlawful behaviour including corruption and bribery. The Haycarb's Whistleblower policy enables anonymous reporting of matters of concern regarding possible inappropriate financial reporting, internal controls or other issues that may require internal investigation. Information on accessibility, anonymity, processes and the policy relating to the whistleblowing service is communicated to all employees.



Scan this QR code for policies published in the Haycarb website (www.haycarb.com) in line with section 9.2 of the listing rules on Corporate Governance.

ANTI-COMPETITIVE BEHAVIOUR

GRI 206-1

There were no legal actions for anti-competitive behaviour, anti-trust and monopoly parties in 2024/25. Policies are set out in the Hayleys Lifecode and publicly available on the Hayleys corporate website.

EXTERNAL AUDITOR

The External Auditor is appointed by the shareholders at the Annual General Meeting in line with the provisions of the Companies Act. The Board makes recommendations in consultation with the Audit Committee in this regard. The Audit Committee monitors and reviews the External Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional and regulatory requirements.

Assignment of non-audit services to External Auditors is reviewed by the Audit Committee to determine the potential impairment of independence and objectivity of the External Auditor in carrying out his duties and responsibilities.

Shareholders approved the reappointment of Messrs. Ernst & Young (Chartered Accountants) as the External Auditor for 2024/25 at the AGM held on 27th June 2024. In compliance with Section 163 (3) of the Companies Act No. 07 of 2007, the External Auditors submit a statement annually confirming their independence in relation to the external audit.

CONFLICT OF INTEREST

GRI 2-15

A Director or KMP is prohibited from using his or her position, or access to confidential or price-sensitive information, for personal benefit or benefit of any third party, whether

financially or otherwise. Directors notify the Board promptly of any conflicts of interest they may have in relation to particular items of business or other Directorships. Directors do not participate in and excuse themselves from the Meeting when the Board considers matters in which a conflict may arise.

MEETINGS, MINUTES & INFORMATION

Board meetings are held quarterly with provision for additional meetings as and when required. An annual calendar is prepared by the Company Secretaries and dates and times are agreed at the commencement of the financial year. Meeting agendas are set by the Chairman in consultation with the MD and the Company Secretary. These are made available to the Directors seven days before the meeting together with the relevant papers, allowing members sufficient time to review the papers and seek clarification in preparation for the meeting. Regular agenda items include performance review, risk management and approval of financial statements besides other matters.

Senior Management Personnel attend Board meetings on invitation to make presentations and update the Board on internal and external developments that impact the business. Management is open and transparent with the Board and directors are encouraged to seek further information or clarification as may be required to make an effective contribution.

All Board minutes are circulated to members within two weeks of the Board meeting and formally approved at the subsequent Board meeting. Directors' concerns regarding matters which are not resolved unanimously are recorded in the minutes.

Corporate Governance

Resolutions concerning business matters may be passed by circulation, within regulations. However, if a single Director deems it necessary that such resolution must be decided at a Board meeting and not by circulation, the Chairman shall put the resolution to be decided in a meeting.

INDUCTION & TRAINING FOR DIRECTORS GRI 2-17

On appointment, directors are provided with an orientation pack with all relevant external and internal regulation documents and a tour of a factory. Directors are kept abreast of applicable legislation and regulation, relevant sector developments and changes in the risk and general business environment on an ongoing basis. Directors undertake training and professional development as they consider necessary, which requirements are coordinated through the Company Secretary. Many are members of the Sri Lanka Institute of Directors and attend sessions from time to time. Directors also undertake other Continuous Professional Development (CPD) programmes in their personal capacity to update their knowledge on relevant and emerging topics.

APPRAISAL OF MD/CEO GRI 2-18

The Board assesses the performance of the MD/CEO annually in line with goals agreed at the beginning of the year with the Board. These goals encompass the Board's expectations in the short, medium and long term. Performance is reviewed at the end of the financial year taking into account the performance of the Group, operating environment and constructive feedback is provided. The outcome of the performance appraisal is linked to the annual increments for the fixed remuneration and determines the variable pay. The Remuneration

Committee reviews and evaluates the performance of Managing Director of the Company. The committee comprises of two Independent Non-Executive Directors and one Non-Executive Director of which two are Independent. The committee met once during the year.

BOARD EFFECTIVENESS

The Chairman and Remuneration Committee are responsible for evaluating the performance of the Executive Directors and committees through an annual self-evaluation of its own performance. The results of the evaluation are assimilated and submitted to the Chairman for discussion at a Board meeting.

REMUNERATION GRI 2-19 to 21

The Board is assisted by the Remuneration Committee of Haycarb in determining remuneration of Executive Directors, Non-Executive Directors, KMP and others. Remuneration policy and schemes are designed to attract and retain the skills, capabilities and experience required to pursue business objectives.

REMUNERATION POLICY GRI 2-19

Remuneration of KMP and Executive Directors is linked to sustainable value creation objectives in line with Haycarb's strategy as agreed by the Board and the Managing Director/CEO which are then cascaded to direct reports and others below. Please refer page 249 for the Report of the Remuneration Committee and Terms of Reference.

The remuneration of the NED's except Hayleys Group Directors, comprise a fee for being a Director of the Board and additional fee for being a member of a committee. Remuneration for Non-Executive Directors reflects the time

commitment and responsibilities of their role, taking into consideration market practices. They do not receive any performance related / incentive payments. Services of HR professionals are sought when required, by the Board and Remuneration Committee in discharging their responsibilities.

LEVEL AND MAKE UP OF REMUNERATION

The remuneration packages of Executive Directors are designed to attract eminent professionals as directors with the requisite skills and experience. Remuneration of Executive Directors is compliant with the provisions of Schedule "G" of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023 and comprises fixed and variable components with the variable component linked to performance. No special early termination clauses are included in the contract of employment of Executive Directors that would entitle them to extra compensation. However, such compensation, if any, would be determined by the Board of Directors. Please refer page 306 for the total Directors' Remuneration.

ACCOUNTABILITY & AUDIT

This report provides a balanced assessment of the Company's financial position, performance and prospects in compliance with applicable laws and voluntarily adopted reporting standards, codes and frameworks set out on page 196. The Company's position and prospects have been discussed in sufficient depth in the following sections of this annual report.

- Chairman's and Managing Director's Joint Message page 22 to 27.
- Strategy and Resource Allocation on page 108 to 113.

- Managing risks and Opportunities on page 59 to 80.
- Capitals on page 117 to 188.

The Board approved the quarterly reports prior to publication and dissemination to the public through the CSE and the corporate website within 45 days of first three quarters and within 2 months of the last quarter. The Audit Committee reviewed and recommended the Financial Statements for approval to the Board. Price sensitive information, which may have an impact on the shares of the Company, has been disclosed in a comprehensive but concise manner to the Colombo Stock Exchange on a timely basis. Reports required by regulators including the Department of Inland Revenue, Sri Lanka Accounting & Auditing Standards Monitory Board, and the Colombo Stock Exchange have been filed in a timely manner in compliance with specified requirements. The

following reports set out further information required by the Code:

- The Directors' Report on page 238 to 242 (including the declaration that the company is a going concern).
- The Statement of Directors' Responsibility on page 243.
- Report of the Auditors on page 271.

DIRECTORS INTERESTS AND RELATED PARTY TRANSACTIONS

Directors declare their business interests on appointment and quarterly thereafter which are maintained in a register by the Company Secretary. The Register is available for inspection in terms of the Companies Act. Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed on note 33, page 338 to this report.

The Related Party Transactions Review Committee reviews all transactions that require approval in line with the Group's Related Party Transactions Policy and regulatory requirements. Related party transactions are disclosed in Note 33 to the Financial Statements on page 338 to 340.

The Board determined that the total number of Board seats on public listed companies that can be held by a director is 20. The Board is satisfied that all Directors allocate sufficient time to enable them to discharge their duties and responsibilities.

The total number of directorships, names of listed and unlisted both companies in Sri Lanka (as of 31st March 2025) in which such Directors serve in an executive or non-executive capacity are disclosed in below table. (non-listed Hayleys Group companies are not included)

Name of the Director	No of Board seats held in listed Companies		No of Board seats held in un-listed Companies	
	Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mr. Mohan Pandithage (Chairman)	11 Companies <ul style="list-style-type: none"> • Hayleys 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 	01 Company <ul style="list-style-type: none"> • Diesel & Motor Engineering PLC 	120 Nos Hayleys Group Companies	10 Companies <ul style="list-style-type: none"> • 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 • Lewis Shipping (Pvt) Ltd • Lewis Brown Air Services (Pvt) Ltd
Mr. Rajitha Kariyawasan (Managing Director)	03 Companies <ul style="list-style-type: none"> • Hayleys PLC • Dipped Products PLC • Hayleys Fibre PLC 	-	14 Nos Hayleys Group Companies	01 Company <ul style="list-style-type: none"> • Sri Lanka Institute of Nanotechnology (Pvt) Ltd

Corporate Governance

















Name of the Director	No of Board seats held in listed Companies		No of Board seats held in un-listed Companies	
	Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mr. Brahman Balaratnarajah (Deputy Managing Director)	-	-	03 Nos Hayleys Group Companies	-
Mr. Sarath Ganegoda (Non-Executive Director)	02 Companies <ul style="list-style-type: none"> Hayleys PLC Alumex PLC 	08 Companies <ul style="list-style-type: none"> Dipped Products PLC Hayleys Fabric PLC Singer (Sri Lanka) PLC Hayleys Leisure PLC Horana Plantations PLC Kelani Valley Plantations PLC Hayleys Fibre PLC The Kingsbury PLC 	-	52 Nos Hayleys Group Companies + 02 Other <ul style="list-style-type: none"> Sri Lankan Airlines Ltd Sri Lankan Catering Limited
Mr. Arjun Senaratna (Non-Executive Director)	-	-	-	01 Company <ul style="list-style-type: none"> Hayleys Advantis Limited
Mrs. Jeevani Abeyaratne (Executive Director)	-	-	02 Nos Hayleys Group Companies	-
Mr. M.S.P. Udaya Kumara (Executive Director)	-	-	02 Nos Hayleys Group Companies	-
Mr. Ali Asgar Munaver Caderbhoy (Executive Director)	-	-	01 No of Hayleys Group Company	-
Mrs. Shamalie Gunawardana (Independent Non-Executive Director)	-	-	-	01 Company <ul style="list-style-type: none"> Capital City Corporate Services (Private) Limited
Ms. Brindhiini Fernando (Non-Executive Director)	-	10 Companies <ul style="list-style-type: none"> Hayleys Fabric PLC Dipped Products PLC The Kingsbury PLC Hayleys Leisure PLC Singer (Sri Lanka) PLC Vallibel One PLC Lanka Tiles PLC Lanka Walltiles PLC Royal Ceramics Lanka PLC The Fortress Resorts PLC. 	-	04 Companies <ul style="list-style-type: none"> Delmege Limited Otwo Biscuit (Private) Limited The Canbury Biscuit Company Limited Manatee Clothing Company (Pvt) Ltd

Name of the Director	No of Board seats held in listed Companies		No of Board seats held in un-listed Companies	
	Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mrs. Anomi Wanigasekera (Independent Non-Executive Director)	-	02 Companies <ul style="list-style-type: none"> Horana Plantations PLC Dipped Products PLC 	05 Companies <ul style="list-style-type: none"> Julius & Creaasy Jacey Advisory Services (Private) Ltd Jacey Trust Services (Private) Ltd Jacey & Lanka (Private) Ltd Jacey & Company 	-
Mr. Nanda Fernando (Independent Non-Executive Director)	-	04 Companies <ul style="list-style-type: none"> Dipped Products PLC Hayleys Fabric PLC Hatton National Bank PLC R I L Property PLC 	01 Company <ul style="list-style-type: none"> Professional Business Consultants (Pvt) Ltd 	01 Company <ul style="list-style-type: none"> Assetline Finance Ltd
Mr. Yohan Perera (Independent Non-Executive Director - SID)	-	07 Companies <ul style="list-style-type: none"> Hayleys PLC Dipped Products PLC Commercial Bank of Ceylon PLC Overseas Reality PLC E B Creasy & Company PLC Laxapana PLC Muller & Phipps Ceylon PLC 	-	-
Mr. Timothy Speldewinde (Independent Non-Executive Director)	-	06 Companies <ul style="list-style-type: none"> Hayleys Fabric PLC Dipped Products PLC The Kingsbury PLC Horana Plantations PLC Ceylon Grain Elevators PLC Three Acre Farms PLC 	01 Company <ul style="list-style-type: none"> Contemporary Ceylon (Pvt) Ltd 	01 Company <ul style="list-style-type: none"> WealthTrust Securities Limited

Corporate Governance

MEETINGS AND DIRECTORS' ATTENDANCE

The Attendance of Directors at Board and Subcommittee meetings held during the Financial Year 2024/25 is given below.

Name of the Director	Gender	Date of Appointment	Tenure on the Board (Years)	
Mr. Mohan Pandithage (Chairman)		01.01.2007	>15	
Mr. Rajitha Kariyawasan (Managing Director)		04.01.2010	>15	
Mr. Brahman Balaratnarajah (Deputy Managing Director)		01.04.2015	10-15	
Mr. Sarath Ganegoda		01.11.2009	>15	
Mr. Arjun Senaratna		01.11.2005	>15	
Mrs. Jeevani Abeyratne		01.11.2009	>15	
Mr. M.S.P. Udaya Kumara		15.02.2015	10-15	
Mr. Ali Asgar Munaver Caderbhoy		01.04.2016	5-10	
Mrs. Shamalie Gunawardana		01.03.2021	<5	
Ms. Brindhiini Perera		19.10.2022	<5	
Mrs. Anomi Wanigasekera		03.01.2024	<5	
Mr. Nanda Fernando		03.01.2024	<5	
Mr. Yohan Perera (appointed w.e.f. 01st April 2024) (SID)		01.04.2024	<5	
Mr. Timothy Speldewinde (appointed w.e.f. 22nd November 2024)		22.11.2024	<5	
Mr. James Naylor (resigned w.e.f. 31st January 2025)		01.04.2016	5-10	
Mr. Hisham Jamaldeen (resigned w.e.f. 14th November 2024)		15.03.2017	5-10	

Ex - Excused

N/a - Not applicable to this meeting

ED - Executive Director

NED - Non-Executive Director

INED - Independent Non-Executive Director

C - Subcommittee Chairman

M - Subcommittee Member

	Board Meetings						Board Subcommittee Meetings																		
							Audit Committee					Related Party Transactions Review Committee					Nominations and Governance Committee				Remuneration Committee				
	Membership	Quarter - 1	Quarter - 2	Quarter - 3	Quarter - 4	Attendance	Membership	Quarter - 1	Quarter - 2	Quarter - 3	Quarter - 4	Attendance	Membership	Quarter - 1	Quarter - 2	Quarter - 3	Quarter - 4	Attendance	Membership	Quarter - 2	Attendance				
	ED	✓	✓	✓	✓	4/4																			
	ED	✓	✓	✓	✓	4/4																			
	ED	✓	✓	✓	✓	4/4																			
	NED	✓	Ex	Ex	✓	2/4							M	✓	✓	Ex	✓	3/4	M	Ex	✓	1/2	M	Ex	0/1
	NED	✓	✓	✓	✓	4/4	M	✓	Ex	✓	✓	3/4													
	ED	✓	✓	✓	✓	4/4																			
	ED	✓	✓	✓	✓	4/4																			
	ED	✓	✓	✓	✓	4/4																			
	INED	✓	✓	✓	✓	4/4																			
	NED	✓	✓	✓	Ex	3/4																			
	INED	✓	✓	✓	✓	4/4																			
	INED	✓	✓	✓	✓	4/4	M	✓	✓	✓	✓	4/4	M	✓	✓	✓	✓	4/4	M	✓	✓	2/2	M	✓	1/1
	INED	✓	✓	✓	✓	4/4	C	✓	✓	✓	✓	4/4	C	✓	✓	✓	✓	4/4	C	✓	✓	2/2	C	✓	1/1
	INED	N/a	N/a	✓	✓	2/2	M	N/a	N/a	✓	✓	2/2													
	ED	✓	✓	N/a	N/a	2/2																			
	INED	✓	✓	N/a	N/a	2/2																			



Corporate Governance

RISK GOVERNANCE

The Board holds ultimate responsibility for risk management. The Board has adopted a framework for Risk Management and processes to identify, assess, monitor and manage risks. The Board has widened the responsibility of the Audit Committee to oversee the Risk Management process of the Company.

Reflecting the increase in complexities in the control environment, managing emerging risks was a key priority during the year. The Audit Committee played a virtual role in monitoring changes to the Company's risk landscape.

IT AND CYBER SECURITY GOVERNANCE

The Haycarb Group has established a robust governance structure to safeguard its IT systems and manage technology and information assets, as detailed under 'Digital Capital' on page 180.

RELATIONS WITH SHAREHOLDERS

The Board is accountable to shareholders and is committed to reporting performance and other regulatory matters in a timely manner with sufficient information to provide a clear understanding on the subject.

COMMUNICATION WITH SHAREHOLDERS

Haycarb engages shareholders are engaged through multiple channels which include the Annual General Meeting (AGM), Annual Report, interim Financial Statements, a dedicated investor relations page on the Company's website and notification of key events through announcements to the CSE which are disseminated to the public via the CSE's website. Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries and at the Annual General Meeting. All significant issues and concerns of shareholders are referred to the Board with the views of the Management.

CONSTRUCTIVE USE OF ANNUAL GENERAL MEETING (AGM)

GRI 2-16

The Board encourages the active participation of shareholders at the AGM and makes arrangements accordingly. The Chairman, Board members and Chairpersons of Board Subcommittees are available for discussion at the AGM and respond to questions directed to them by the Chairman. Additionally, KMPs of the Group are also present, to contribute to the meeting.

The Notice of the AGM and the Proxy forms are circulated to the shareholders 15 working days prior to the AGM. The annual report is uploaded to the Company website and forwarded to Colombo Stock Exchange at the same time. Shareholders who request a printed copy of the Annual Report will be provided a copy. This allows all the shareholders to review the documentation and participate effectively at the AGM. Separate resolutions are prepared for each item of business, giving shareholders the opportunity to vote on each of such issue, separately. Voting procedures at the AGM are circulated to the shareholders in advance.

All Shareholders are encouraged to exercise their voting rights. The Company has an effective mechanism to record and count all proxy votes lodged for each resolution. In the event there are a significant proportion of the votes cast against a resolution, the Board will take steps to understand the reasons behind the vote results and determine if any actions are required. The outcome of the vote on each resolution is informed to the CSE, soon after the conclusion of the AGM.



SUSTAINABILITY REPORTING

GRI 2-14

Integration of ESG reporting into the Governance framework is set out above on page 197. Environmental, Social and Governance (ESG) metrics are included in the relevant sections of the Annual Report as set out below:

Economic Sustainability	Financial Capital	page 118
Environment	Natural Capital	page 124
Labour Practices	Human Capital	page 144
Society	Social and Relationship Capital	page 160
Product Responsibility	Social and Relationship Capital	page 160
Shareholder Identification, Engagement and Effective Communication	Investor Information	page 368

Corporate Governance

COMPLIANCE WITH THE “CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE 2023” ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA

The Institute of Chartered Accountants of Sri Lanka issued a revised “Code of Best Practice on Corporate Governance” in December 2023, effective from 01st April 2024.

Haycarb PLC’s compliance is presented below.

Code Ref.	Requirement	Compliance and Implementation	Compliance
SECTION I : THE COMPANY			
A	Directors		
A.1	The Board		
A.1	The Board - direct, lead and control the Company	As of 31st March 2025, The Board comprises 14 directors of whom 6 are Executive and 8 are Non-Executive of whom 5 are Independent. They are responsible for providing strategic direction, putting in place a policy framework, financial reporting and other information systems, internal controls, performance review, risk management and resource allocation and leading and controlling the Company.	Yes
A.1.1	The Regularity of Board meetings, structure and process of submitting information	<p>The Board meets quarterly with provision to meet more frequently if required. Attendance of meetings is given on page 208. Information for the meeting is provided to Board members in advance and typically include the following information:</p> <ul style="list-style-type: none"> • Minutes of the previous Board meeting and any Committee meetings during the quarter under review. • Financial and operational information including progress on agreed Key Performance Indicators. • Financial statements for the relevant quarter and year to date together with comparatives for the corresponding period of the previous financial year and budgets. • Forecasted performance for the financial year. • A Risk Register including key business risks on strategic, operational, financials, investments, governance, Information Technology and System Security (ISS) aspects of the business. The Risk Register also include Sustainability Related Risks/Opportunities (SRROs) and Climate Related Risks/Opportunities (CRROs) affecting the business. • Compliance statements confirming regulatory compliance and other matters considered necessary in accordance with policies of the Group and Board. These statements include information regarding breaches of internal controls or fraud detected during the period together with any action taken or confirm the absence thereof. • Report on number of calls to whistleblowing line or a confirmation that there were no calls recorded. • Information on human resources and capital expenditure. • Share trading of the Company and related party transactions by Key Management Personnel. • Documents to which the Company seal has been affixed to. • Resolutions on other matters referred to the Board. 	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
A.1.2	Roles and responsibilities of the Board	<p>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.</p> <p>The Board is responsible to:</p> <ul style="list-style-type: none"> • Providing direction and guidance to the Company in the formulation of high-level medium and long-term strategies which are aimed at promoting the sustainable long-term success of the Company. • Appointing and reviewing the performance of the Chairman and Managing Director. • Ensure Executive Directors and Key Management Team possesses the skills, experience and knowledge to implement strategy effectively, with proper succession arrangements in place. • Reviewing, approving and monitoring annual corporate plans, corporate budget and capital expenditure. • Reviewing and approving major acquisitions, disposals and major investments by the management within their limits of authority. • Ensure effective systems to secure the integrity of information, internal controls, business continuity and risk management. • Ensure compliance with laws, regulations and ethical standards. • Ensure all stakeholder interests are considered in corporate decisions. • Set and communicate values/standards, with adequate attention being paid to accounting policies/practices and fostering compliance with financial regulations. • Adequacy and the integrity of the Internal Control Systems over financial reporting and Management Information Systems are reviewed by the Board/Audit Committee. • Ensuring that Financial Statements are published quarterly, and the Annual Report is published at the end of the financial year. • Determining any changes to the discretions/authorities delegated from the Board to the Key Management Team. • Approving any amendments to constitutional document. • Ensure the availability of Information Communication Technology (ICT) roadmap in line with business strategy. • Recognising sustainable business development and ESG risks and opportunities in corporate strategy, decisions and activities and consider the need for adopting integrated reporting. 	Yes

Corporate Governance

Code Ref.	Requirement	Compliance and Implementation	Compliance
A.1.3	Act in accordance with laws and agreed to obtain independent professional advice	The Board has set in place a framework of policies and procedures and risk management to ensure compliance with relevant laws and international best practices with regards to the operations of the Haycarb Group. Directors have the ability to obtain independent professional advice as deemed necessary and these functions are coordinated by the Group Legal Department or Group Finance, as and when it is necessary.	Yes
A.1.4	Access to the advice and services of the Company Secretary	<p>All Directors have access to the advice and services of the Company Secretary. These functions are provided by Hayleys Group Service (Private) Limited., who are responsible for ensuring follow up of Board procedures, compliance with rules and regulations, directions and laws, keeping and maintaining minutes and relevant records of the Group.</p> <p>The qualifications of the Company Secretary and the Role of the Company Secretary are aligned with Schedules "A" and "A2" of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.</p> <p>The Parent Company, Hayleys PLC has obtained insurance cover for the Board of Directors and Key Management Personnel in the Group which covers the Directors of the Haycarb Group as well.</p>	Yes
A.1.5	Independent Judgement	<p>Directors bring their independent judgment to bear on decisions taken by the Board on matters relating to strategy, performance, resource allocation, risk management, compliance and standards of business conduct.</p> <p>The composition facilitates a balance of power and effective participation by all Directors.</p> <p>Many of the Board members are independent professionals who conform to professional codes of conduct which require the exercise of independent judgement in discharge of their duties.</p>	Yes
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	<p>The Board of Directors dedicates adequate time and effort to ensure that their duties and responsibilities towards the Company and the Board are discharged.</p> <p>Dates of regular Board meetings and Board Subcommittee meetings are scheduled well in advance and the relevant papers for the meetings are provided for its members in advance giving sufficient time for review. Directors are expected to be familiar with the contents of papers uploaded/circulated at the meeting.</p>	Yes
A.1.7	Call for a resolution	Any Director can call for a resolution to be presented to the Board if deemed necessary.	Yes
A.1.8	Board induction and training, regularly review of training and development needs of the Directors	Directors recognise the need for continuous training and expansion of their knowledge and skills to effectively discharge their duties and are encouraged to attend sessions of the Sri Lanka Institute of Directors and other corporate forums on relevant matters. As independent professionals, many of the Directors also conform to Continuing Professional Development requirements of their respective professional organisations. Board members are also given insights into regulatory changes that may impact the industry at Board meetings by KMPs.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
		Audit Committee members receive updates on regulatory changes relating to matters entrusted to the Committee on a regular basis to ensure that they are updated on regulatory requirements impacting reporting and risk management processes. They are also given insights into organisation wide initiatives to strengthen internal controls, risk management and financial reporting processes at the same meetings.	
A.2	Chairman and Chief Executive Officer (CEO)		
A.2	Chairman and Chief Executive Officer (CEO)	<p>Functions of Chairman and Chief Executive Officer are separated facilitating a balance of power.</p> <p>The Chairman of the parent serves as the Chairman of Haycarb PLC while the Managing Director serves as the CEO.</p>	Yes
A.3	Chairman's Role		
A.3.1	Chairman's role	<p>The role of the Chairman involves,</p> <ul style="list-style-type: none"> • Conducting of Board meetings ensuring effective participation of both Executive and Non-Executive Directors. The Chairman plays a key role in preserving good Corporate Governance. • Approving the agenda for each meeting prepared in consultation with the Managing Director, other Directors and Company Secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management, and compliance. • Sufficiently detailed information of matters included in the agenda be provided to the Directors on a timely manner. • Ensuring that all Directors are aware of their duties and responsibilities and the Board and Committee structure through which it will operate in discharging its responsibilities. • The effective participation of both Executive and Non-Executive Directors is secured and all Directors are encouraged to make an effective contribution within their respective capabilities. • Ensure the views of Directors on issues under considerations are ascertained and a record of such deliberations are reflected in the minutes. • 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. • The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders. 	Yes

Corporate Governance

Code Ref.	Requirement	Compliance and Implementation	Compliance
A.4	Financial Acumen		
A.4	Availability of financial acumen	<p>The Board comprises six (6) professional accountants, all of whom are members of recognised accounting bodies and possess the necessary financial acumen.</p> <p>Members of the Board have ample experience in handling matters related to finance through leadership in numerous organisations across sectors. Hence the Board has sufficient financial acumen and knowledge to offer guidance on matters of finance.</p>	Yes
A.5	Board Balance		
A.5.1	Majority of Non-Executive Directors	<p>8 out of 14 Directors on the Board are Non-Executive Directors.</p> <p>The composition of the Executive and Non-Executive Directors (the latter are over one-third of the total number of Directors), satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange. The roles of the Chairman and the Managing Director are also segregated.</p>	Yes
A.5.2	Independent Non-Executive Directors	5 out of 8 Non-Executive Directors are independent, which is in compliance with the requirement for 1/3rd of directors to be non-executive. The Board has determined that 5 Independent Non-Executive Directors satisfy the criteria for “Independence” set out in the Listing Rules.	Yes
A.5.3	Director’s independency	Non-Executive Directors’ profiles reflect their calibre and the weight their views carry in Board deliberations. Each is independent of management and free from any relationship that can interfere with independent judgement. The balance of Executive, Non-Executive and Independent Non-Executive Directors on the Board ensures that no individual Director or small group of Directors dominates Board discussion and decision-making.	Yes
A.5.4	Annual declaration by Non-Executive Directors	The Board determines the independence of Directors on an annual basis based on annual declarations submitted by each Non-Executive Director based on the requirements of the Code as set out in schedule “C” of the “Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka.	Yes
A.5.5	Annual determination of independence of Directors	The Board determines the independence or non-independence of each Non-Executive Director on an annual basis, based on such an annual declaration made on decided criteria and other information available to the Board, based on the requirements of the Code as set out in A.5.5 of the “Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka.	Yes
A.5.6	Alternate Directors	There are no alternate Directors as of 31st March 2025.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
A.5.7	Senior Independent Director (SID)	<p>The Chairperson is not the CEO of the Company; however, he is not an Independent Director.</p> <p>In order to comply with section 9.6.3 of the CSE Listing Rules and “Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka”, the Company has appointed a Senior Independent Director (SID) with effect from 01st November 2023. Mr.Hisham Jamaldeen who held this position until 18th November 2024 resigned, and Mr. Yohan Perera was appointed to this position on the same date.</p> <p>Please refer page 254 to the statement by Senior Independent Director (SID) given in this report.</p>	Yes
A.5.8	Confidential discussions with SID	<p>The Senior Independent Director makes himself available for confidential discussions with other Directors who may have concerns if necessary.</p> <p>The Senior Independent Director makes himself available to all meetings with majority, significant and minority shareholders and be made aware of their concerns by the Company Secretary.</p>	Yes
A.5.9	Meetings with Non-Executive Directors by the Chairman	The Chairman holds a meeting with only Non-Executive Directors at least once a year.	Yes
A.5.10	Resolutions / recording of dissent in minutes	All matters of the Company are recorded in the Board minutes with sufficient details to enable a proper assessment to be made of the deliberation and any decisions taken at the meeting.	Yes
A.6	Supply of Information		
A.6.1 & A.6.2	Timely information to the Board.	<p>The Chairman ensures that all Directors are briefed on issues arising at Board meetings by requiring management to provide comprehensive information including both quantitative and qualitative information for the Board Meetings provided in advance to the Board/subcommittee meetings.</p> <p>The Directors have free and open access to Management at all levels to obtain further information or clarify any concerns they may have. They also have the right to seek independent professional advice at the Company’s expense and copies of advice obtained in this manner are circulated to other Directors who request it. Any Director who does not attend a meeting is updated on proceedings prior to the next meeting through:</p> <ul style="list-style-type: none"> Formally documented minutes of discussions. By clarifying matters from the Board Secretary. Separate discussions at start of meeting regarding matters arising for the previous meeting. The minutes of the meetings are provided to Directors within two weeks after the meeting date. Archived minutes and Board papers accessible electronically at the convenience of the Directors. 	Yes

Corporate Governance

Code Ref.	Requirement	Compliance and Implementation	Compliance
A.7	Appointments to the Board; Nominations and Governance Committee		
A.7.1	Composition of Nominations and Governance Committee	The Company formally appointed its own Nominations and Governance committee on 16th May 2024 and makes recommendations to the Board on all new Board appointments.	Yes
A.7.2	Functions of the committee	<p>The Nominations and Governance Committee annually assess the composition of the Board to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.</p> <p>The findings of such assessment will take into account when new Board appointments are considered and when incumbent Directors come up for re-election, including a process to determine that such proposed Board appointees are “fit and proper”.</p> <p>In assessment of Directors to the Board, the Company is compliant to the “fit and proper” assessment criteria detailed in schedule “D” of the “Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka.</p>	Yes
A.7.3	Succession plan for Chief Executive Officer (CEO)	The Committee ensure that there is a succession plan for the CEO and for all Key Management Personnel and determine the training and development requirements for those identified.	Yes
A.7.4	Disclosure to Shareholders	On appointment, a brief resumé of the Director including his current and previous appointments and whether he is Independent, Non-Executive or Executive is sent to the CSE and published in the CSE website.	Yes
A.7.5	The Nominations and Governance Committee disclosure in Annual Report	The Nominations and Governance committee report given on page 251.	Yes
A.7.6	Terms of reference for Nominations and Governance Committee	Terms of reference for the Nominations and Governance Committee complying with Schedule “E” of the “Code of Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka.	Yes
A.8	Re-election		
A.8.1, A.8.2, A.8.3	Directors to submit themselves for Re-election	One third of the Directors retire at each AGM with those who have served the longest period after their last appointment/re-appointment. Retiring Directors may offer themselves for re-election. The Managing Director does not retire by rotation. Directors appointed during the year to fill casual vacancies cease to hold office at the next AGM and may offer themselves for re-election by shareholders.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
A.9	Appraisal of Board Performance		
A.9.1, A.9.2, A.9.3, A.9.4	Appraisal of Board and Committee performance	<p>The Chairman and Remuneration Committee are responsible for evaluating the performance of Executive Directors and Committees.</p> <p>The Board undertake an annual self-evaluation of its own performance, that of its Committees, Chairman, Non-Executive Directors and Executive Directors.</p> <p>The outcome of these evaluations is made available to the Nominations and Governance Committee.</p> <p>The Board has an established a process to review the participation, contribution and engagement of each Director at the time of re-election.</p>	Yes
A.10	Disclosure of Information in Respect of Directors		
A.10.1	Information relating to Directors	<ul style="list-style-type: none"> • Profiles of Board members are given on Page 28 to 32. • The members' attendance for Board meetings are given on Page 208 to 209. • Membership of Subcommittees and attendance at Subcommittee meetings are given on page 208 to 209. 	Yes
A.11	Appraisal of Chief Executive Officer (CEO)		
A.11	Appraisal of Chief Executive Officer (CEO)	Prior to the commencement of each financial year, the Board in consultation with the Chief Executive Officer, set reasonable financial and nonfinancial targets which are in line with short, medium and long-term objectives of the Company, achievement of which should be ensured by the Chief Executive Officer. A monthly performance evaluation is performed at which actual performance is compared to the budget. The Chief Executive Officer is responsible to provide the Board with explanations for any adverse variances together with actions to be taken.	Yes
B	Directors' Remuneration		
B.1	Remuneration Procedure		
B.1	Remuneration Procedure	The Company formally appointed its own Remuneration Committee on 16th May 2024 and evaluates the remuneration for Executive and Non-Executive Directors.	Yes

Corporate Governance

Code Ref.	Requirement	Compliance and Implementation	Compliance
B.2	Remuneration Committee		
B.2.1, B.2.2, B.2.3, B.2.4, B.2.5, B.2.6, B.2.7, B.2.8, B.2.9, B.2.10, B.2.11, B.2.12, B.2.13, B.2.14, B.2.15, B.2.16	Remuneration Committee	<p>The Remuneration Committee report is given on page 249 which gives in detailed the duties and functions of the Committee. The Remuneration Committee report is in line with the schedule “I” of the “Code of Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka.</p> <p>The Committee follows the guidelines given in schedule “G” of the “Code of Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka, in designing schemes of performance related remuneration.</p> <p>The Terms of reference of the Remuneration Committee is in line with the schedule “H” of the “Code of Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka.</p>	Yes
B.3	Disclosure of Remuneration		
B.3.1, B.3.2	Disclosure of remuneration	<p>The Report of the Remuneration Committee on page 249 provides a statement on Remuneration Policy. The composition of the Committee, scope and number of meetings held are given in the Remuneration Committee report.</p> <p>The total for Directors’ Remuneration is given on page 306</p>	Yes
C	Relations with Shareholders		
C.1	Constructive use of the Annual General Meeting (AGM) and Conduct of General Meetings		
C.1.1	Notice of AGM	<p>The Board uses the AGM to communicate with shareholders and encourage their participation.</p> <p>The notice and the agenda of the Annual General Meeting are sent to the shareholders 15 working days prior to the meeting. The Annual Report is published on the Company’s website and CSE website.</p>	Yes
C.1.2	Separate resolution for substantially separate items	A separate resolution is proposed at an Annual General Meeting on each substantially separate item. Adoption of the Annual Report of the Board of Directors on the affairs of the Company, Statement of Compliance and the Financial Statements with the Independent Auditor’s Report is considered as a separate resolution. A form of Proxy is provided with the Annual Report to all shareholders to direct their Proxy to vote.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
C.1.3	Votes and use of Proxy	<p>The Company ensures that all valid proxy appointments received for General Meetings are properly recorded and counted. For each resolution, where a vote has been taken on a show of hands, the Company ensures that the records at the meeting are made available with Company Secretary on behalf of the Company. The level of proxies lodged on each resolution is conveyed to the Chairman.</p> <p>When, in the opinion of the Board, a significant proportion of votes have been cast against a resolution at any General Meeting, the Board takes steps to understand the reasons behind the vote results and determine if any actions are required.</p>	Yes
C.1.4	Answer questions at the Annual General Meeting (AGM)	The Chairman of the Board arranges the Chairman of the Audit, Remuneration, Nominations and Related Party Transactions Review Committees and the Senior Independent Director to be available to answer queries at the AGM when necessary.	Yes
C.1.5	A summary of the procedures governing voting at General Meetings	The Company Circulates, along with every notice of General Meeting, a summary of the procedures governing voting at General Meetings.	Yes
C.2	Communication with Shareholders		
C.2.1	Channel to reach all Shareholders of the Company	<p>The modes of communication between the Company and the shareholders are the Annual Reports, Interim Reports, Announcements made through the Colombo Stock Exchange, other press releases and Annual / Extraordinary General Meetings.</p> <p>Shareholders may raise concerns they have, with the Chairman, the Managing Director or the Secretaries, as appropriate. The soft version of the Annual Report is posted on the Company Website upon release to the Stock Exchange.</p> <p>The website also features news and latest updates of the Company. The active participation of shareholders at the Annual General Meeting is encouraged. The Board believes the AGM is a means of continuing effective dialogue with shareholders.</p> <p>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.</p>	Yes
C.2.2, C.2.3	Implementation of the policy and methodology for communication with Shareholders	Annual Report and Financial Statement of the Company are available on the Company website enabling all shareholders to access the Annual Report and Financial Statements. However, a shareholder could be provided with a printed copy of the Annual Report if requested in writing to do so. A copy of the interim Financial Statements is released to the Colombo Stock Exchange and posted on their website. Copies of all public announcements are made available to the CSE for dissemination to the public.	Yes

Corporate Governance

Code Ref.	Requirement	Compliance and Implementation	Compliance
C.2.4	Disclosure of contact person	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. Shareholder communication is with the Company Secretary Hayleys Group Services (Private) Limited (Ms. C. Gunawardena - Tel: +94 11 2627653)	Yes
C.2.5	Major issues and concerns of Shareholders	All the major issues relating to shareholders are brought to the attention of the Board.	Yes
C.2.6	Person to be contacted with regard to Shareholders matters	The Company Secretary holds the responsibility to be contacted in relation to shareholders matters.	Yes
C.2.7	Process for responding to Shareholders matters	The Chairman and the Directors answer all the queries raised by the shareholders at the AGM and Extraordinary General Meetings. The Board in conjunction with the Company Secretary formulates the process for addressing shareholders matters.	Yes
C.3	Major and Material Transactions		
C.3.1, C.3.2, C.3.3	Disclosure of material transactions	Transactions, if any, which materially affect the Net Asset base of Haycarb PLC, will be disclosed in the Quarterly / Annual Financial Statements. During the year, there were no major transactions as defined by Section 185 (1),(2),(3) of the Companies Act No 07 of 2007 which materially affect the asset base of Haycarb PLC or consolidated Group asset base. The Company in addition complies with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulation of the Securities Exchange Commission (SEC) and by the Colombo Stock Exchange (CSE) which are contained in the section 9.14 (Related Party Transactions) of the listing rules.	Yes
D	Accountability and Audit		
D.1	Financial and Business reporting (The Annual Report)		
D.1.1, D.1.2	Balance and understandable assessment	The Company has presented balanced and understandable Financial Statements which gives a true and fair view of the performance and financial position on a quarterly and annual basis. In the preparation of Financial Statements, the Company has complied with the requirements of the Companies Act No 07 of 2007 and requirements of Sri Lanka Financial Reporting Standards (SLFRS) and Securities and Exchange Commission. Price sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner. The Annual Report also conforms to the GRI Standards on Sustainability Reporting published by the Global Reporting Initiative, Integrated Reporting Framework published by the International Integrated Reporting Council and the SLFRS on sustainability reporting S1 and S2 in accordance with transitional relief.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
D.1.3	CEO's & CFO's approval on Financial Statements prior to Board approval	The Finance Director and two other Directors have signed the Financial Statements on behalf of the Board. Responsibilities of Board of Directors and Directors statement on internal controls are given in page 241 on this report.	Yes
D.1.4	The Directors' Report	<p>The Annual Report of the Board of Directors on the affairs of the Company is given on page 238 of this Annual Report which contains the following:</p> <ul style="list-style-type: none"> • Declaration that the Company has not engaged in activities that contravene laws and regulations of Sri Lanka. • Declaration by the Directors on all material interests in contracts involving the Company and has refraining from voting on matters in which they were materially interested. • Equitable treatment to shareholders. • Compliance with best practices of corporate governance. • Information relating to PPE has been given in note 13 to the Financial Statements. • Review of internal controls, risk management and reasonable assurance of effectiveness and adherence. • Going concern of the business. 	Yes
D.1.5	Statement of Directors responsibility and statement on internal controls and Auditor's Report	<p>The Statement of Directors Responsibilities for the Financial Statements is given in page 243.</p> <p>The Auditors' Report is available on page 271.</p>	Yes
D.1.6	Management Discussion and analysis	<p>The Management discussion and analysis has been structured based on the integrated reporting framework issued by International Integrated Reporting Council.</p> <p>Chairman's and Managing Director's Joint Message given in page 22 to 27 in this Report provides an analysis of the Group's performance during the financial year including industry structure and developments, risk management, opportunities and threats, financial performance, social and governance activities carried out by the Company and prospects for the future.</p>	Yes
D.1.7	Summon an EGM to notify serious loss of capital	In the event the net assets of the Company fall below 50% of the value of the Company's Stated Capital, the Directors will forthwith summon an Extraordinary General Meeting to notify shareholders' the remedial action being taken. However, such an event has not taken place since the adoption of the New Companies Act No 07 of 2007.	Yes
D.1.8	Related Party Transaction disclosure	<p>A process has been placed to capture related parties and related party transactions. The related party transactions are properly documented. The responsibility of keeping records of the related party transactions lies with the Company Secretary.</p> <p>The Company has adequately and accurately disclosed the related party transactions in page 338 to this report.</p>	Yes

Corporate Governance

Code Ref.	Requirement	Compliance and Implementation	Compliance
D.2	Risk Management and Internal Control		
D.2.1, D.2.1.2, D.2.1.3, D.2.1.4, D.2.1.5, D.2.1.6, D.2.1.7	Framework for Risk Management	<p>The Board of Directors reserves the primary responsibility on business risk management.</p> <p>The Board has adopted a framework for Risk Management and the processes to identify, assess, monitor and manage risks. The Risk Framework is in line with the schedule “K” of the “Code of Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka.</p> <p>The Board established the responsibility to the Audit Committee to oversee the Risk Management process of the Company. The Board ensures the Company has carried out a robust assessment of principle risks. The Risk Management Framework, processes and responsibilities are given on the page 59 to this report.</p> <p>The Audit Committee with its responsibility to oversee the Risk Management process has described its activities under Risk Management in the Audit Committee Report on page 246 to this report.</p>	Yes
D.2.2, D.2.2.1, D.2.2.2, D.2.2.3, D.2.2.4	Monitoring sound system of Internal Control	<p>The Board is responsible for the Group’s internal control and its effectiveness. Internal controls are established with emphasis on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all controls required, including financial, operational and compliance controls and risk management.</p> <p>The important procedures in place to discharge this responsibility are as follows,</p> <ul style="list-style-type: none"> • The Directors are responsible for the establishment and monitoring of financial controls appropriate for the operation within the overall Group policies. • The Audit Committee reviews the plans and activities of the Internal Audits and the Management Letters of External Auditors. • The Hayleys Group Management, Audit and System Review Department report on key control elements and procedures followed by the Haycarb Group that are selected according to the Annual Audit Plan. • The Board has established the responsibility to the Audit Committee to ensure carrying out the reviews of the process and effectiveness of internal controls. • The Board ensures its responsibilities in maintaining a sound system of Risk Management and Internal Controls are in line with the schedule “L” of the “Code of Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka. 	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
D.3	Audit Committee		
D.3.1	Composition of Audit Committee	<p>The Audit Committee comprises of three Independent Non-Executive Directors and one Non-Executive Director.</p> <p>The Committee is chaired by an Independent Non-Executive Director.</p> <p>Refer Audit Committee Report on page 246</p>	Yes
D.3.2	Audit Committee Terms of reference - The Committee's purpose, duties & responsibilities	Refer Audit Committee Report on page 246	Yes
D.3.3	Disclosures in Annual Report	Refer Audit Committee Report on page 246	Yes
D.4	Risk Committee		
D.4	Risk Committee	<p>The Board of Directors reserve the primary responsibility on Business Risk Management.</p> <p>The Board has adopted a framework for Risk Management and the processes to identify, assess, monitor and manage risks. The Risk Framework is in line with the schedule "K" of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.</p> <p>The Board has wined the responsibility of the Audit Committee to oversee the Risk Management process of the Company. The Board ensures the Company has carried out a robust assessment of principle risks. The Risk Management Framework, processes and responsibilities are given on the page 59 to this report.</p> <p>The Audit Committee with its responsibility to oversee the Risk Management process has described its activities under Risk Management in the Audit Committee Report on page 246 to this report.</p>	Yes
D.5	Related Party Transactions Review Committee		
D.5,D.5.1	Related Party Transactions	The Board ensures that the Company does not engage in transactions with "Related Parties" in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.	Yes
D.5.2	Related Party Transactions Review Committee	The Company formally appointed its own Related Party Transactions Review Committee on 16th May 2024.	Yes
D.5.3	Terms of reference	Refer Related Party Transactions Review Committee Report on page 244	Yes

Corporate Governance

Code Ref.	Requirement	Compliance and Implementation	Compliance
D.6	Code of Business Conduct and Ethics		
D.6	Code of Business Conduct and Ethics	The Directors, Members of the Senior Management Team and all employees are bound by the Code of Business Conduct and Ethics, applicable to the Hayleys Group the “Hayleys Way”. The Code consists of important topics like conflict of interest, bribery and corruption, entertainment and gifts, accurate accounting and record keeping, fair & transparent procurement practices, corporate opportunities, confidentiality, fair dealing, protection & proper use of Company assets including information assets, sexual harassment, discrimination & abuse, compliance with laws, rules and regulations and encouraging the reporting of any illegal, fraudulent or unethical behaviour. The Board ensures the compliance with the code and non-compliance may reasons to go for disciplinary action.	Yes
D.6.1	Disclosure and compliance	The Directors and Key Management Personnel are complying to this code.	Yes
D.6.2	Process to identify and report price sensitive information	The Company has a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Yes
D.6.3	Shares purchased by directors and key management personnel	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 share holdings are given in page 238 of the Annual Report of the Board of Directors on the affairs of the Company.	Yes
D.6.4	Whistleblowing Policy	The Company has established a procedure to deal with complaints received from employees, customers, suppliers and any other party in relation to non-compliance with Companies Code of Business Conduct and Ethics.	Yes
D.6.5	Training on the Code of Business Conduct and Ethics	The Company conducts trainings on the code of conduct for new employees as part of induction training.	Yes
D.6.6	The process for company-wide dissemination of the policy	The Company has a process to disseminate the code, company-wide.	Yes
D.6.7	Affirmation of Code in the Annual Report by the Chairman	The Chairman affirms that he is not aware of any violation of any other provisions of the Code of Business Conduct and Ethics in the Annual Report.	Yes
D.7	Corporate Governance Disclosure		
D.7	Disclosure of adherence to Corporate Governance	The extent to which the Company adheres to established principles and practices of good Corporate Governance is disclosed in this report.	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
SECTION II : SHAREHOLDERS			
E	Institutional Investors		
E.1	Shareholder voting		
E.1	Shareholder voting	All investors are notified of the Annual General Meeting, and all their views, comments and suggestions are encouraged. The Company maintains continuous dialogue with institutional investors, based on a mutual understanding of objectives. Impartiality is maintained on shareholder votes at the AGM based on individual holding and weightage. Shareholders are encouraged to participate of the AGM and vote on matters set before them.	Yes
E.2	Evaluation of Governance Disclosures		
E.2	Evaluation of governance disclosures	Institutional investors are encouraged to give due consideration to all relevant factors drawn to their attention when evaluating Companies' governance arrangement particularly in relation to Board structure and composition. All shareholders are provided sufficient information to facilitate and encourage effective shareholder participation including governance matters. Please refer Investor information on Page 368.	Yes
F	Other Investors		
F.1	Investing/ Divesting Decision		
F.1	Investing/ Divesting decision	Individual shareholders, investing directly in shares of Company are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. The Company believes that the rational investors remain with the Company without divesting. There are no restrictions for investing or divesting in the Company shares.	Yes
F.2	Shareholder Voting		
F.2	Shareholder voting	All shareholders are encouraged to actively participate in the AGM and they have the independence of using their votes as they wish.	Yes
SECTION III : OTHER MATTERS			
G	Internet of Things and Cybersecurity		
G.1	Identify connectivity and related cybersecurity risks	This function was complied with by the Group Head of IT of the Parent Company for the year under review. The Board was also updated on the findings.	Yes

Corporate Governance

Code Ref.	Requirement	Compliance and Implementation	Compliance
G.2	Appoint a Chief Information Security Officer (CISO) and allocate budget to implementing a Cybersecurity Policy	<p>The Hayleys Group has a Chief Information Security Officer (CISO) and a cybersecurity policy has been implemented.</p> <p>The Company cybersecurity policy includes a robust cybersecurity risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting process, scope and regularity of an Information Communication Technology (ICT) audit, and the need for cybersecurity insurance.</p> <p>Please refer page 210 on IT and Cybersecurity governance.</p>	Yes
G.3	Include Cybersecurity on Board agenda	<p>It is a regular agenda item for the Board meetings. The matters taken up for the discussion on the Board meeting agenda includes</p> <ul style="list-style-type: none"> • Potential cybersecurity risks in the company's business model • CISO's security strategy and status of the current projects • Compliance with the cybersecurity risk management process and incident reports • Findings and recommendations from independent reviewers 	Yes
G.4	Obtain Independent periodic review and assurance to review effectiveness of cybersecurity risk management	<p>A firm of external consultants were engaged to review the effectiveness of the Group's cybersecurity risk management.</p> <p>The Company is complying with the Schedule "O" contains a "Board cybersecurity checklist" described in the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.</p>	Yes
G.5	Disclosures in Annual Report	<p>The Company disclose in the Annual Report, the process to identify and manage cybersecurity risks.</p> <p>Please refer page 210 on IT and cybersecurity governance.</p>	Yes
H	Sustainability: ESG Risk and Opportunities		
H.1, H.1.1	Board to consider Sustainability Related Risks and opportunities	<p>The Board is responsible for identifying and assessing the impact of Sustainability Related Risks and Opportunities (SRROs) and Climate Related Risks and Opportunities (CRROs) and oversee strategies designed to respond to such risks.</p> <p>The Board has established an ESG Steering Committee, and the Committee is headed the Managing Director. The Company established Sustainability and ESG division reporting to the Deputy Managing Director.</p> <p>Please refer page 59 to 87 for detailed emphasis of Company's sustainability strategy.</p>	Yes
H.2, H.2.1	Consider views of stakeholders in managing sustainability related risks and opportunities	<p>The Board and Key Management Personnel continuously engage with and consider views of the stakeholders to better understand and manage Company's Sustainability/ ESG Risks and Opportunities.</p>	Yes

Code Ref.	Requirement	Compliance and Implementation	Compliance
H.3, H.3.1, H.3.1.1, H.3.1.2	Establishment of a Governance Framework which includes Sustainability/ESG factors	<p>The Board address Sustainability factors through a process of environmental governance and social governance.</p> <ul style="list-style-type: none"> The Company follows an integrated approach on Environmental Governance that takes into consideration the direct and indirect economic, social, health and environmental implications on business strategies, plans, decisions and operations. The Company also follows an integrated approach for social governance to engage with groups such as community, customers, employees, suppliers etc. The Company launched its ESG Roadmap “ACTIVATE” embedding ESG drivers across all aspects of the Company’s business strategy and operations. The Deputy Managing Director oversee the implementation of the ESG roadmap 2030 circulated in “Activate”. The ESG Steering Committee led by the Director in charge of corporate sustainability and ESG was established to drive the formulation and implementation of the ESG Roadmap. <p>Please refer page number 200 on Company’s approach to sustainability governance.</p>	Yes
H.4, H.4.1, H.4.2, H.4.3	Structure for measuring on all pertinent aspects of sustainability using financial and non-financial measures	<p>The Company has in place a system to capture ESG data from all of its operational locations.</p> <p>The Company’s ESG related data is consolidated within the Haycarb Corporate Sustainability and ESG Divisions and performance is reported to ESG steering committee, Management Team and to the Board of Directors. The Data also reported to Hayleys Group ESG Steering Committee and the Hayleys Group Management Committee. Please refer page 201.</p>	Yes
H.5.H.5.1, H.5.2, H.5.3, H.5.4	Annual Report to contain sufficient information on sustainability related risks and opportunities	Please refer on Page 59 to 87.	Yes
I	Special Considerations for Listed Entities		
I.1, I.1.1, I.1.2, I.1.3, I.1.4	Establishment and Maintenance of Policies relating to governance and disclosures through Company’s website	The policies relating to governance have been published on its corporate website (www.haycarb.com)	Yes
I.2,I.2.1	Policy on matters relating to the Board of Directors	The Company has established and maintained a formal policies governing the matters relating to the Board of Directors for items (a), (b), (c), (d), (e), (f), (g), (h), (i), (j) under I.2.1 of the “Code of Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka.	Yes
I.2.2	Confirmation of Compliance	The Company confirms the compliance to policy on matters relating to Board of Directors referring to items (a), (b), (c), (d), (e), (f), (g), (h), (i), (j) Under I.2.1 of the “Code of Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka.	Yes

Corporate Governance

COMPLIANCE WITH THE “CONTINUING LISTING REQUIREMENTS” - SECTION 07 FOR LISTED COMPANIES ISSUED BY THE COLOMBO STOCK EXCHANGE

This section has presented Haycarb PLC's compliance in line with the “Continuing Listing Requirements” under the Section 07 issued by the Colombo Stock Exchange (CSE).

Section Ref.No	Requirement	Comment / Reference within the Report	Compliance Status
7.1	Dividend Payment - Announcement to the CSE	The Company make an immediate announcement to CSE upon authorising a dividend distribution as described in Rule 7.1	Yes
7.4	Interim Financial Statements	The Company prepare and submit Interim Financial Statements to CSE, within the criteria described in Rule 7.4	Yes
7.5	Circulation of Annual Report	The Company ensure that the Annual Report is made available to all shareholders of the Company and given to CSE within relevant period described in section 7.5 from the close of the Financial Year.	Yes
7.6	Contents of Annual Report		
(i)	Names of persons who were Directors of the Company	Board of Directors - Page 28 to 32	Yes
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Group Profile - Page 374 to 377	Yes
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Investor Information - Page 368 to 371	Yes
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the minimum public holding requirement	Investor Information - Page 368 to 371	Yes
(v)	A statement of each Director's holding and CEO's holding in shares of the entity at the beginning and end of each financial year	Investor Information - Page 368 to 371	Yes
(vi)	Information pertaining to material foreseeable risk factors of the entity	Managing Risk and Opportunities - Page 59 to 80	Yes
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Page 106	Yes
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land/Building holdings and investment properties	Property Plant and Equipment - Page 311	Yes
(ix)	Number of shares representing the Entity's stated capital	Investor Information - Page 368 to 371	Yes
(x)	The distribution of shareholders under each class of securities and the percentage of their holdings	Investor Information - Page 368 to 371	Yes

Section Ref.No	Requirement	Comment / Reference within the Report	Compliance Status
(xi)	Financial ratios and market price information	Investor Information - Page 368 to 371	Yes
(xii)	Significant changes in the Group's Fixed Assets, and market value of land, if the value differs substantially from the book value	Property Plant and Equipment - Page 311	Yes
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Not Applicable for financial year 2024/25.	N/A
(xiv)	Information in respect of Employee Share Ownership Schemes	Not Applicable for financial year 2024/25.	N/A
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Corporate Governance - Page 232 to 237	Yes
(xvi)	Related party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited Financial Statements, whichever is lower	The Related Party Transactions are disclosed in note no. 33 of the Page 338.	Yes
(xvii) to (xxi)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds and/or Shariah Compliant Debt Securities listed on the CSE	Not Applicable for financial year 2024/25.	N/A
7.8	Disclosure of dealings by Directors and CEO	The Company make an announcement to the Exchange pertaining to the relevant interest/changers in shares held by its Directors and CEO as described in Rule 7.8.	Yes
7.13	Minimum public holding	As a listed Company in the main board, the Company maintained the minimum public holding under specified criteria. Refer Investor Information on Page 368 to 371.	Yes

Corporate Governance

COMPLIANCE WITH COLOMBO STOCK EXCHANGE LISTING RULES - SECTION 09 ON CORPORATE GOVERNANCE

This section covers Haycarb PLC's extent of adherence to the requirements of the Section 09 on the "Corporate Governance" Rules for Listed Companies issued by the Colombo Stock Exchange (CSE).

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.1	Applicability of Corporate Governance Rules		
9.1.1 9.1.2 9.1.3	Extent of Compliance with Corporate Governance Rules	The extent of compliance with the Corporate Governance Section 09 of the listing rules issued by CSE is tabulated below.	Yes
9.2	Policies		
9.2.1	Availability of Policies	<p>The following policies which are mandated by the revised CSE listing rules are currently in place.</p> <p>The Company has uploaded them to the Company's website (www.haycarb.com) in accordance with the Corporate Governance Rules of the Colombo Stock Exchange.</p> <ul style="list-style-type: none"> • Policy on matters relating to the Board of Directors • Policy on Board Committees • Policy on Corporate Governance, Nominations and re-election • Policy on Risk Management and Internal Controls • Policy on 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 • Human Rights Policy • Policy on Environment, Social and Governance (ESG) Sustainability – Social Policies • Policy on Environment, Social and Governance (ESG) Sustainability – Environmental Policies • Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees including policies on Trading in the entity's Listed Securities 	Yes
9.2.2	Waivers and Exemptions	At present there are no waivers and exemptions applicable to the Company.	N/A
9.2.3	Disclosures in the Annual Report	Please refer section 9.2.1.	Yes
9.2.4	Availability of Policies to Shareholders	The Company will provide any of the above policies to its shareholders, upon a written request.	Yes
9.3	Board Committees		
9.3.1	Establishment of Board Committees	<p>The Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee are in place.</p> <p>Refer Page 244 to 253</p>	Yes

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.3.2	Board Composition, Responsibilities and Disclosures	The composition of all Committees are in line with the revised CSE listing rules. The Responsibilities of these committees are in line with the rule set out and required disclosures have been made.	Yes
9.3.3	Chairperson of Board Committees	The Chairperson of the Board is not the Chairperson for any of the Sub Committees.	Yes
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders		
9.4.1	Record maintains	The Company Secretary maintains records of all resolutions and the following information of General Meetings. (The number of Shares in respect of which proxy appointments, number of votes in favour against and number of shares in respect of vote was directed to be abstained).	Yes
9.4.2	Communication and relation with Shareholders and Investors	The Company has an established policy on communication and relations with shareholders and investors, which is published on its corporate website (www.haycarb.com) Shareholder communication is with the Company Secretary, Hayleys Group Services (Private) Limited (Ms. C. Gunawardena – Tel: +94 11 2627653)	Yes
9.5	Policy on matters relating to the Board of Directors		
9.5.1	Availability of policy on governing matters relating to Board of Directors	The Company maintains a Policy on matters relating to the Board of Directors. The Policy specifies the minimum number of meetings which a Director is required to attend, which is 50% of the meetings.	Yes
9.5.2	Disclosures in the Annual Report	The Company confirms the existence of policies governing the matters relating to Board of Directors.	Yes
9.6	Chairperson and CEO		
9.6.1	Chairperson and CEO	The Chairperson is not the CEO of the Company, also he is not an Independent Director. In order to comply with section 9.6.3 of the Listing Rules, the Company has already appointed a Senior Independent Director (SID).	Yes
9.6.2	Rationale for appointing of a Senior Independent Director (SID)	The Company made a market announcement for appointing of a Senior Independent Director (SID). The announcement was made within the stipulated time period as specified in Listing Rules.	Yes
9.6.3 (b) & (c)	Meetings by Senior Independent Director (SID)	The SID held separate meetings with the Non-Executive Directors without the presence of Executive Directors and Chairman, to discuss matters and concerns pertaining to the Company.	Yes
9.6.4	Rationale for appointing SID	The rationale is given in the statement of the Senior Independent Director (SID) on Page 254	Yes

Corporate Governance

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.7	Fitness of Directors and CEOs		
9.7.1 9.7.2	Appointment of "Fit and Proper" Persons	<p>The Board has a formal and transparent process in place for the succession and appointment of Directors.</p> <p>The Nominations and Governance Committee processes and short-lists candidates and makes recommendations to the Board for approval. The attributes and experience required from potential appointees are identified and agreed prior to the search process, considering the combined knowledge, experience and diversity of the Board, in relation to the Companies strategic plans and any gaps thereof. The candidate's other directorships and commitments are also considered to ensure sufficient time to discharge their role effectively.</p> <p>All appointments are duly notified to CSE.</p>	Yes
9.7.3	Fit and Proper Assessment Criteria a) Honesty, integrity and reputation b) Competence and Capability c) Financial soundness	The assessment criteria detailed in the revised CSE listing rules have been incorporated into the annual declaration of the Directors.	Yes
9.7.4	Annual Declarations from Directors and CEO	The Directors have provided declarations, confirming that each of them has continuously satisfied the "fit and proper" assessment criteria set out in the CSE revised listing rules. These declarations to be made annually.	Yes
9.7.5	Disclosures in the Annual Report	Disclosures are made in the Annual Report of the Board of Directors given on page 238.	Yes
9.8	Board Composition		
9.8.1	Board at minimum to consist of Five (5) Directors	The Company is complied with the requirement. The Board of Directors of the Company consists of Fourteen (14) Directors as of 31st March 2025.	Yes
9.8.2	Minimum number of independent Directors (Minimum 2 or 1/3 of total number, whichever is higher)	<p>The Company is complied with the minimum number of Independent Directors.</p> <p>The Board of Directors of the Company consists of Five (5) Independent Directors as of 31st March 2025.</p>	Yes
9.8.3 9.8.4	Criteria for determining independence	The Company is complied with the criteria for determining independence of a director.	Yes
9.8.5	Declarations	Annual Declaration was obtained from the Board of Directors incorporating the provisions made under the revised CSE listing rules as of 31st March 2025.	Yes
9.9	Alternate Directors		
9.9	Appointment of Alternate Directors	No Alternate Directors were appointed to represent Non-Executive Directors.	Yes

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.10	Disclosures relating to Directors		
9.10.1	Policy on the maximum number of Directorships	The Board Charter defines the maximum number of Directorships its Board members shall be permitted to hold. All the Directors are in compliance with this requirement. (Company policy on maximum number of Directorships which a Director can hold in listed Companies is 20)	Yes
9.10.2	Appointment of new Director	The Company has made immediate market announcements on appointment of new Directors.	Yes
9.10.3	Changes to the Composition	The Company will make an immediate announcement regarding any changes to the composition of the Board Committees referred to Rule 9.3.	Yes
9.10.4	Disclosures in the Annual Report In relation to Directors	The Company discloses the following information relating to the Directors in its Annual Report. (a) Please refer to page 28 to 32 for profiles of Directors (b) Please refer to page 208 and 209 for expertise in relevant functional areas (c) Please refer to page 238 on the Annual Report of the Board of Directors for the statement on material business relationships (d) Please refer to page 193 for classification of Directorships (e) Please refer to page 205 for Directorships in other companies (f) Please refer to page 208 for details of Board meeting attendance (g) Please refer to the respective Committee Reports on pages 244 to 253 for details of the Directors serving on each Committee. (h) Please refer to the respective Committee Reports on pages 244 to 253 for details of the Committee meetings held & attended by each member. (i) Please refer to page 254 for statement by the Senior Independent Director	Yes
9.11	Nominations and Governance Committee		
9.11.1	Availability of Nominations and Governance Committee	The Company formally appointed its own Nominations and Governance Committee on 16th May 2024.	Yes
9.11.2	Appointment and re-election of Directors	The Committee follows a formal procedure in appointment and re-election of Directors.	Yes
9.11.3	Terms of Reference	The Committee has adopted a Term of Reference which defines the scope, authority and duties. Revised Terms of Reference in line with the CSE listing rules was approved in November 2023.	Yes
9.11.4 (1)	Composition - Minimum of three (3) Directors, out of which a minimum of two (2) members shall be Independent Directors	The Company is complying throughout the year with the revised CSE listing rules. The committee comprises of two Independent Non-Executive Directors and one Non-Executive Director.	Yes
9.11.4 (2)	Composition - Independent Director shall be appointed as the Chairperson of the Committee	An Independent Director functions as the Chairman of the Committee.	Yes

Corporate Governance

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.11.4 (3)	Composition - The Chairperson and the members of the Committee shall be identified in the Annual Report	The Chairman and the members of the Committee are identified in the Nominations & Governance Committee report given on page 251.	Yes
9.11.5	Functions	The functions of the Nominations and Governance Committee are given in the Nominations and Governance Committee report.	Yes
9.11.6	Disclosures in the Annual Report	The Disclosure requirements are covered in the Nominations and Governance Committee Report given on page 251.	Yes
9.12	Remuneration Committee		
9.12.1	Definition of Remuneration	The Company has established a formal and transparent policy on remuneration. The remuneration is defined in terms of cash and non-cash benefits.	Yes
9.12.2	Remuneration Committee	The Company formally appointed its own Remuneration Committee on 16th May 2024.	Yes
9.12.3 9.12.4	Remuneration Policy - Executive Directors/ Non-Executive Directors	The remuneration Committee has established a formal and transparent procedure for fixing the Executive Directors' remuneration. The remuneration of Non-Executive Directors is based on the principal of non-discriminatory pay practices ensuring their independence is not impaired.	Yes
9.12.5	Terms of Reference	The Committee has adopted a Terms of Reference which define the scope, authority and duties in compliance with the revised CSE listing rules.	Yes
9.12.6	Composition	The Committee comprises of two Independent Non-Executive Directors and one Non-Executive Director.	Yes
9.12.7	Functions	The Company has documented the functions of the Committee in Terms of Reference. All functions are effectively discharged by the Committee.	Yes
9.12.8	Disclosures in the Annual Report	Disclosure requirements are covered in the Remuneration Committee Report given on page 249.	Yes
9.13	Audit Committee		
9.13.1	Audit and Risk Committees	While the Board of Directors reserves the primary responsibility on business risk management, the Board establishes the responsibility to the Audit Committee to oversee the risk management process of the company.	Yes
9.13.2	Terms of Reference	The Committee has adopted a Terms of Reference which define the scope, authority and duties.	Yes
9.13.3	Composition	The Audit Committee comprises of three Independent Non-Executive Directors and one Non-Executive Director. The Audit Committee met four times during the year. The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors. The Managing Director and the Finance Director of the Company attend the Committee meeting by invitation. The Chairman of the Audit Committee is a Senior Chartered Accountant.	Yes

Section Ref. No	Requirement	Extent of Compliance and Comments	Complied
9.13.4	Functions	The Functions of the Committee are effectively summarised in the Audit Committee Report on page 246.	Yes
9.13.5	Disclosures in the Annual Report	Please refer to the Audit Committee in page given 246.	Yes
9.14	Related Party Transactions Review Committee		
9.14.1	Availability of Related Party Transactions Review Committee	The Company formally appointed its own Related Party Transactions Review Committee on 16th May 2024.	Yes
9.14.2 (1) & (2)	Composition	The Committee comprises of two Independent Non-Executive Directors and one Non-Executive Director.	Yes
9.14.3	Functions	The Functions of the Committee are effectively summarised in the Related Party Committee Report on page 244.	Yes
9.14.4	General requirements	The Committee met four (4) times during the financial year 2024/25. The Committee members have adequate knowledge and expertise to assess all aspects of Related Party Transactions and where necessary allowed to obtain appropriate professional and expert advice from appropriately qualified persons.	Yes
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	The Committee takes into account the provision of the said CSE listing rules when reviewing related party transactions.	Yes
9.14.6	Shareholder Approval	A situation to obtain the shareholder approval as per revised CSE listing rules has not arisen during the year.	Yes
9.14.7	Immediate Disclosures	A situation has not arisen where immediate disclosure is required to be made as per revised CSE listing rules.	Yes
9.14.8	Disclosures in the Annual Report	The Related Party Transactions are disclosed in note no. 33 of the Page 338. Disclosure requirements are covered in the Related Party Transactions Review Committee Report given on page 244.	Yes
9.14.9	Acquisition and Disposal of assets from/to related parties	The Company has not acquired/disposed substantial assets from/to related parties.	Yes
9.14.10	Exempted Related Party Transactions	The provisions of the sections are considered when evaluating the Related Party Transactions by the Committee.	Yes
9.16	Additional Disclosures		
9.16	(i) Declaration of all material interests (ii) Review of internal and compliance controls (iii) Compliance with laws, rules and regulations (iv) Material Non-Compliance	Disclosure requirements are covered in the Annual Report of the Board of Directors given on page 238. Material non-compliance with any Law or Regulation has not arisen during the year 2024/25.	Yes

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

GENERAL

The Board of Directors of Haycarb PLC ("the Company") has pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company and of the Group for the year ended 31st March 2025.

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.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW OF THE YEAR

The principal activities of the Group and its management team are shown on page 374 to 377 respectively of this Report. The Joint Statement from the Chairman and the Managing Director describe the Group's affairs and mention important events of the year. The results for the year are set out in the Consolidated Statement of Profit or Loss page 274.

The Directors to the best of their knowledge and belief confirm that the Group has not engaged in any activities that contravene laws and regulations.

The Financial Statements were reviewed and approved by the Board of Directors on 15th May 2025.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Group are given on page 274 to 356.

AUDITOR'S REPORT

Auditor's Report on the Financial Statements is given on page 271 to 273.

ACCOUNTING POLICIES

The accounting policies adopted by the Company and its subsidiaries

in the preparation of the Financial Statements are given on page 282 to 303. There were no changes in the accounting policies adopted.

DIRECTORS' INTERESTS IN TRANSACTIONS

The Directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act No.07 of 2007. Note 33 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

DIRECTORS' INTERESTS IN SHARES

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

INTERESTS REGISTER

The Company, in compliance with the Companies Act No.7 of 2007, maintains an Interests Register. Particulars of entries in the Interests Register are detailed below.

Hayleys PLC holds 201,251,030 shares (67.73%) in Haycarb PLC. Mr. Mohan Pandithage, Mr. Sarath Ganegoda, Mr. Rajitha Kariyawasan, Mr. Yohan Perera and Mr. Timothy Speldewinde are Directors of Hayleys PLC.

200,000 shares were purchased by Mr. Rajitha Kariyawasan, Managing Director (Executive Director) jointly with Mrs. K. H. S. Kariyawasan of Haycarb PLC during the year.

DIRECTORS' SHAREHOLDINGS

Details relating to shareholdings of Directors are given below.

Name of the Director	As at 31/03/2025	As at 31/03/2024
Mr. Mohan Pandithage (Chairman)	23,790	23,790
Mr. Rajitha Kariyawasan* (Managing Director)	3,179,671	2,979,671
Mr. Brahman Balaratnarajah (Deputy Managing Director)	30,040	30,040
Mr. Sarath Ganegoda	73,150	73,150
Mr. Arjun Senaratna	-	-
Mrs. Jeevani Abeyratne	-	-
Mr. M.S.P. Udaya Kumara	4,620	4,620
Mr. Ali Asgar Munaver Caderbhoy	-	-
Mrs. Shamalie Gunawardana	-	-
Ms. Brindhiini Perera	-	-
Mrs. Anomi Wanigasekera	-	-
Mr. Nanda Fernando	-	-
Mr. Yohan Perera (appointed w.e.f. 01st April 2024)	2,500	2,500
Mr. Timothy Speldewinde (appointed w.e.f. 22nd November 2024)	-	-
Mr. Hisham Jamaldeen (resigned w.e.f. 14th November 2024)	-	-
Mr. Sujeewa Rajapakse (resigned w.e.f. 01st April 2024)	-	-
Mr. James Naylor (resigned w.e.f. 31st January 2025)	-	-

* Jointly with Mrs. K.H.S. Kariyawasan

DIRECTORS' REMUNERATION

Executive Directors' Remuneration is determined within an established framework. The total remuneration of Executive Directors for the year ended 31st March 2025 is Rs. 376,630,000 (2023/2024 - Rs. 340,184,000), which includes the value of perquisites granted to them as part of their term of service. The total remuneration of Non-Executive Directors for the year ended 31st March 2025 is Rs. 11,200,000 (2023/2024 - Rs. 10,800,000), determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

DIRECTORS' INDEMNITY AND INSURANCE

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

SUBSIDIARIES

The Shareholders of the following Subsidiaries, being private companies registered under Companies Act, have unanimously agreed to dispense with the requirement to maintain an Interests Register.

- Recogen (Private) Limited
- Puritas (Private) Limited
- Ultracarb (Private) Limited

DONATIONS

GRI 415-1

The donations made during this year by the Company and the Group amounted to Rs. 15,805,000 and Rs. 20,751,000 respectively

(2023/24 - Rs 21,624,000/- and Rs 34,078,000/-)

The Donations made by the Company and the Group are disclosed in Note 9.1 on page 306.

No donations were made for political purposes.

DIRECTORATE

GRI 2-11

The names of the Directors who served during the year are given below and their brief profiles appear on page 28 to 32 of this report.

Executive Directors

Mr. Mohan Pandithage (Chairman)

Mr. Rajitha Kariyawasan (Managing Director)

Mr. Brahman Balaratnarajah (Deputy Managing Director)

Mrs. Jeevani Abeyratne

Mr. M.S.P. Udaya Kumara

Mr. Ali Asgar Munaver Caderbhoy

Mr. James Naylor (resigned w.e.f. 31st January 2025)

Non-Executive Directors

Mr. Sarath Ganegoda

Mr. Arjun Senaratna

Ms. Brindhiini Perera

Independent Non-Executive Directors

Mrs. Shamalie Gunawardana

Mrs. Anomi Wanigasekera

Mr. Nanda Fernando

Mr. Yohan Perera (appointed on 01st April 2024)

Mr. Timothy Speldewinde (appointed on 22nd November 2024)

Mr. Sujeewa Rajapakse (resigned on 01st April 2024)

Mr. Hisham Jamaldeen (resigned on 14th November 2024)

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

None of the Directors or their close family members have any material business relationship with other Directors of the Company.

Mr. Timothy Speldewinde was appointed to the Board with effect from 22nd November 2024, in terms of Article 27(2) of the Articles of Association of the Company, Shareholders will be requested to re-elect them at the Annual General Meeting.

In terms of Article No. 29(1) of the Articles of Association of the Company, Mr. M.S.P. Udaya Kumara, Mr. Brahman. Balaratnarajah, Mrs. Shamalie Gunawardana and Mr. Sarath Ganegoda retire by rotation and being eligible to 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. Arjun Senaratna and 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.

The Directors of the Subsidiaries are given on page 374.

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

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

specimen given in Appendix 9A of Corporate Governance Rules of CSE.

BOARD SUBCOMMITTEES

The Company had established and maintains the following Subcommittees, each of which is responsible to the Board.

- Audit Committee
- Related Party Transactions Review Committee
- Nominations and Governance Committee
- Remunerations Committee

Please refer to Subcommittee Reports given on page 244 to 253.

RELATED PARTY TRANSACTIONS

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

Please refer Related Party Transactions Review Committee Report on page 244.

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 243 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. 2,851,000 (2023/24 – Rs 2,568,000) and Rs. 4,883,000 (2023/24 – Rs 4,545,000) as audit fees by the Company and the Group respectively. In addition, they were paid Rs.3,404,000 (2023/24 – Rs 3,336,000) and Rs. 6,090,000 (2023/24 – Rs 4,602,000) by the Company and the Group, for non-audit related work, which consisted mainly of tax advisory 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 authorise the directors to determine their remuneration is being proposed at the Annual General Meeting.

GROUP REVENUE

The revenue of the Group was Rs. 43,201,785,000 (2023/24 – Rs.43,179,205,000) in the year under review. A detailed analysis of the Group's revenue is given in Note 6 to the Financial Statements.

The Group's revenue from international trade, which includes the revenue of overseas subsidiaries in addition to exports from Sri Lanka amounted to Rs. 41,937,921,000 (2023/24– Rs. 41,646,596,000). Trade between Group companies is conducted at fair market prices.

PROFITS

The Group's profit before tax amounted to Rs. 5,516,969,000 (2023/24 – Rs 6,113,254,000). After a deducting Rs. 1,246,127,000 (2023/24 – Rs 1,807,625,000) for taxation, the profit was Rs. 4,270,842,000 (2023/24– Rs 4,305,629,000). When non-controlling interest of Rs. 674,325,000 (2023/24 – Rs 561,700,000) was deducted, the profit attributable to the equity holders of the Company was Rs. 3,596,517,000 (2023/24 – Rs 3,743,929,000).

STATED CAPITAL AND RESERVES

The stated capital of the Company, consisting of 297,123,750 ordinary shares, amounts to Rs. 331,774,000. There was no change in stated capital during the year.

Total Group reserves as of 31st March 2025 amount to Rs. 26,202,315,000 comprising Capital Reserves of Rs.1,070,985,000 and Revenue Reserves of Rs. 25,131,330,000. Composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

DIVIDEND

The first interim dividend of Rs. 0.60 per share was paid to the shareholders on 18th July 2024. The second interim dividend of Rs. 1.10 per share was paid to the shareholders on 21st October 2024. The third interim dividend of Rs. 0.50 per share was paid to the shareholders on 22nd January 2025. The fourth interim dividend of Rs. 1.60 per share was paid to the shareholders on 23rd April 2025.

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

STATUTORY PAYMENTS

The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on page 243.

CAPITAL EXPENDITURE

Capital expenditure during the year, on property, plant and equipment by the Group and by the Company amounted to Rs.2,556,983,000 (2023/24 - Rs. 2,134,787,000) and Rs. 1,026,890,000 (2023/24 - Rs 1,215,298,000) respectively. Information relating to movements in property, plant and equipment is given in Note 13 to the Financial Statements.

MARKET VALUE OF PROPERTIES

The freehold land of the Group has in general been subjected to routine revaluation by independent qualified valuers. The most recent revaluations in respect of the Group were carried out as of 31st March 2025.

Details of revaluations, carrying values and market values are provided in Note 13 to the Financial Statements. The statement on the value of real estate on page 311 gives details of freehold land held by the Group.

EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the Reporting date that would require adjustments, other than those disclosed in Note 38 to the Financial Statements.

ESG RISK AND OPPORTUNITIES

The Company's business activities can have direct and indirect effects on the environment. It is the policy of the Company to conduct its activities in an environmentally responsible manner in order to keep adverse effects to a minimum and to ensure compliance with the relevant regulations.

CORPORATE GOVERNANCE

The Company has complied with the revised Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange and the recommendations provided in the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The Corporate Governance Report on page from 190 to 237 discusses this further.

Mr. Yohan Perera 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 Group. Please refer the Senior Independent Director's Report on page 254.

The Directors and the 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 CEO during the financial year.

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

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

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 nor the Group have engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company and the Group by the Government or any regulatory authority in any jurisdiction where the Group companies operate.

INTERNAL CONTROLS

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

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

POLICIES

The Company has adopted the following policies, with effect from 1st October 2024, and has uploaded them to the Company's website 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, Nominations and re-election
- Policy on Risk Management and Internal Controls

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

- Policy on 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
- Human Rights Policy
- Policy on Environment, Social and Governance (ESG) Sustainability – Social Policies
- Policy on Environment, Social and Governance (ESG) Sustainability – Environmental Policies
- Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees including policies on Trading in the entity's Listed Securities

The Policy on Internal code of Business Conduct and Ethics, which is in line with "The Hayleys Way", serves as the Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees. The "Activate - ESG Framework 2030" includes a suite of environmental, social and governance-related policies which are applicable across the Group.

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

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS

Details relating to material issues pertaining to employees and industrial relations are given in Human Capital on page 144.

EXPOSURE TO RISK

The Group has a structured risk management process in place support its operations. The Audit Committee plays a major role in this process. The risk management section referred on page 59 to 80 elaborates these practices and the risk factors.

GOING CONCERN

The Directors believe, after reviewing the financial position and the cash flow of the Group, that the Group has adequate resources to continue operations well into the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

SHAREHOLDERS

The Company has made all endeavors to ensure the equitable treatment of shareholders. The Board has established a comprehensive mechanism such as Related Party Transactions Review Committee and regular interactions with shareholders to ensure the interests of the shareholders as a whole are safeguarded.

SHARE INFORMATION

Information relating to earnings, dividends, net assets, market value per share and share trading is given on page 371.

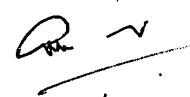
MAJOR SHAREHOLDINGS

The twenty major shareholders as of 31st March 2025 are given on page 369 in this Report.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday, 26th June 2025 at 9.00 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 381.

For and on behalf of the Board,



Mohan Pandithage
Chairman



Rajitha Kariyawasan
Managing Director



Hayleys Group Services (Private) Limited
Secretaries

No. 400, Deans Road
Colombo 10

15th May 2025

Statement of Directors' Responsibility

The Directors are responsible, under Sections 150 (1), 151, 152 (1), 153 (1) and 153 (2) of the Companies Act No. 07 of 2007 ('the Companies Act'), to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit and loss of the Company and the Group for the financial year.

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

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent 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 proper and sufficient measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The Directors have confirmed that the Company satisfied the solvency test requirement under Section 56 of the Companies Act for all 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 271 to 273 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 its subsidiaries as at the Balance Sheet date have been paid or provided where relevant.

By Order of the Board,



Hayleys Group Services (Private) Limited
Secretaries

15th May 2025

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee (“the Committee”) of the Company was established in May 2024 in compliance with the Governance Rules stipulated in Section 9 of the Listing Rules of Colombo Stock Exchange.

COMPOSITION OF THE COMMITTEE

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

The current members of the committee are Mr. Yohan Perera (Chairman), Mr. Nanda Fernando (Independent Non-Executive Directors) and Mr. Sarath Ganegoda (Non-Executive Director).

ATTENDANCE AT COMMITTEE MEETINGS

The Committee meets on a quarterly basis or as often as may be deemed necessary. During the financial year 2024/25, the Committee met four times to review the related party transactions.

The Chairman of the Committee is an Independent Non-Executive Director. Profiles of the Committee members are given in Pages 28 to 32.

The Chairman, Managing Director, Director Finance 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 the Board meetings, thereby providing the Directors access to the deliberations of the Committee.

THE DUTIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- To review in advance all proposed related party transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from the management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.

- Meet with the Management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/ non-recurrent related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining “competent independent advice” from independent professional experts with regard to the value of the substantial asset of the related party transaction.
- To ensure that there is an adequate and effective process in place to capture information which is relevant to its review function.

TASKS OF THE COMMITTEE

The Committee reviewed the related party transactions and their compliances of Haycarb 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.

Name of the Member	Directorship status	Committee Membership status	No of meetings eligible to Attend	Number of meetings Attended
Mr. Yohan Perera	Independent Non-Executive Director/SID	Chairman	4	4
Mr. Nanda Fernando	Independent Non-Executive Director	Member	4	4
Mr. Sarath Ganegoda	Non-Executive Director	Member	4	3

POLICY AND TERMS OF REFERENCE

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

DISCLOSURES

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in note 33 to the financial statements given in page 338 to this report.

DECLARATION BY THE COMMITTEE

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on page 238 of this Annual Report.



Yohan Perera

*Chairman - Related Party
Transactions Review Committee*

15th May 2025

Audit Committee Report

The Audit Committee (“the Committee”) is appointed by and is responsible to the Board of Directors of the Company in fulfilling its oversight responsibilities on financial reporting. It will review the financial reporting process, the integrity of the financial statements, the systems of internal control, the audit process and the Company’s process for monitoring compliance with laws and regulations.

COMPOSITION OF THE AUDIT COMMITTEE

The Members who served on the Committee during the Financial Year 2024/25 are as follows:

- Mr. Yohan Perera** - Chairman
- Mr. Nanda Fernando**
- Mr. Arjun Senaratne*
- Mr. Timothy Speldewinde** (appointed as a member on 22nd November 2024)

*Non-Executive Director

**Independent Non-Executive Director

The Chairman of the Committee is a senior Chartered Accountant. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, UK. The other Members possess relevant knowledge, qualifications and experiences in financial reporting,

control, legal and regulatory requirements.

Brief profiles of each Member are provided on pages 28 to 32 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee’s purview.

Hayleys Group Services (Private) Limited, the Secretary of the Company, act 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 make sure that new developments relating to the functions of the Committee are updated. The Terms of Reference of the Committee are clearly defined in the Charter of the Committee. The Terms of Reference of the Committee were last reviewed and approved by the Committee in February 2024.

The ‘Rules on Corporate Governance’ under the Listing Rules of the Colombo Stock Exchange and ‘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 may be deemed necessary. It met four times to discuss the quarterly and annual Financial Statements for the financial year under review.

The Chairman of the Board, Managing Director, Deputy Managing Director and Finance Director of the Company, Hayleys Group Chief Financial Officer and Head of 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 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 attendance of the Members at these meetings is as follows:

Name of the Member	Directorship status	Committee Membership status	No of meetings eligible to Attend	Number of meetings Attended
Mr. Yohan Perera	Independent Non-Executive Director/SID	Chairman	4	4
Mr. Arjun Senaratna	Non-Executive Director	Member	4	3
Mr. Nanda Fernando	Independent Non-Executive Director	Member	4	4
Mr. Timothy Speldewinde (appointed as a member on 22nd Nov 2024)	Independent Non-Executive Director	Member	2	2

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 the 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 it requires from employees or external parties relating to investigations.
- Meet with the Management and External Auditor as necessary to carry out the assigned duties.

ACTIVITIES IN 2024/25

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 reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Heads of Finance and Directors in Charge of operating units and the Finance Director. The Committee recommended the Financial Statements to the Board for its 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 the management, regulatory authorities and shareholders.

Further, the Committee reviewed the procedures established by the Management to comply with regulatory requirements and is satisfied that financial reporting requirements under the Listing Rules of the Colombo Stock Exchange, Companies Act No. 07 of 2007, Securities and Exchange Commission Act and other relevant financial reporting related regulations and requirement 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 the Management's responses on the review of the internal controls carried out by the internal auditors and provided recommendations for improvement. Follow up reviews were scheduled to ascertain that audit recommendations are being acted upon.

The Committee also evaluated the Internal Audit Function covering key areas such as scope, quality of

internal audits, independence and resources. The Committee appraised the independence of the Hayleys Group MA&SRD, in the conduct of their assignments.

The Annual Internal Audit Plan is approved by the Audit Committee and its progress is reviewed on a quarterly basis in order to reflect the changing business needs and to ensure new and emerging risks are considered. During the financial year 2024/25, four (04) internal audits were performed.

RISK MANAGEMENT

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

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

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

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

EXTERNAL AUDIT

During the year under review, the Committee held meetings with the External Auditor to review the nature, approach, scope of the audit, Audit Plan and the Audit Management Letters of Group Companies.

Audit Committee Report

Actions taken by the Management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads of business units. Remedial action was recommended wherever necessary.

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

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

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

The current External Auditor, Messrs. Ernst & Young, Chartered Accountants was initially appointed as External Auditor w.e.f. FY 2011/12 and continues to hold that position at present. A partner rotation of the

Auditors takes place periodically. A rotation of partner took place in financial year 2021/22.

APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, continue as External Auditors for the financial year ending 31st March 2026 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the financial year 2024/25.

COMPLIANCE

The Committee obtained written assurances from the Managing Director and Finance Director of the Company on the status of the Group'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 certifying their compliance with relevant statutory requirements. Further, the Committee obtained regular updates from the Head of HR and Legal regarding compliance matters.

ETHICS AND GOOD GOVERNANCE

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

SRI LANKA ACCOUNTING STANDARDS

The Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/ LKAS) applicable to the Company and made recommendation to the Board of Directors. The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals. The Committee has pursued 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 implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

SUPPORT TO THE COMMITTEE

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

EVALUATION OF THE COMMITTEE

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



Yohan Perera
Chairman- Audit Committee

15th May 2025

Remuneration Committee Report

The Remuneration Committee ("the Committee") of the Company was established in May 2024 in compliance with Section 9 of the Listing Rules of Colombo Stock Exchange.

COMPOSITION OF THE COMMITTEE

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

The current members of the Committee are Mr. Yohan Perera (Chairman), Mr. Nanda Fernando (Independent Non-Executive Directors) and Mr. Sarath Ganegoda (Non-Executive Director).

ATTENDANCE AT COMMITTEE MEETINGS

The Committee met once during the year.

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 judgement.

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 Senior Management.

The Committee evaluates, assesses and recommends 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 Senior Management.
- Review the process of determination of the compensation of the Managing Director, Executive Directors and Senior Management.
- Review and approve guidelines, policies and parameters for the compensation structures

for Senior Management of the Company.

- Evaluate the performance of the Managing Director and Senior Management against the predetermined targets and goals.
- Review information related to Executive Directors' and Senior Management pay from time to time to ensure same is in par with the market/industry rates.
- Approve the guidelines and parameters for annual salary increments and bonuses.

REMUNERATION POLICY

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

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

Name of the Member	Directorship status	Committee Membership status	No of meetings eligible to Attend	Number of meetings Attended
Mr. Yohan Perera	Independent Non-Executive Director/SID	Chairman	1	1
Mr. Nanda Fernando	Independent Non-Executive Director	Member	1	1
Mr. Sarath Ganegoda	Non-Executive Director	Member	1	-

Remuneration Committee Report

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

ACTIVITIES IN 2024/2025

During the year the Committee reviewed the performance of the Executive Directors and Senior Management based on the targets set in the previous year.

The Committee also reviewed Managing Director's, Executives Directors, and Senior Management's compensation packages and implemented market corrections to 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. 387,830,000/-



Yohan Perera

Chairman - Remuneration Committee

15th May 2025

Nominations and Governance Committee Report

The Board has an established Nominations and Governance Committee which complies with Section 9 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

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.

COMPOSITION OF THE COMMITTEE

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

The current members of the Committee are Mr. Yohan Perera (Chairman), Mr. Nanda Fernando (Independent Non-Executive Directors) and Mr. Sarath Ganegoda (Non-Executive Director).

ATTENDANCE AT COMMITTEE MEETINGS

The Committee had two formal meetings during the year and the member attendance records are given below.

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 establish and 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 establish and maintain 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 Board of Directors and Senior Management.
- To review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices.
- To review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
- To receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the Securities and Exchange Commission Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

ACTIVITIES DURING THE YEAR

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

Name of the Member	Directorship status	Committee Membership status	No of meetings eligible to Attend	Number of meetings Attended
Mr. Yohan Perera	Independent Non-Executive Director/SID	Chairman	2	2
Mr. Nanda Fernando	Independent Non-Executive Director	Member	2	2
Mr. Sarath Ganegoda	Non-Executive Director	Member	2	1

Nominations and Governance Committee Report

entails the evaluation of performance of the Board, its Committees and the performance of the Managing Director.

Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Managing Director.

The Policies of the Company were reviewed during the year and necessary amendments were incorporated. The Committee ensured that the Policies were uploaded on the Company website. Subcommittee Charters and Terms of Reference were reviewed and amended where necessary. The list of Policies of the Company is given on page 241 of the Report of the Board of Directors.

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

The Committee ensured that Corporate Governance rules stipulated by the Colombo Stock Exchange are adhered to by the Board and the Company throughout the year. It has further established Board diversity by bringing a wide range of experience and skills, age and gender diversity to the Board to make certain that the Board effectively performs its duties.

Newly appointed Directors were inducted to the Board by giving adequate information on the Group companies 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 given 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 in terms of the Articles of Association and being eligible submit themselves for re-election at the Annual General Meeting.

Accordingly, the Committee has recommended to re-elect Mr. M.S.P. Udaya Kumara, Mr. Brahman Balaratnarajah, Mrs. Shamalie Gunawardana and Mr. Sarath Ganegoda, to the Board at the Annual General Meeting to be held on 26th June 2025, based on their performance and the contribution made to achieve the objectives of the Board.

Mr. M.S.P. Udaya Kumara, an Executive Director, was appointed to the Board on 15th February, 2015, and last re-appointed as a Director in June 2022. His directorships and other principal commitments are given in the profile on page 30. He does not serve on any Board Committees.

Mr. Brahman Balaratnarajah, an Executive Director, was appointed to the Board on 1st April, 2015, and last re-appointed as a Director in June 2023. His directorships and other principal commitments are given in the profile on page 29. He does not serve on any Board Committees.

Mrs. Shamalie Gunawardana, an Independent Non-Executive Director, was appointed to the Board on 1st March, 2021 and last re-appointed as a Director in June 2023. Her directorships and other principal commitments are given in the profile on page 31. She does not serve on any Board Committees.

Mr. Sarath Ganegoda, a Non-Executive Director, was appointed to the Board on 1st November, 2009 and last re-appointed as a Director in June 2023. His directorships and other principal commitments are given in the profile on page 29. He serves as a member of the Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committees of Haycarb PLC.

Mr. Timothy Speldewinde, an Independent Non-Executive Director who was appointed to the Board on 22nd November 2024 will come up for re-election at the Annual General Meeting. His profile in page 32 set out his other principal commitments and directorships. He serves as a member of the Audit Committee of Haycarb PLC.

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

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given from pages 230 to 237.



Yohan Perera

*Chairman - Nominations and
Governance Committee*

15th May 2025

Statement by the Senior Independent Director

Profile of Mr. Yohan Perera is given on page 32 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 with effect from 14th November 2024. (Mr. Hisham Jamaldeen, served as the Senior Independent Director until such time).

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 Haycarb PLC although the Chairman is not the CEO, he is not an Independent Director.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

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

The role of the 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 YEAR

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

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

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

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

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

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



Yohan Perera
Senior Independent Director

15th May 2025

