

# Thriving Together



# Thriving Together

Our commitment to sustainability is the bedrock of our journey, infusing every decision with a sense of responsibility and allowing us to build momentum that is both purposeful and impactful.

Ensuring that our actions align with our core values, this year, we reinforced our commitment to innovation and environmentally conscious practices that resonate strongly with our stakeholders, who trust and support our green mission.

Throughout the past year, our achievements - both financial and non-financial - have been underpinned by our concerted efforts to formalize the ESG practices within our company. This commitment to responsible business has enabled us to navigate challenges and strengthen our position as a leader in the activated carbon industry while shaping a better tomorrow.

Looking ahead, our focus remains on fostering a culture of collective growth, where every member plays a crucial role towards a brighter, more sustainable future.

**We're thriving together!**

## Story behind the cover

Ours is a story of sustainable innovation hard coded in our DNA from the beginning. The coconut shell derived from the coconut tree is our key raw material. It is then transformed through innovative processes to produce activated carbon, which is in turn used in a myriad of applications, leading to better quality of life, addressing multiple stakeholder needs and generating progress towards a promising future.



# CORPORATE GOVERNANCE



The Company has complied with the newly promulgated 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 requirements of SLFRS Sustainability Standards S1 and S2 with the transitional relief granted.

## OUR APPROACH TO GOVERNANCE

Haycarb's governance structure needs to be comprehensive and effective as our operations span across ten countries. The Board is cognisant of the need to ensure compliance with legal and regulatory requirements, and internal policies and growing need to integrate sustainability in to governance, strategy, risk management and performance oversight processes.

### KEY DEVELOPMENTS IN 2023/24

Sustainability and climate change have been gaining traction with Governments and regulators who understand the costs of climate change in the economy, with many countries mandating sustainability

reporting and tightening regulations in related areas. Our global customer base is increasingly concerned about sustainability throughout their own supply chains. We commenced the year by compiling our own ESG Framework "Activate" which is aligned with the parent company's ESG Roadmap "Hayleys Lifecode". This is discussed under ESG Governance to this report on page 186 and 187.

There were several external developments that impacted the corporate governance structure of Haycarb which are captured below:

| Month          | Development  | Compliance / Planned Action   |
|----------------|--|---|
| June 2023      | Issue of the IFRS Sustainability Standards by the International Sustainability Standards Board, a part of the IFRS Foundation. Two standards were issued, which are:<br><br><b>S1:</b> General requirements for Sustainability Related Financial disclosures.<br><br><b>S2:</b> Climate Related Disclosures.<br><br>ICASL adopts and issues the IFRS Sustainability Standards as SLFRS Sustainability Standards in January 2024. | The Company is complying with the requirements of SLFRS; S1 and S2, with the transitional relief that has been granted. |
| July 2023      | Issue of European Sustainability Reporting Standards by the European Commission.   | Aligned with GRI which Haycarb already complies with. Will continue to monitor developments.                            |
| September 2023 | Issue of Section 9 on Corporate Governance by the Colombo Stock Exchange (CSE).  | Haycarb is in compliance with all of the provisions that are due by the date of this report.                            |
| December 2023  | Issue of 6th edition of "Code of Best Practice on Corporate Governance 2023" by the Institute of Chartered Accountants of Sri Lanka (ICASL).   | Haycarb is in compliance with all of the provisions that are due by the date of this report.                            |

## GOVERNANCE HIGHLIGHTS



### Appointments to the Board

- Mrs. Anomi Wanigasekera as an Independent Non-Executive Director (w.e.f. 03rd January 2024)
- Mr. Nanda Fernando as an Independent Non-Executive Director (w.e.f. 03rd January 2024)
- Mr. Yohan Perera as an Independent Non-Executive Director (w.e.f. 01st April 2024)



### Appointment of Senior Independent Director

- Mr. Hisham Jamaldeen as Senior Independent Director (w.e.f. 01st November 2023)



### Appointment of Deputy Managing Director

- Mr. Brahman Balaratnarajah as Deputy Managing Director (w.e.f. 01st April 2023)



### Resignations

- Mr. Sujeewa Rajapakse as an Independent Director (w.e.f. 01st April 2024)
- Dr. Sarath Abayawardana as an Independent Non-Executive Director (w.e.f. 31st December 2023)



### 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)



### Sustainability

- Launch of "Activate", Haycarb's ESG Roadmap 2030
- Setup Sustainability Steering Committee
- Set up Sustainability and ESG Division reporting to the Deputy Managing Director
- Gap analysis for implementing SLFRS S1 and S2 carried out and recommendations implemented



### Evaluations

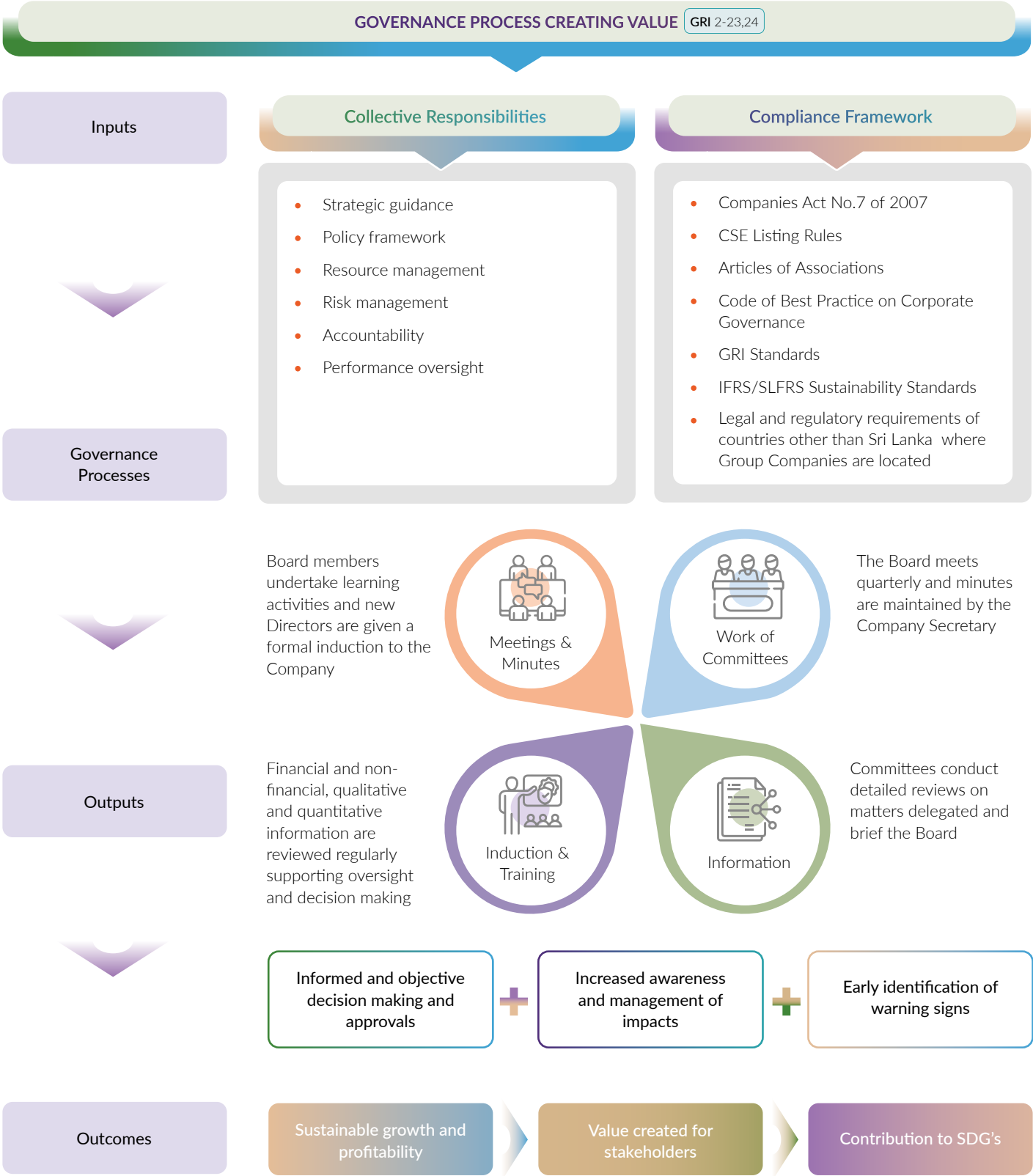
- Self Evaluations by the Board
- Evaluation of the CEO by the Board



### Policy Framework

- Rolling out the plan for publishing governance policies on corporate website

# CORPORATE GOVERNANCE



## COMPOSITION IS KEY





GRI 2-9, 17, 405-1

The Board comprises 15 Directors whose profiles are given on page 32 to 35. There are 7 Executive Directors including the

Chairman and the Managing Director. There are 8 Non-Executive Directors of whom 5 are independent and account for 1/3 of the Board in accordance with Section 9.8 of the CSE Listing Rules. The mix of skills, experience and perspectives ensures

that matters set before the Board are considered through multiple lenses, paving the way for objective decision making.

The collective strengths of the Board are summarised below.

|   | Business Focus Areas   | Qualifications, skills and experience                                | No of Executive Directors | No of Non-Executive Directors | Total |
|---|--|--|---------------------------|-------------------------------|-------|
|    | Financial reporting and management of liquidity, funding and working capital is a regulatory requirement and a prime concern of our investors and other stakeholders | Financial, accounting, investments and banking                       | 2                         | 5                             | 7     |
|    | Our products have a broad range of applications and product and process innovation are key to growth   | Product knowledge and understanding of key business applications     | 2                         | 1                             | 3     |
|    | Developing international markets is a strategic priority   | Business development, marketing, sales                               | 4                         | 1                             | 5     |
|   | Oversight of risks faced by the business including financial, operational, strategic, supply chain and sustainability risks and management of the same               | Risk management, supply chain management and sustainability          | 2                         | 5                             | 7     |
|  | Compliance with legal and regulatory requirements as well as internal policy frameworks  | Expertise in corporate governance, legal and regulatory matters, ESG | 1                         | 2                             | 3     |

(Note that one Director may have multiple skills and therefore would tick more than one box.)

### A Balanced Board

Executive Directors  
(Including Chairman and MD)



Non-Independent  
Non-Executive Directors



Independent  
Non-Executive Directors



Gender  
Representation

73%



27%

Nationality

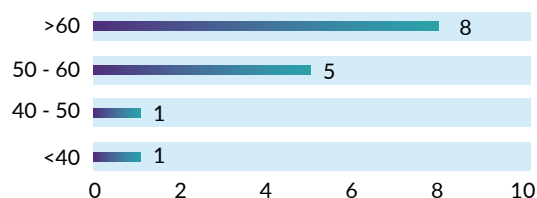
86%



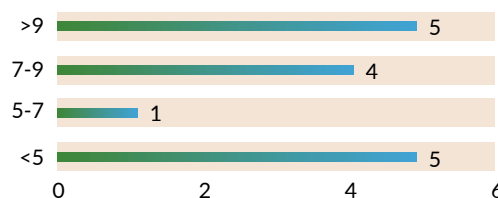
14%



### Age Diversity



### Tenure of Service



# CORPORATE GOVERNANCE

## NOMINATIONS & GOVERNANCE

GRI 2-10

The Nominations & Governance Committee assists the Group in finding suitable candidates for the Board as needed. The Committee evaluates the potential skills, competencies, experience and attributes, as well as the Board's overall composition and diversity. The main criterion is to select the best person for the Company's business needs who also meets the Board's independence and diversity skill requirements.

### FIT & PROPER CRITERIA / DETERMINING INDEPENDENCE

The criteria for assessing whether a Director is 'fit and proper' to discharge duties and independent as the case may be is set out in the CSE Listing Rules, section 9 and was followed by Haycarb during the year in its Board assessments. Self declarations were obtained from Directors during the year and duly assessed.

### APPOINTMENT, RETIREMENT AND RESIGNATIONS

Directors are appointed by the Board in accordance with the Articles of Association and they are reappointed by the shareholders at the Annual General Meeting. Board recommends suitable

candidates with the advice of the Nomination & Governance Committee. Following details of new Directors are disclosed on their appointment to the Colombo Stock Exchange.

- 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 has the power to appoint Directors to fill a casual vacancies that may arise during the year. The Articles of Association require that Directors appointed in this manner hold office until the next Annual General Meeting and seek election by the shareholders ensuring shareholder participation in the election 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.

## SUB-COMMITTEES OF THE BOARD

GRI 2-13, 18

During the year, the Board established Nominations & Governance Committee, Remuneration Committee and 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 had been discharging 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 Auditors. The composition and roles of these sub committees are summarised below.

| Board Committee                             | Areas of Oversight   | Composition  | Further Information   |
|---|--|--|---|
| Audit Committee                             | <ul style="list-style-type: none"> <li>Financial Reporting</li> <li>Internal Controls</li> <li>Internal Audits</li> <li>External Audit</li> </ul>  | Comprises two Independent Non-Executive Directors and one Non - Executive Director | Report of the Audit Committee on page 226                         |
| Nominations & Governance Committee          | <ul style="list-style-type: none"> <li>Appointment of Key Management Personnel / Directors</li> <li>Succession Planning</li> <li>Effectiveness of the Board and its Committees</li> </ul>  | Comprises two Independent Non-Executive Directors and one Non-Executive Director   | Report of the Nominations & Governance Committee on page 230      |
| Remuneration Committee                      | <ul style="list-style-type: none"> <li>Remuneration policy for Key Management Personnel</li> <li>Goals and targets for Key Management Personnel</li> <li>Performance evaluation</li> </ul> | Comprises two Independent Non-Executive Directors and one Non-Executive Director   | Report of the Remuneration Committee on page 229                  |
| Related Party Transactions Review Committee | Review of related party transactions   | Comprises two Independent Non-Executive Directors and one Non-Executive Director   | Report of Related Party Transactions Review Committee on page 225 |

## A FRAMEWORK FOR COMPLIANCE

GRI 2-27

The compliance framework has grown beyond regulatory compliance as the Group adopts best practice in line with its commitment to upholding high standards of governance. Accordingly, the Group added the SASB Standard for chemicals and the Recommendations of the Taskforce on Climate Related Financial Disclosures (TCFD) during the year under review. No non-Compliance has been reported or legal actions taken during the year. The current compliance framework of the Group is set out below:



### Regulatory

- 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
- Customs Ordinance No. 17 of 1869
- Exchange Control Act No. 22 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.



### Voluntary Standards, Codes & 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 Sustainability Standards/SLFRS Sustainability Standards
- Chemicals Sustainability Accounting Standard
- Requirements of Environmental & Social Certifications
- Requirements of Quality Standards / Certifications obtained.



### Internal Documents

- Articles of Association
- Board Charter
- Hayleys Lifecode
- The Hayleys Way
- Activate - ESG Roadmap 2030
- Policies and Procedures
- Delegation of Authority Limits /SOPs

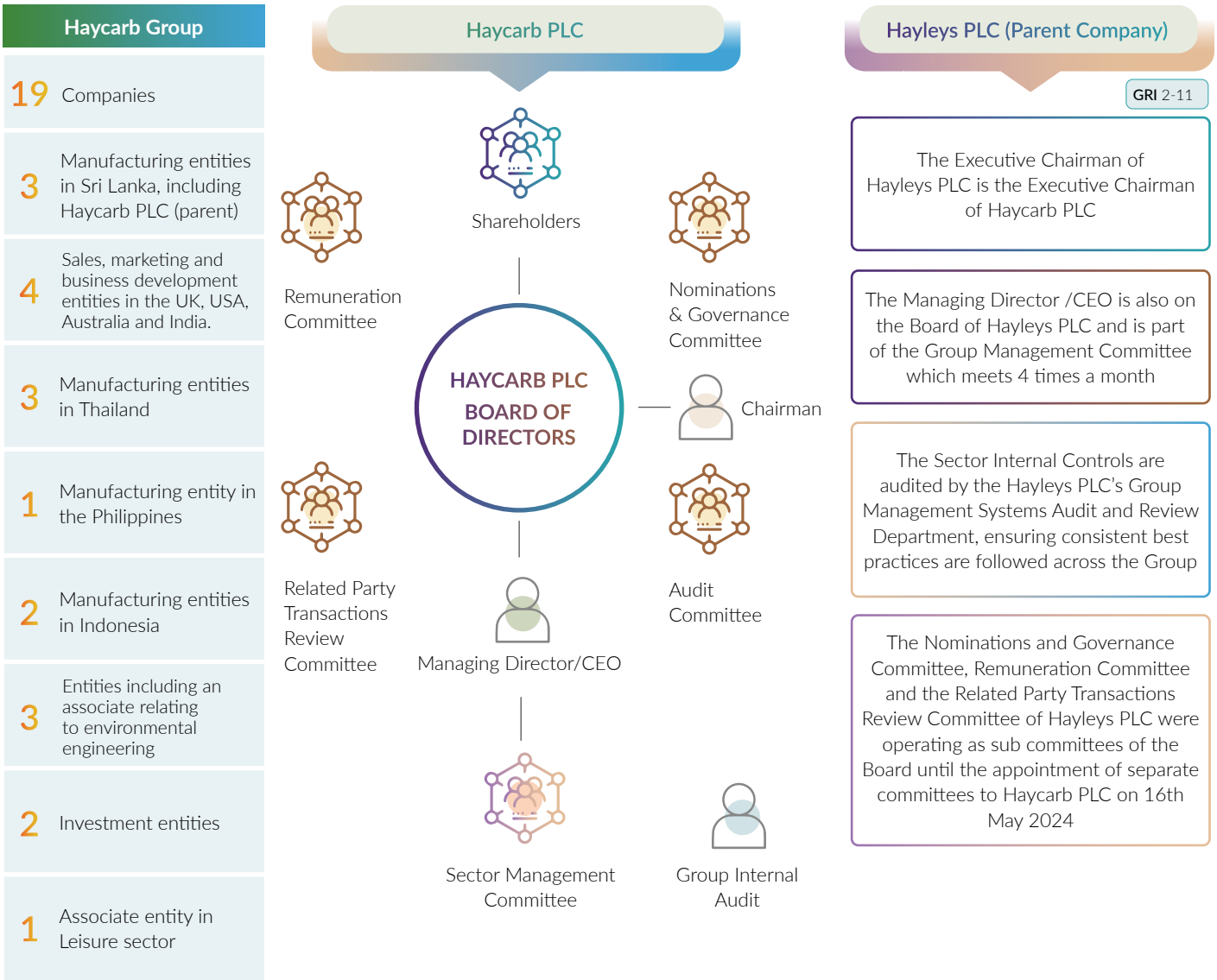




# CORPORATE GOVERNANCE

## A FIT FOR PURPOSE GOVERNANCE STRUCTURE GRI 2-9

The Group has 19 Companies including 17 subsidiaries and 2 associates. The governance structure of the Group facilitate the line of sight to the Board on the geographically diverse operations as set out alongside.



### 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 (Pvt) Ltd. 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 Board 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.

## ROLES AND RESPONSIBILITIES GRI 2-11 b, 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 MD.
- 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).
- Monitoring the effectiveness of the Board.

### Senior Independent Director (SID)

- 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 organizational 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.

### OVERSIGHT OF SUBSIDIARIES

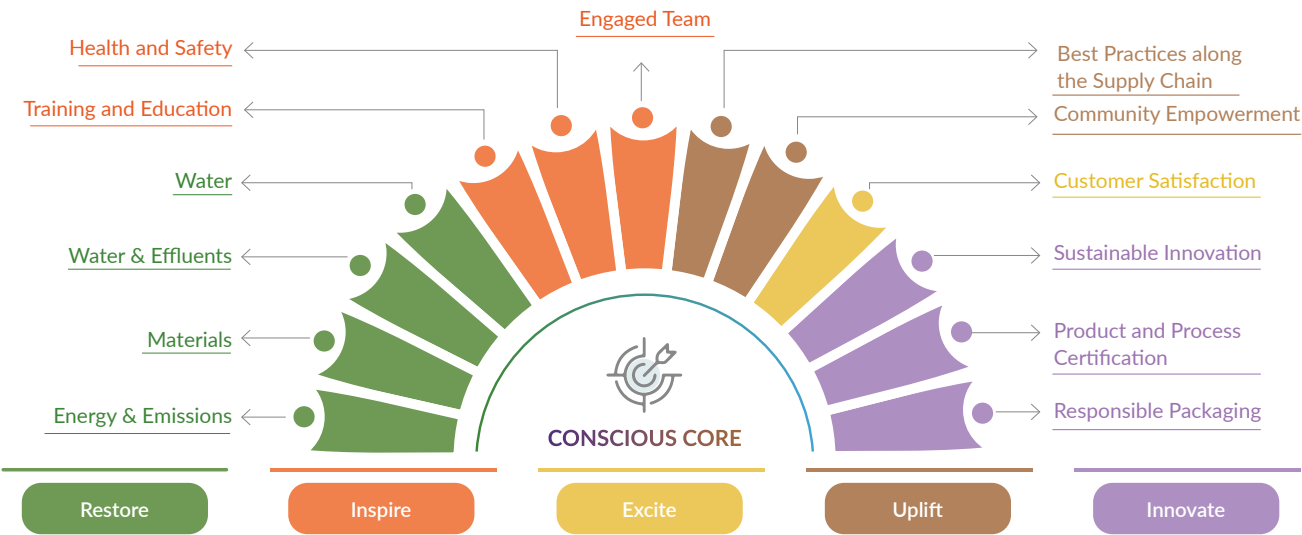
The following mechanisms facilitate oversight of the geographically diverse interests by the Board of Haycarb PLC:

- The Chairman, the Managing Director and Mr. Sarath Ganegoda who is a Non-Executive Director of Haycarb PLC are also members of the Hayleys Group Management Committee and the Board which review the performance of Haycarb PLC.
- Parent company's Audit Committee communicates with the Audit Committee of the subsidiary providing a forum for Audit Committee members of Haycarb PLC to raise any matters of concern with the parent company's Audit Committee.
- 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 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 Aberyratne is on the Board of all Group entities, except two associate entities.
- Mr. Brahman Balaratnarajah serves on the Boards of three entities in Sri Lanka, seven entities of Thailand, USA, Singapore, Philippines and Indonesia
- Mr. Ali Asgar Munaver Carderbhoy serves on the Board of one entity in Sri Lanka and six entities of Australia, India, Philippines, Singapore and Indonesia
- Mr. James Naylor serves on the Board of the UK entity.
- Mr. M.S.P. Udaya Kumara serves on the Board of one entity in Sri Lanka, five entities in USA, Philippines, Singapore and Indonesia.

# CORPORATE GOVERNANCE

## ESG GOVERNANCE GRI 2-12, 14, 23

Haycarb launched Activate, its own ESG Framework which builds on the Hayleys Lifecode to customize 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 are looking at GRI and will also explore the concepts of ESRS to determine the Group's SRROs and CRRROs, to ensure the targets and metrics in place align with our business model and impacts across the value chain.



## ALIGNING FINANCIAL & ESG REPORTING BOUNDARIES

In order for us to minimise Group-wide business risks and safeguard the reputation of the Group as a responsible corporate citizen, the ESG Framework has been implemented across all locations with reporting on relevant material topics for the Group and sector. We firmly believe that every location that does not report on ESG information represents an unidentified and unassessed risk to the Haycarb Group.

## STRENGTHENING OVERSIGHT OF ESG IMPLEMENTATION

The Board is responsible for formulating the Group's ESG strategies, policies goals and targets. An ESG Steering Committee was established at the parent company Board level to ensure the roll out its ESG agenda across Group Companies.

The composition of the ESG Steering Committee is as follows:

- Chaired by the Managing Director

- Four Executive Directors including, Depute 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 include the following:

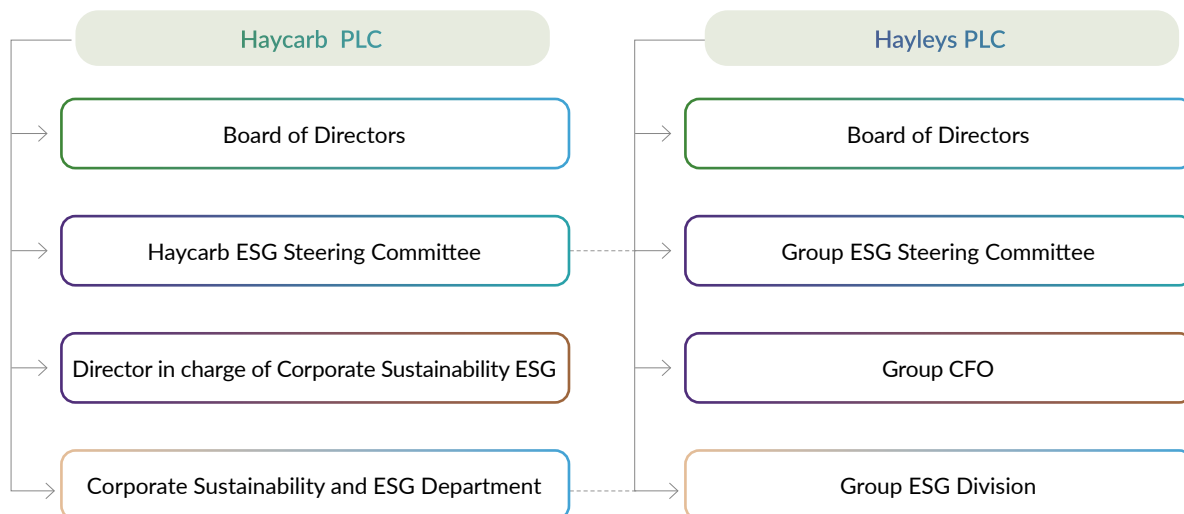
- Provide oversight and monitor the execution of Activate and the Hayleys Lifecode including progress against environmental, social and governance targets in the short, medium and long-term.
- Identify sustainability related risks and opportunities (SRROs) including climate related risks and opportunities (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



# CORPORATE GOVERNANCE

## THE HAYLEYS WAY – CODE OF BUSINESS PRINCIPLES

The Board plays an integral role in shaping the Group's organizational 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 Hayleys Way- serves as the Group's Internal Code of Conduct, explicitly setting out the behaviour expected from an employee and reinforcing the Group's organisational 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. In addition, the

Hayleys Way, the Group's Code of Conduct sets the tone for ethical behaviour across the Group.

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

- The Hayleys Group is committed to conducting its business operations with honesty, integrity and with respect to the rights and interests of all stakeholders.
- All Hayleys 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.

The Hayleys Way provides guidelines for employees on the conduct of its businesses and operations in all the countries we operate in.



## ANTI-BRIBERY & ANTI-CORRUPTION

The Hayleys 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.



Scan the QR to view Anti Bribery Policy

## HUMAN RIGHTS

GRI 2-23

As a participant to the United Nations Global Compact, Haycarb has committed to its ten Principles of preserving Human Rights. Haycarb Group is abide by the Human Rights Policy implemented by its



## Hayleys Group is committed to conduct its business operations with honesty, integrity and with respect to the rights and interests of all stakeholders

parent Hayleys PLC which aims to foster an organisational culture that embraces internationally recognised guidelines on human rights while eliminating the risk of human rights abuse.

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

### WHISTLE BLOWING / GRIEVANCE MECHANISM

GRI 2-25, 26, 206-1

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 Hayleys Group Whistle-blower 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 whistle-blowing service is communicated to all employees.

### ANTI-COMPETITIVE BEHAVIOUR

There were no legal actions for anti-competitive behaviour, anti-trust and monopoly parties in 2023/24. Policies are set out in the Hayleys Lifecode and publicly available on the Hayleys corporate website.

### 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 314 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 314 and 315.

The Board determined that the total number of Board seats on public listed companies that can be held by a Director

is 20. The total number of Board seats (excluding directorship in Haycarb PLC and its subsidiaries and associates) held by each Director as at 31st March 2023 is given below. The Board is satisfied that all Directors allocate sufficient time to enable them to discharge their duties and responsibilities.

# CORPORATE GOVERNANCE

## DIRECTORSHIPS IN OTHER COMPANIES

| Name of the Director  | Director Category                  | No of Board seats held in Listed Companies |                        | No of Board seats held in unlisted Companies |                        |
|---|------------------------------------|--|------------------------|--|------------------------|
|   |                                    | Executive Capacity                         | Non-Executive Capacity | Executive Capacity                           | Non-Executive Capacity |
| Mr. Mohan Pandithage  | Chairman                           | 11   | 1                      | 133  | 10                     |
| Mr. Rajitha Kariyawasan                                     | Managing Director                  | 3  | -                      | 16   | -                      |
| Mr. Brahman Balaratnarajah                                  | Deputy Managing Director           | -  | -                      | -  | -                      |
| Mr. Sarath Ganegoda   | Non-Executive Director             | 2  | 8                      | -  | 65*                    |
| Mr. Arjun Senaratna   | Non-Executive Director             | -  | -                      | 1  | 1                      |
| Mrs. Jeevani Abeyratne                                      | Executive Director                 | -  | -                      | -  | -                      |
| Mr. M.S.P. Udaya Kumara                                     | Executive Director                 | -  | -                      | -  | -                      |
| Mr. Ali Asgar Munaver Caderbhoy                             | Executive Director                 | -  | -                      | -  | -                      |
| Mr. James Naylor  | Executive Director                 | -  | -                      | -  | -                      |
| Mr. Hisham Jamaldeen  | Independent Non-Executive Director | 1  | 3                      | 34   | 6                      |
| Mrs. Shamalie Gunawardana                                   | Independent Non-Executive Director | -  | 1                      | 1  | -                      |
| Ms. Brindhiini Perera                                       | Non-Executive Director             |  | 10                     |  | 5                      |
| Mrs. Anomi Wanigasekera (Appointed w.e.f. 3rd January 2024) | Independent Non-Executive Director | -  | 1                      | -  | -                      |
| Mr. Nanda Fernando (Appointed w.e.f. 3rd January 2024)      | Independent Non-Executive Director | -  | 3                      | -  | -                      |
| Mr. Yohan Perera (Appointed w.e.f. 1st April 2024)          | Independent Non-Executive Director | -  | 3                      | -  | -                      |

\*with two Alternative Directorships

## CONFLICT OF INTEREST

GRI 2-15

A Director or KMP is prohibited from using his or her position, or 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.

Key Management Personnel (KMP) 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.

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 not by circulation, the Chairman shall put the resolution to be decided in a meeting.

## ATTENDANCE

Attendance of Directors at meetings is given below.

| Name of the Director   | Director Category                  | Date of Appointment | Board | Audit Committee |
|--|------------------------------------|---------------------|-------|-----------------|
| Mr. Mohan Pandithage   | Chairman                           | 01.01.2007          | 4/4   |                 |
| Mr. Rajitha Kariyawasan  | Managing Director                  | 04.01.2010          | 4/4   |                 |
| Mr. Brahman Balaratnarajah                                     | Deputy Managing Director           | 01.04.2015          | 4/4   |                 |
| Mr. Sarath Ganegoda  | Non-Executive Director             | 01.11.2009          | 4/4   |                 |
| Mr. A.M. Senaratna   | Non-Executive Director             | 01.11.2005          | 3/4   | 4/4             |
| Mrs. Jeevani Abeyratne   | Executive Director                 | 01.11.2009          | 4/4   |                 |
| Mr. M.S.P. Udaya Kumara  | Executive Director                 | 15.02.2015          | 4/4   |                 |
| Mr. Ali Asgar Munaver Caderbhoy                                | Executive Director                 | 01.04.2016          | 4/4   |                 |
| Mr. James Naylor   | Executive Director                 | 01.04.2016          | 4/4   |                 |
| Mr. Hisham Jamaldeen   | Independent Non-Executive Director | 15.03.2017          | 2/4   |                 |
| Mrs. Shamalie Gunawardana                                      | Independent Non-Executive Director | 01.03.2021          | 4/4   |                 |
| Ms. Brindhiini Perera  | Non-Executive Director             | 19.10.2022          | 3/4   |                 |
| Mrs. Anomi Wanigasekera (Appointed w.e.f. 3rd January 2024)    | Independent Non-Executive Director | 03.01.2024          | 1/2   |                 |
| Mr. Nanda Fernando (Appointed w.e.f. 3rd January 2024)         | Independent Non-Executive Director | 03.01.2024          | 2/2   | 2/2             |
| Mr. Yohan Perera (Appointed w.e.f. 1st April 2024)             | Independent Non-Executive Director | 01.04.2024          | 1/1   | 1/1             |
| Dr. Sarath Abayawardana (Resigned w.e.f. 31st December 2023) * | Independent Non-Executive Director | 02.08.2011          | 2/2   | 2/2             |
| Mr. Sujeewa Rajapakse (Resigned w.e.f. 1st April 2024) *       | Independent Non-Executive Director | 30.01.2013          | 3/3   | 3/3             |

\* The recently published Section 9 of the Listing Rules of the Colombo Stock Exchange stipulates that a director ceases to be considered independent upon completion of 9 years from the date of first appointment. Consequently, Mr. Sujeewa Rajapakse and Dr. Sarath Abayawardana resigned from the Board during the year having served as Independent Non-Executive Directors since 2013 and 2011 respectively.



# CORPORATE GOVERNANCE

## INDUCTION & TRAINING FOR DIRECTORS

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 on-going 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 3 times 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

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 229 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 E 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 282 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 183. 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 16 to 21
- Strategy and Resource Allocation on page 59 to 65
- Managing risks and Opportunities on page 66 to 83
- Capitals on page 102 to 176

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 220 to 223 (including the declaration that the company is a going concern)
- The Statement of Directors' Responsibility on page 224
- Report of the Auditors on page 250

## 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 whether 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 2023/24 at the AGM held on 29th June

2023. 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.

## RISK GOVERNANCE

The Board holds ultimate responsibility for business 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

Haycarb has established a robust governance structure to ensure the security of IT systems and manage technology and information assets. Evaluation of cyber security risks and mitigatory plans presented by the IT team is reviewed by the Audit Committee on a quarterly basis and escalated to the Board of Directors, depending on the risk and impact. Haycarb IT Division works in close collaboration with the Hayleys Group IT Division to ensure that best in industry practices is adopted to mitigate emerging threats. The Hayleys Group Head of IT is the Chief Information Officer (CISO) of the Hayleys Group. The company has adopted detailed IT Policies including Information Security Policies. Please refer to IT and Cyber Security Governance on page 135

## SUSTAINABILITY REPORTING GRI 2-16

Integration of ESG reporting into the Governance framework is set out above on page 186. 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 102 |
| Environment  | Natural Capital                 | page 106 |
| Labour Practices   | Human Capital                   | page 140 |
| Society  | Social and Relationship Capital | page 154 |
| Product Responsibility   | Social and Relationship Capital | page 154 |
| Shareholder Identification, Engagement and Effective Communication | Investor Relations              | page 341 |

# CORPORATE GOVERNANCE

GRI 2-12

## 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 general 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)

The Board encourages the active participation of shareholders at the AGM and makes arrangements accordingly. The Chairman, Board members and Chairpersons of Board Sub-committees 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 assist the directors in this regard.

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.

## COMPLIANCE WITH THE “CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE” 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. The Haycarb Group has reviewed the “2023 Code” for further adoption, as applicable, and relevant to the Group. This section has presented Haycarb PLC’s compliance in line with the “Code of Best Practice on Corporate Governance 2023” issued by the Institute of Chartered Accountants of Sri Lanka.

| Code Ref.                      | Requirement   | Compliance and Implementation  | Compliance |
|--------------------------------|---|--|------------|
| <b>SECTION I : THE COMPANY</b> |   |  |            |
| <b>A</b>                       | <b>Directors</b>  |  |            |
| <b>A.1</b>                     | <b>The Board</b>  |  |            |
| A.1                            | The Board - direct, lead and control the Company                                  | The Board comprises 15 directors of whom 7 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 191. Information for the meeting is provided to Board members in advance and typically include the following information:</p> <ul style="list-style-type: none"> <li>• Minutes of the previous Board meeting and any Committee meetings during the quarter under review.</li> <li>• Financial and operational information including progress on agreed Key Performance Indicators.</li> <li>• Financial statements for the relevant quarter and year to date together with comparatives for the corresponding period of the previous financial year and budgets.</li> <li>• Forecasted performance for the financial year.</li> <li>• 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.</li> <li>• 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;</li> <li>• Report on number of calls to whistle blowing line or a confirmation that there were no calls recorded</li> <li>• Information on human resources and capital expenditure</li> <li>• Share trading of the Company and related party transactions by Key Management Personnel</li> <li>• Documents to which the Company seal has been affixed to</li> <li>• Resolutions on other matters referred to the Board</li> </ul> | Yes        |

# CORPORATE GOVERNANCE

| 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"> <li>• 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.</li> <li>• Appointing and reviewing the performance of the Chairman and Managing Director.</li> <li>• Ensure Executive Directors and Key Management Team possesses the skills, experience and knowledge to implement strategy effectively, with proper succession arrangements in place.</li> <li>• Reviewing, approving and monitoring annual corporate plans, corporate budget and capital expenditure.</li> <li>• Reviewing and approving major acquisitions, disposals and major investments by the management within their limits of authority.</li> <li>• Ensure effective systems to secure the integrity of information, internal controls, business continuity and risk management.</li> <li>• Ensure compliance with laws, regulations and ethical standards.</li> <li>• Ensure all stakeholder interests are considered in corporate decisions.</li> <li>• Set and communicate values/standards, with adequate attention being paid to accounting policies/practices and fostering compliance with financial regulations.</li> <li>• Adequacy and the integrity of the Internal Control Systems over financial reporting and Management Information Systems are reviewed by the Board/Audit Committee.</li> <li>• Ensuring that Financial Statements are published quarterly and the Annual Report is published at the end of the financial year.</li> <li>• Determining any changes to the discretions/authorities delegated from the Board to the Key Management Team.</li> <li>• Approving any amendments to constitutional document.</li> <li>• Ensure the availability of Information Communication Technology (ICT) roadmap in line with business strategy.</li> <li>• Recognising sustainable business development and ESG risks and opportunities in corporate strategy, decisions and activities and consider the need for adopting integrated reporting.</li> </ul> | Yes        |
| A.1.3     | Act in accordance with laws and agreed to obtain independent professional advice | <p>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 power 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.</p>  | Yes        |

| Code Ref. | Requirement   | Compliance and Implementation  | Compliance |
|-----------|---|--|------------|
| 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 (Pvt) Ltd., 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 Role of the Company Secretary is complied with the Schedule “A” and “A2” as described in 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>Dates of regular Board meetings and Board Sub-Committee 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> <p>It is estimated that Non-Executive Directors dedicate not less than 12 days per annum for the affairs of the Group and those Directors who are also on the Audit Committee dedicate a further 4 days for the affairs of the Group.</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 | <p>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 organizations. Board members are also given insights into regulatory changes that may impact the industry at Board meetings by KMPs.</p> <p>Audit Committee members receive updates on regulatory changes relating to matters entrusted to the Committee on a semi-annual basis to ensure that they are updated on regulatory requirements impacting reporting and risk management processes. They are also given insights into organization wide initiatives to strengthen internal controls, risk management and financial reporting processes at the same meetings.</p> | Yes        |

# CORPORATE GOVERNANCE

| Code Ref.  | Requirement                                       | Compliance and Implementation   | Compliance |
|------------|---|---|------------|
| <b>A.2</b> | <b>Chairman and Chief Executive Officer (CEO)</b> |   |            |
| A.2        | Chairman and Chief Executive Officer (CEO)        | Functions of Chairman and Chief Executive Officer are separated facilitating a balance of power.<br>The Chairman of the parent serves as the Chairman of Haycarb PLC while the Managing Director serves as the CEO.   | Yes        |
| <b>A.3</b> | <b>Chairman's Role</b>                            |   |            |
| A.3.1      | Chairman's role                                   | <p>The role of the Chairman involves,</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Sufficiently detailed information of matters included in the agenda be provided to the Directors on a timely manner.</li> <li>• 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.</li> <li>• 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.</li> <li>• Ensure the views of Directors on issues under considerations are ascertained and a record of such deliberations are reflected in the minutes.</li> <li>• 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.</li> <li>• Maintaining the balance of power between Executive and Non-Executive Directors.</li> <li>• The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.</li> </ul> | Yes        |
| <b>A.4</b> | <b>Financial Acumen</b>                           |   |            |
| A.4        | Availability of financial acumen                  | <p>The Board includes six (6) Chartered/Management/Certified Public Accountants who possess the necessary financial acumen.</p> <p>Members of the Board have ample experience in handling matters related to finance through leadership in numerous organizations across sectors. Hence the Board has sufficient financial acumen and knowledge to offer guidance on matters of finance.</p>  | Yes        |
| <b>A.5</b> | <b>Board Balance</b>                              |   |            |
| A.5.1      | Majority of Non-Executive Directors               | <p>8 out of 15 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        |

| Code Ref. | Requirement   | Compliance and Implementation   | Compliance |
|-----------|---|---|------------|
| A.5.2     | Independent Non-Executive Directors                   | 5 out of 8 Non-Executive Directors are independent. 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 at 31st March 2024.   | Yes        |
| 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.</p> <p>Please refer page 232 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 him self available for confidential discussions with other Directors who may have concerns if necessary.</p> <p>The Senior Independent Director make 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        |



# CORPORATE GOVERNANCE

| Code Ref.     | Requirement  | Compliance and Implementation   | Compliance |
|---------------|--|---|------------|
| <b>A.6</b>    | <b>Supply of Information</b>   |   |            |
| 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/sub-committee 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"> <li>• Formally documented minutes of discussions.</li> <li>• By clarifying matters from the Board Secretary.</li> <li>• Separate discussions at start of meeting regarding matters arising for the previous meeting.</li> <li>• The minutes of the meetings are provided to Directors within two weeks after the meeting date.</li> <li>• Archived minutes and Board papers accessible electronically at the convenience of the Directors.</li> </ul> | Yes        |
| <b>A.7</b>    | <b>Appointments to the Board; Nominations &amp; Governance Committee</b> |   |            |
| A.7.1         | Composition of Nominations & Governance Committee                        | <p>The Parent Company's Nominations &amp; Governance Committee functions as the Nominations &amp; Governance Committee of the Company and makes recommendations to the Board on all new Board appointments.</p> <p>The Company formally appointed its own Nominations &amp; Governance committee on 16th May 2024.</p>  | Yes        |
| A.7.2         | Functions of the committee   | <p>The Nominations &amp; 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        |

| Code Ref.                  | Requirement  | Compliance and Implementation  | Compliance |
|----------------------------|--|--|------------|
| 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 & Governance Committee disclosure in Annual Report | The Nominations & Governance committee report given on page 230.   | Yes        |
| A.7.6                      | Terms of reference for Nominations & Governance Committee          | Terms of reference for the Nominations & Governance Committee are in compliance to the schedule "E" of the "Code of Best Practice on Corporate Governance 2023" issued by the Institute of Chartered Accountants of Sri Lanka.   | Yes        |
| <b>A.8</b>                 | <b>Re-election</b>   |  |            |
| 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        |
| <b>A.9</b>                 | <b>Appraisal of Board Performance</b>                              |  |            |
| A.9.1, A.9.2, A.9.3, A.9.4 | Appraisal of Board & 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 &amp; Executive Directors.</p> <p>The outcome of these evaluations is made available to the Nominations &amp; 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        |
| <b>A.10</b>                | <b>Disclosure of Information in Respect of Directors</b>           |  |            |
| A.10.1                     | Information relating to Directors                                  | <ul style="list-style-type: none"> <li>• Profiles of Board members are given on Page 32 to 35.</li> <li>• The members' attendance for Board meetings are given on Page 191.</li> <li>• Membership of Subcommittees and attendance at Subcommittee meetings are given on page 225 to 231.</li> </ul>  | Yes        |
| <b>A.11</b>                | <b>Appraisal of Chief Executive Officer (CEO)</b>                  |  |            |
| 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        |

# CORPORATE GOVERNANCE

| Code Ref.  | Requirement   | Compliance and Implementation   | Compliance |
|--|---|---|------------|
| <b>B</b>   | <b>Directors' Remuneration</b>  |   |            |
| <b>B.1</b>   | <b>Remuneration Procedure</b>   |   |            |
| B.1  | Remuneration Procedure  | The Parent Company's Remuneration Committee functions as the Remuneration Committee of the Company and determines the remuneration for Executive and Non-Executive Directors . The Company formally appointed its own Remuneration Committee on 16th May 2024 .   | Yes        |
| <b>B.2</b>   | <b>Remuneration Committee</b>   |   |            |
| 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 229 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>B.3</b>   | <b>Disclosure of Remuneration</b>   |   |            |
| B.3.1, B.3.2   | Disclosure of remuneration  | <p>The Report of the Remuneration Committee on page 229 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 282</p>  | Yes        |
| <b>C</b>   | <b>Relations with Shareholders</b>  |   |            |
| <b>C.1</b>   | <b>Constructive use of the Annual General Meeting (AGM) and Conduct of General Meetings</b> |   |            |
| 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        |
| 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        |

| Code Ref.    | Requirement  | Compliance and Implementation  | Compliance |
|--------------|--|--|------------|
| C.1.4        | Answer questions at the Annual General Meeting (AGM)                             | The Chairman of the Board arranges the Chairman of the Audit Committee 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        |
| <b>C.2</b>   | <b>Communication with Shareholders</b>   |  |            |
| 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        |
| 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.  | 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 Extra Ordinary General Meetings. The Board in conjunction with the Company Secretary formulates the process for addressing shareholders matters.   | Yes        |

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| Code Ref.           | Requirement  | Compliance and Implementation  | Compliance |
|---------------------|--|--|------------|
| <b>C.3</b>          | <b>Major and Material Transactions</b>                                 |  |            |
| C.3.1, C.3.2, C.3.3 | Disclosure of material transactions                                    | <p>Transactions, if any, which materially affect the Net Asset base of Haycarb PLC, will be disclosed in the Quarterly / Annual Financial Statements.</p> <p>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.</p> <p>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.</p>   | Yes        |
| <b>D</b>            | <b>Accountability and Audit</b>  |  |            |
| <b>D.1</b>          | <b>Financial and Business reporting (The Annual Report)</b>            |  |            |
| D.1.1, D.1.2        | Balance and understandable assessment                                  | <p>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.</p> <p>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.</p> <p>Price sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner.</p> <p>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.</p> | Yes        |
| 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 224 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 220 of this Annual Report which contains the following:</p> <ul style="list-style-type: none"> <li>• Declaration that the Company has not engaged in activities that contravene laws and regulations of Sri Lanka.</li> <li>• 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.</li> <li>• Equitable treatment to shareholders.</li> <li>• Compliance with best practices of corporate governance.</li> <li>• Information relating to PPE has been given in note 13 to the Financial Statements.</li> <li>• Review of internal controls, risk management and reasonable assurance of effectiveness and adherence.</li> <li>• Going concern of the business.</li> </ul>                     | Yes        |

| Code Ref.   | Requirement   | Compliance and Implementation  | Compliance |
|---|---|--|------------|
| 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 224.</p> <p>The Auditors' Report is available on page 250.</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 16 to 21 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 314 to this report.</p>   | Yes        |
| <b>D.2</b>  | <b>Risk Management and Internal Control</b>   |  |            |
| D.2.1,<br>D.2.1.2,<br>D.2.1.3,<br>D.2.1.4,<br>D.2.1.5,<br>D.2.1.6,<br>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 323 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 226 to this report.</p> | Yes        |

# CORPORATE GOVERNANCE

| Code Ref.                                 | Requirement   | Compliance and Implementation  | Compliance |
|---|---|--|------------|
| 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"> <li>• The Directors are responsible for the establishment and monitoring of financial controls appropriate for the operation within the overall Group policies.</li> <li>• The Audit Committee reviews the plans and activities of the Internal Audits and the Management Letters of External Auditors.</li> <li>• 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.</li> <li>• The Board has established the responsibility to the Audit Committee to ensure carrying out the reviews of the process and effectiveness of internal controls.</li> <li>• 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.</li> </ul> | Yes        |
| <b>D.3</b>                                | <b>Audit Committee</b>  |  |            |
| D.3.1                                     | Composition of Audit Committee  | <p>The Audit Committee comprises of two 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 226</p>  | Yes        |
| D.3.2                                     | Audit Committee Terms of reference - The Committee's purpose, duties & responsibilities | Refer Audit Committee Report on page 226   | Yes        |
| D.3.3                                     | Disclosures in Annual Report  | Refer Audit Committee Report on page 226   | Yes        |

| Code Ref.  | Requirement  | Compliance and Implementation   | Compliance |
|------------|--|---|------------|
| <b>D.4</b> | <b>Risk Committee</b>                                      |   |            |
| 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 winded 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 66 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 226 to this report.</p> | Yes        |
| <b>D.5</b> | <b>Related Party Transactions Review Committee</b>         |   |            |
| 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 Parent Company's Related Party Transactions Review Committee functions as the Related Party Transactions Review Committee of the Company. 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 225  | Yes        |
| <b>D.6</b> | <b>Code of Business Conduct and Ethics</b>                 |   |            |
| 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 in compliance 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 220 of the Annual Report of the Board of Directors on the affairs of the Company.   | Yes        |



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| Code Ref.                        | Requirement  | Compliance and Implementation  | Compliance |
|----------------------------------|--|--|------------|
| D.6.4                            | Whistle Blowing 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.<br><br>The Company complied throughout the year.   | 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                              | 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        |
| <b>SECTION II : SHAREHOLDERS</b> |  |  |            |
| <b>E</b>                         | <b>Institutional Investors</b>                           |  |            |
| <b>E.1</b>                       | <b>Shareholder voting</b>                                |  |            |
| 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                     | 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 relations on Page 341.               | Yes        |
| <b>F</b>                         | <b>Other Investors</b>                                   |  |            |
| <b>F.1</b>                       | <b>Investing/ Divesting Decision</b>                     |  |            |
| 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        |
| <b>F.2</b>                       | <b>Shareholder Voting</b>                                |  |            |
| 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        |

| Code Ref.                          | Requirement  | Compliance and Implementation   | Compliance |
|------------------------------------|--|---|------------|
| <b>SECTION III : OTHER MATTERS</b> |  |   |            |
| <b>G</b>                           | <b>Internet of Things and Cybersecurity</b>  |   |            |
| 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        |
| 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 135 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.</p> <p>The matters taken up for the discussion on the Board meeting agenda includes</p> <ul style="list-style-type: none"> <li>• Potential cybersecurity risks in the company's business model</li> <li>• CISO's security strategy and status of the current projects</li> <li>• Compliance with the cybersecurity risk management process and incident reports</li> <li>• Findings and recommendations from independent reviewers</li> </ul>  | 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 135 on IT and cybersecurity governance.</p>  | Yes        |
| <b>H</b>                           | <b>Sustainability: ESG Risk and Opportunities</b>  |   |            |
| 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 75 to 78 for detailed emphasis of Company's sustainability strategy.</p>                | Yes        |

# CORPORATE GOVERNANCE

| Code Ref.                      | Requirement   | Compliance and Implementation   | Compliance |
|--------------------------------|---|---|------------|
| H.2, H.2.1                     | Consider views of stakeholders in managing sustainability related risks and opportunities                     | 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.   | Yes        |
| 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"> <li>• 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.</li> <li>• The Company also follows an integrated approach for social governance to engage with groups such as community, customers, employees, suppliers etc.</li> <li>• The Company launched its ESG Roadmap "ACTIVATE" embedding ESG drivers across all aspects of the Company's business strategy and operations.</li> <li>• The Deputy Managing Director oversea the implementation of the ESG roadmap 2030 circulated in "Activate".</li> <li>• 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.</li> </ul> <p>Please refer page number 178 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 | <ul style="list-style-type: none"> <li>• The Company has in place a system to capture ESG data from all of its operational locations.</li> <li>• 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 187.</li> </ul>  | 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 75 to 78   | Yes        |

| Code Ref.   | Requirement  | Compliance and Implementation   | Compliance |
|---|--|---|------------|
| <b>I Special Considerations for Listed Entities</b> |  |   |            |
| 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 pertaining to governance are being reviewed and revised prior to publishing them on the Company's website. This process is expected to finalise by 1st October 2024.   | Yes        |
| I.2, I.2.1  | Policy on matters relating to the Board of Directors   | The Company has established and maintained a formal policy 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).

| CSE Rule 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 authorizing 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 32 to 35  | Yes               |
| (ii)            | Principal activities of the entity and its subsidiaries during the year, and any changes therein   | Group Profile - Page 346 to 349   | 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 341 to 343  | 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 341 to 343  | 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 341 to 343  | Yes               |
| (vi)            | Information pertaining to material foreseeable risk factors of the entity  | Managing Risk and Opportunities - Page 66 to 83   | Yes               |
| (vii)           | Details of material issues pertaining to employees and industrial relations of the Entity  | Page 84   | 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 286   | Yes               |
| (ix)            | Number of shares representing the Entity's stated capital  | Investor Information - Page 341 to 343  | Yes               |
| (x)             | The distribution of shareholders under each class of securities and the percentage of their holdings   | Investor Information - Page 341 to 343  | Yes               |
| (xi)            | Financial ratios and market price information  | Investor Information - Page 341 to 343  | Yes               |

| CSE Rule Ref.No | Requirement  | Comment / Reference within the Report  | Compliance Status |
|-----------------|--|--|-------------------|
| (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 286  | Yes               |
| (xiii)          | Details of funds raised through a public issue, rights issue and a private placement during the year   | Not Applicable   | -                 |
| (xiv)           | Information in respect of Employee Share Ownership Schemes   | Not Applicable   | -                 |
| (xv)            | Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules  | Corporate Governance - Page 214 to 219   | 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   | There were no related party transactions 5% of the total assets of the entity as per audited Financial Statements, whichever is lower                            | 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   | -                 |
| 7.8             | Disclosure of dealings by Directors and CEO  | The Company make and announcement to the Exchange pertaining to the relevant interest/ changes 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 341        | 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).

| Code Ref:               | Requirement  | Extent of Compliance and Comments   | Complied |
|-------------------------|--|---|----------|
| <b>9.1</b>              | <b>Applicability of Corporate Governance Rules</b>   |   |          |
| 9.1.1<br>9.1.2<br>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      |
| <b>9.2</b>              | <b>Policies</b>                                      |   |          |
| 9.2.1                   | Availability of Policies                             | <p>The following policies which are mandated by the revised CSE listing rules are currently in place;</p> <ul style="list-style-type: none"> <li>• Policy on the matters relating to the Board of Directors</li> <li>• Policy on Board Committees</li> <li>• Policy on Corporate Governance, Nominations &amp; Re-election</li> <li>• Policy on Remuneration</li> <li>• Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities</li> <li>• Policy on Risk Management and Internal Controls</li> <li>• Policy on Relations with Shareholders and Investors</li> <li>• Policy on Environmental, Social and Governance Sustainability</li> <li>• Policy on Corporate Disclosures</li> <li>• Policy on Whistle Blowing</li> <li>• Policy on Anti-Bribery and Corruption</li> <li>• Policy on Control and Management of Company Assets and Shareholder Investments</li> </ul> <p>Haycarb's corporate website with regard to the main policies will be updated from effective date.</p> | 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 after the effective date.  | Yes      |
| <b>9.3</b>              | <b>Board Committees</b>                              |   |          |
| 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>The Nominations Committee was renamed as Nominations &amp; Governance Committee to comply with the revised CSE listing rules.</p> <p>Refer Page 225 to 231</p>  | Yes      |

| Code Ref:       | 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      |
| <b>9.4</b>      | <b>Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders</b> |  |          |
| 9.4.1           | Record maintain   | The Company Secretary maintains records of all resolutions and the following information of General Meetings.<br>(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.<br><br>The Company is in the process of revising the communication policy incorporating the provisions of the revised CSE listing rules for effective communication and relations with shareholders and investors. | Yes      |
| <b>9.5</b>      | <b>Policy on matters relating to the Board of Directors</b>   |  |          |
| 9.5.1           | Availability of policy on governing matters relating to Board of Directors  | The requirements are currently captured in the Board Charter.  | 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      |
| <b>9.6</b>      | <b>Chairperson and CEO</b>  |  |          |
| 9.6.1           | Chairperson and CEO   | The Chairperson is not the CEO of the Company, also he is not an Independent Director.<br><br>In order to comply with section 9.6.3 of the Listing Rules, the Company has appointed a Senior Independent Director (SID) with effect from 01st November 2023.   | Yes      |
| 9.6.2           | Rationale for appointing of a Senior Independent Director (SID)   | The Company made a market announcement on 03rd November 2023 highlighting the rationale 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           | Disclosure of SID   | Please refer to the statement by Senior Independent Director (SID) given in this report, refer to Page 232.  | Yes      |



# CORPORATE GOVERNANCE

| Code Ref:      | Requirement  | Extent of Compliance and Comments   | Complied |
|----------------|--|---|----------|
| <b>9.7</b>     | <b>Fitness of Directors and CEOs</b>   |   |          |
| 9.7.1<br>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 &amp; 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.</p> <p>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<br>a) Honesty, integrity and reputation<br>b) Competence and Capability<br>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 220.  | Yes      |
| <b>9.8</b>     | <b>Board Composition</b>   |   |          |
| 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 Fifteen (15) Directors as of 31st March 2024.   | 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 2024.</p>   | Yes      |
| 9.8.3<br>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 2024.  | Yes      |
| <b>9.9</b>     | <b>Alternate Directors</b>   |   |          |
| 9.9            | Appointment of Alternate Directors   | No Alternate Directors were appointed to represent Non-Executive Directors.   | Yes      |
| <b>9.10</b>    | <b>Disclosures relating to Directors</b>   |   |          |
| 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.  | Yes      |

| Code Ref:   | Requirement  | Extent of Compliance and Comments  | Complied |
|-------------|--|--|----------|
| 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   | <p>Please refer page 32 to 35 for profiles of Directors, names of Companies in which the Director serves in Directorships, names of committees in which the Director serves as Chairperson, the nature of Director's expertise.</p> <p>Please refer page 232 for statement by the Senior Independent Director.</p> <p>Please refer page 191 for details of meeting attendance.</p> | Yes      |
| <b>9.11</b> | <b>Nominations &amp; Governance Committee</b>  |  |          |
| 9.11.1      | Availability of Nominations & Governance Committee   | The Nominations Committee was renamed as the Nominations & Governance Committee with effect from 01st November 2023. During the year the Parent Company's Nominations & Governance Committee functions as the Nominations & Governance Committee of the Company. The Company formally appointed its own Nominations & 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 on 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 | <p>The Company is in compliance throughout the year with the revised CSE listing rules.</p> <p>The committee comprises of two Independent Non Executive Directors and one Executive Director.</p>  | 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 w.e.f 01st November 2023.   | Yes      |
| 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 230.   | Yes      |
| 9.11.5      | Functions  | The functions of the Nominations & Governance Committee are given in the Nominations and Governance Committee report in page 230.  | Yes      |
| 9.11.6      | Disclosures in the Annual Report   | The Disclosure requirements are covered in the Nominations & Governance Committee Report given on page 230.  | Yes      |
| <b>9.12</b> | <b>Remuneration Committee</b>  |  |          |
| 9.12.1      | Definition of Remuneration   | <p>The Company has established a formal and transparent policy on remuneration.</p> <p>The remuneration is defined in terms of cash and non-cash benefits.</p>   | Yes      |

# CORPORATE GOVERNANCE

| Code Ref:        | Requirement   | Extent of Compliance and Comments   | Complied |
|------------------|---|---|----------|
| 9.12.2           | Remuneration Committee  | The Parent Company's Remuneration Committee functions as the Remuneration Committee of the Company and determines the remuneration for Executive and Non - Executive Directors . The Company formally appointed its own Remuneration Committee on 16th May 2024.  | Yes      |
| 9.12.3<br>9.12.4 | Remuneration Policy - Executive Directors/ Non- Executive Directors | <p>The remuneration Committee has established a formal and transparent procedure for fixing the Executive Directors' remuneration.</p> <p>The remuneration of Non-Executive Directors is based on the principal of non-discriminatory pay practices ensuring their independence is not impaired.</p>  | 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 229.   | Yes      |
| <b>9.13</b>      | <b>Audit Committee</b>  |   |          |
| 9.13.1           | Audit and Risk Committees   | The Company has established separate Committee to perform the Audit and Risk Functions.   | 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   | <p>The Audit Committee comprises of two 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.</p> <p>The Managing Director and the Finance Director of the Company attend the Committee meeting by invitation.</p> <p>The Chairman of the Audit Committee is a Senior Chartered Accountant.</p> | Yes      |
| 9.13.4           | Functions   | The Functions of the Committee are effectively summarized in the Audit Committee Report on page 226.  | Yes      |
| 9.13.5           | Disclosures in the Annual Report                                    | Please refer to the Audit Committee in page given 226.  | Yes      |
| <b>9.14</b>      | <b>Related Party Transactions Review Committee</b>                  |   |          |
| 9.14.1           | Availability of Related Party Transactions Review Committee         | During the year ,the Related Party Transactions Review Committee of Hayleys PLC, functioned as the Committee of the Company. The Company appointed a separate 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 summarized in the Related Party Committee Report on page 225.  | Yes      |

| Code Ref:   | Requirement   | Extent of Compliance and Comments   | Complied |
|-------------|---|---|----------|
| 9.14.4      | General requirements  | The Committee met four (4) times during the financial year 2023/24.<br><br>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 314.<br><br>Disclosure requirements are covered in the Related Party Transactions Review Committee Report given on page 225.  | 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      |
| <b>9.16</b> | <b>Additional Disclosures</b>   |   |          |
| 9.16        | (i) Declaration of all material interest  | Disclosure requirements are covered in the Annual Report of the Board of Directors given on page 220.   | Yes      |
|             | (ii) Review of internal controls and compliance controls                                | Material non-compliance with any Law or Regulation has not arisen during the year 2023/24.  |          |
|             | (iii) Compliance with laws, rules and regulations                                       |   |          |
|             | (iv) Material Non-Compliances   |   |          |