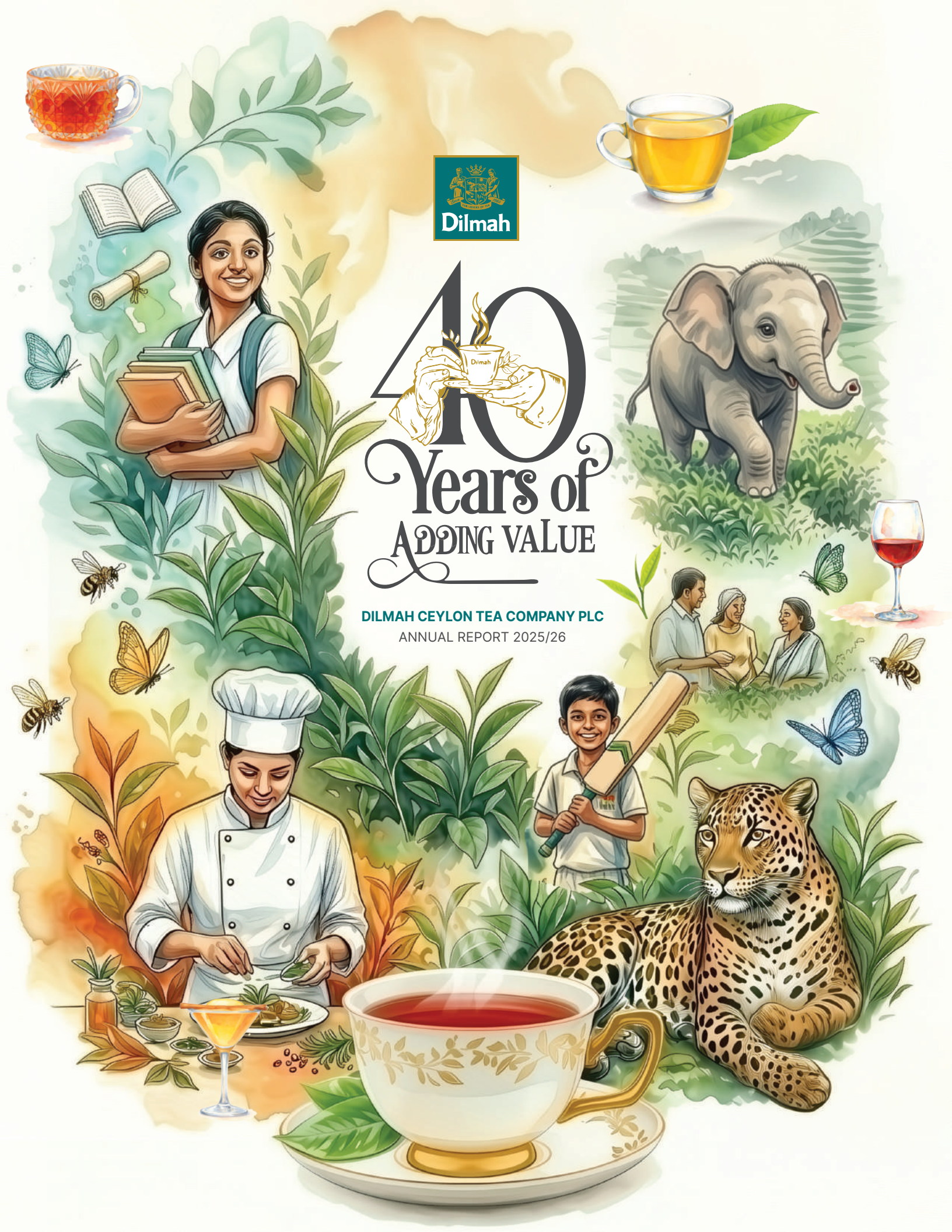

DILMAH CEYLON TEA COMPANY PLC

ANNUAL REPORT 2025/26

It has been 40 years since our Founder – a young and ambitious Ceylonese man from the tiny coastal village Pallansena -challenged an industry built on exploitation. He did not just start a tea brand; he disrupted the status quo by insisting on something that felt radical at the time: that tea should taste like the soil it grew in, and that a business could actually care about the people and nature behind the product. He proved it was possible.

That legacy of remaining true to pure taste, natural goodness and ethical purpose is our driving force. While many treat 'authenticity' as a marketing checkbox, for us, it is our DNA. We do not reinvent out of necessity; we do it to protect our values in a world obsessed with commoditisation. Whether innovating in our R&D facility or defending our single-origin standards, we are not simply cutting out cheap, foreign fillers to improve margins. We are drawing a line, ensuring tea remains a conscious choice rather than just a commodity.

Challenges have only clarified our purpose. With our founding values as our anchor, we are moving into a future defined not by growth alone, but by the conviction that business must be a force for good. We have come this far, and we are just getting started.

Dilmah

Scan the QR code with your smart device to view this report online

40 years of Making the world a better Tea

40 Years of Dilmah:
Honouring a Vision That Changed Tea Forever

Sri Lanka's flagship international tea brand, Dilmah, marked its 40th anniversary in May 2025. The milestone was celebrated in Colombo, where second- and third-generation custodians of the Dilmah legacy stood alongside 350 members of the global Dilmah family to honour the remarkable journey shaped by the Company's founding father and legendary tea maker Merrill J. Fernando. The celebrations were organised around a series of events to appreciate and celebrate four decades of purpose-led growth and global impact.

Scan for 40th Anniversary Dilmah Global Family Conference 2025 Video

Honouring Dilmah's Founding Father and Legendary Teamaker - Merrill J. Fernando

In a heartfelt tribute to the legacy of Merrill J. Fernando, two commemorative stamps were issued to honour the visionary who transformed the global tea industry and redefined its values through purpose and integrity. Released to coincide with his birth anniversary and what would have been his 95th birthday, the stamps stand as a timeless recognition of a life devoted to kindness, ethical purpose, and the elevation of tea as a force for good.

The unveiling took place in Colombo under the auspices of Sri Lanka Post, bringing together the second and third generations of the founding Fernando family alongside members of the global Dilmah family, who had gathered in Sri Lanka for the 11th international partner conference. This moment of collective remembrance reflected both pride in the past and continuity of purpose across generations.

One stamp pays homage to Merrill J. Fernando as the pioneering first native tea grower to bring his own brand of tea directly to the world, while the second honours the enduring legacy he built—one grounded in compassion for people, respect for nature, and an unwavering commitment to ethical enterprise. Together, they form a symbolic celebration of 40 years of Dilmah since its founding in 1985.

More than commemorative artefacts, the stamps are artistic expressions of legacy, designed by renowned Sri Lankan artist Pulasthi Ediriweera, whose acclaimed creative contributions have been nationally lauded.

11th Dilmah Global Family Conference - Marks 40 Years of a Global Legacy

The 40th anniversary celebrations were held alongside the biennial Dilmah Global Family Conference, the 11th edition since 2003 and the largest to date, bringing together 150 delegates representing Dilmah's global distributor markets. The gathering was further enriched by the 90th session of the Dilmah School of Tea, which welcomed an additional 200 participants, reinforcing the brand's commitment to knowledge-sharing, appreciation of tea, and the strengthening of its global community.

Launch of Dilmah's new Emblem

The 40th anniversary celebrations were far more than a commemoration of past achievement; it was a poignant reaffirmation of a living legacy, and a renewed commitment to carrying forward the Founder's vision with the same courage, conviction, and compassion that defined its beginning, while also resonating with the aspirations that will shape its future.

In this spirit, a revitalised emblem was unveiled, featuring Founder Merrill J. Fernando alongside a symbolic representation of the workers and artisans for whom he tirelessly advocated throughout his life devoted to tea and kindness. The shield within the emblem reflects his courage and conviction in challenging an exploitative colonial economic system, while the Kandyan crown pays tribute to his deep love for Sri Lanka. Each element is thoughtfully rooted in the values he championed, respect for nature's biodiversity, recognition of nature's role in shaping the character and quality of tea, and the enduring philosophy of kindness towards people and the environment.

Strengthening Global Connections through Regional Tours of Australia, New Zealand and Europe

In June and July 2025, as part of Dilmah's 40th anniversary commemorations, the Company undertook a meaningful regional tour across Australia, New Zealand and Europe, strengthening its engagement with consumers, trade partners and food service communities in key international markets. The tour enabled Dilmah's senior leadership to engage directly with thousands of tea lovers, chefs, students and food service professionals through sold-out masterclasses, industry forums and consumer experiences, including prominent platforms such as the Good Food & Wine Show and Fine Food. These engagements brought together tradition and innovation through tea-inspired cocktails, gourmet culinary pairings, and wellness-focused discussions on the natural benefits of tea. The initiative reflected the evolving role of tea beyond conventional consumption, highlighting its growing appeal among a new generation of conscious consumers who value authenticity, wellbeing, craftsmanship and purpose. Through these immersive experiences, Dilmah reinforced its position as a premium, purpose-led tea brand with deep global connections and an enduring commitment to the future of tea.

Unveiling of Limited Edition Ruby Anniversary Full Leaf Green Tea

A rare, limited edition titled the Ruby Green Anniversary Full Leaf Green Tea was launched during the financial year. Crafted from full leaf green tea handpicked on a single Sri Lankan estate, this small-batch offering reflects exceptional care, precision, and authenticity, designed for connoisseurs who appreciate the finest details of tea. It is a beautiful tea, blessed with the purity, subtle sophistication and luxurious influence of Nature. In a symbolic tribute to the 40th year milestone, only 40 units were made available exclusively in Australia, each personally hand-delivered by the Fernando family to reinforce the deep connection, heritage, and continuity that defines Dilmah's journey over four decades.

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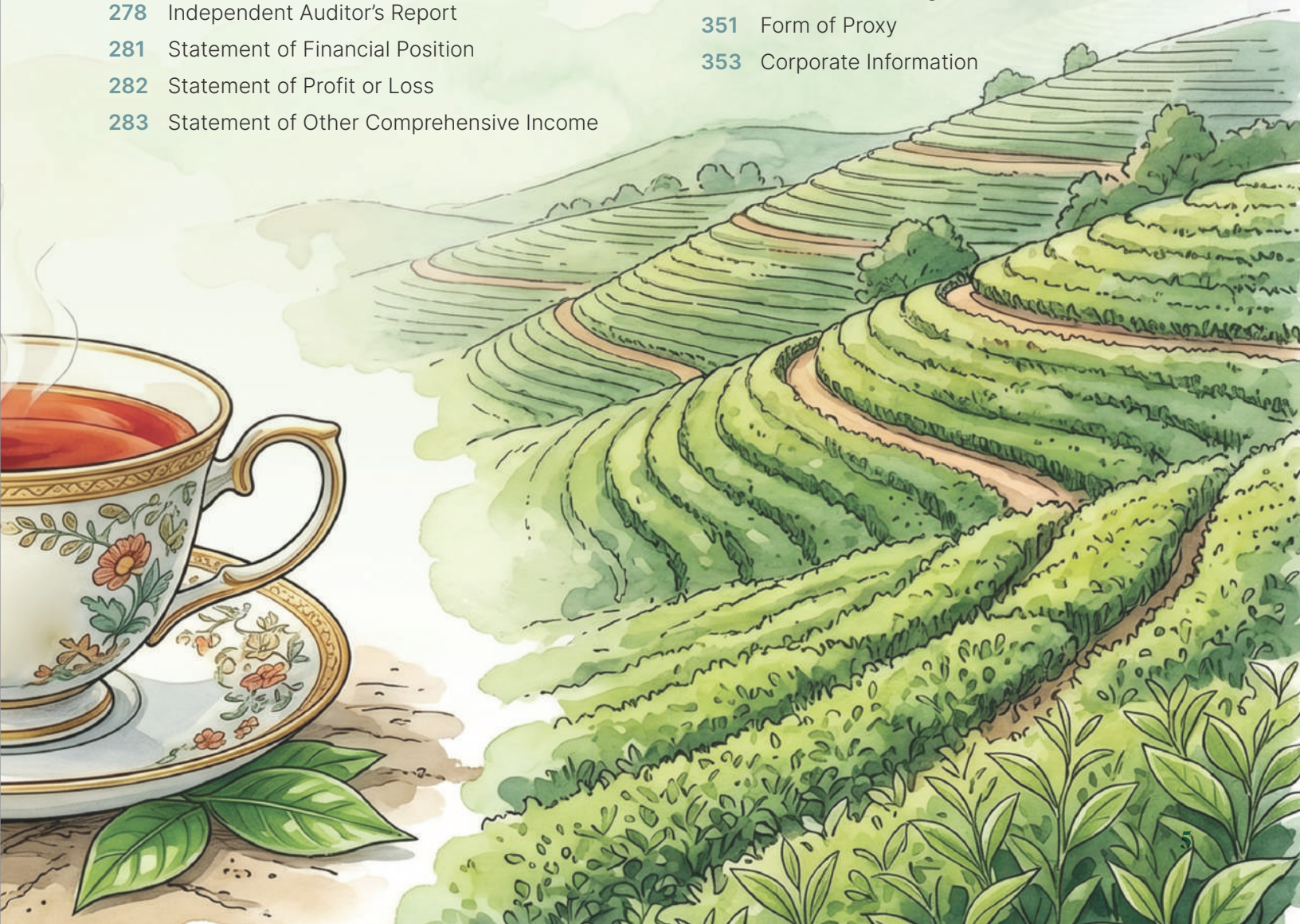


Dilmah Ceylon Tea Company PLC

Annual Report 2025/26

Welcome to the 8th integrated annual report published by Dilmah Ceylon Tea Company PLC (Dilmah). The report documents the initiatives taken by the Company to achieve its strategic purpose and the resultant financial and non-financial outcomes derived for and on behalf of stakeholders.

Scan to view our Annual Reports

A SPECIAL MESSAGE OF GRATITUDE TO THE STAKEHOLDERS OF DILMAH CEYLON TEA COMPANY PLC

On this very special occasion of Dilmah Ceylon Tea Company PLC's 40th anniversary, the Company would like to acknowledge the stakeholders who have been an integral part of this remarkable journey and whose continued support has helped shape its success and purpose over the years.

Forty years on, the Dilmah story remains one of collective commitment, one built not by the Company alone, but by the countless individuals and communities who have shared in its purpose and contributed to its enduring legacy of adding value.

It is with this spirit in mind that the theme of this year's Annual Report, "40 Years of Adding Value," has been intentionally selected. Much more than a reflection of financial performance or commercial success, the theme embodies Dilmah's enduring dedication to enriching the lives of consumers, empowering its people, strengthening communities, protecting the environment, and fostering relationships founded on trust, mutual respect, and shared prosperity.

Thank you to all our stakeholders for being an integral part of the Dilmah story and for your unwavering support and collective commitment over the past forty years, which has been instrumental in shaping the Company's enduring legacy of adding value with purpose, integrity, and kindness.

REPORT PROFILE

This Integrated Annual Report presents a holistic account of how Dilmah Ceylon Tea Company (Dilmah) PLC continues to create sustainable value for stakeholders guided by the vision of its Founder, Merrill J. Fernando, to share the finest Single Origin Pure Ceylon Tea with the world.

In that respect, the report alludes to Dilmah's distinctive business model and strategic priorities which built around the unwavering commitment to quality, integrity, and kindness. It also delves into the opportunities and challenges that shaped the Company's operating environment and outlines the initiatives undertaken to strengthen long-term resilience and balance expectations of stakeholders.

Being the 8th consecutive integrated report published by Dilmah, the current report signifies the Company's commitment to transparent, integrated, and stakeholder-centric reporting through the integration of financial, environmental, social, and governance considerations to enhance stakeholder understanding of the interrelationships between strategy, risks, opportunities, performance, and sustainability.

Previous reports, including the Integrated Annual Report for FY2024/25, are available for viewing and download on the corporate website https://www.dilmahtea.com/annual-reports

SCOPE AND BOUNDARY GRI 2-2, 2-3

This Integrated Annual Report covers the activities of Dilmah Ceylon Tea Company PLC for the period from 1st April 2025 to 31st March 2026 which coincides with the Company's financial reporting year. For the said period, the report contains both financial and non-financial information relating to the Company's key activities, strategic priorities, and material matters that influence its ability to create sustainable value over the short, medium, and long term.

MATERIALITY, PRECAUTIONARY PRINCIPLE AND POST-BALANCE SHEET EVENTS

The overall content and disclosures contained within the report have been determined based on the principle of Materiality, which considers the significance of economic, environmental, social, and governance matters to both stakeholders and the Company's long-term success. In keeping with Dilmah's commitment to align with evolving global reporting standards and best practices, Material Topics have also been evaluated through a double materiality lens to ensure that matters capable of influencing enterprise value, as well as those reflecting the Company's impacts on the economy, environment, and society, are appropriately represented within the report.

The preparation of the report has been further guided by the precautionary principle. In instances where scientific certainty regarding potential environmental or social impacts may be limited, due consideration has been given to emerging risks and stakeholder concerns to ensure potentially significant issues are addressed proactively and that disclosures reflect a prudent and responsible approach to sustainable value creation.

Key Improvements captured in the FY 2025/26 Report

- Introduction of a dedicated Digital Capital section within the capital reports to highlight the progress on Dilmah's ongoing digital transformation agenda.
- Compliance with SLFRS S1 and S2 Sustainability and Climate related Financial Disclosure requirements.
- Alignment with UNGC 10 Principles.

SLFRS S1 and S2 Disclosure Requirements

Dilmah strengthened its sustainability and climate-related reporting in line with the Sri Lanka Accounting and Reporting Standards (SLFRS), S1 and S2. While SLFRS S1 is not mandatory and has not been adopted as a reporting requirement, the Company has nevertheless considered its principles in shaping the overall structure and connectivity of sustainability disclosures.

Further, the Company has fully complied with SLFRS S2 disclosure requirements, reporting across its key pillars of governance, strategy, risk management, and metrics and targets. This includes transparent disclosure of climate-related risks and opportunities, as well as the actions taken to manage emissions, enhance resilience, and support the transition towards lower-carbon operations.

The SLFRS S1 and S2 Disclosure Report and the External Assurance is on page 336.

These same principles have been applied in determining the relevance and inclusion of post-balance sheet events and other material developments occurring up to the date of approval of the financial statements by the Board of Directors on 14th July 2026. This approach is intended to provide stakeholders with a more comprehensive and up-to-date understanding of important events and emerging developments that may have a bearing on Dilmah's future prospects and value creation journey.

REPORTING FRAMEWORKS

Integrated Reporting (V)

- The International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)

Sustainability Reporting (V)

- Global Reporting Initiative (GRI) standards - "In Accordance", issued by Global Sustainability Standards Board
- Sustainability Accounting Standard for the Non-Alcoholic Beverages industry of the Sustainability Accounting Standards Board (SASB)
- United Nations Sustainable Development Goals (SDGs)
- United Nations Global Compact (UNGC)

Financial Reporting (M)

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act No. 07 of 2007
- Listing Rules of the Colombo Stock Exchange
- SLFRS S1 and S2 Sustainability and Climate Related Financial Disclosures

Governance, Compliance and Risk Reporting

- Code of Best Practice for Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka (V) and securities and exchange commission of Sri Lanka
- Corporate Governance Requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE) - (M)
- Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended) (M)

M - Mandatory Requirements **V** - Voluntary Adoption

CAPITALS

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

STAKEHOLDERS

- Employees
- Customers
- Shareholders/ Investors
- Suppliers
- Government/Regulators
- Community and Environment

STRATEGIC PILLARS

- Global Market Leadership
- Operational Excellence
- Empowered Work Force
- Environment, Sustainability and Governance

DILMAH CEYLON TEA COMPANY PLC INTEGRATED REPORTING COMMITMENTS

Guiding Principles

- **Strategic focus and future orientation:** Description of the strategy of the company and its relation to value creation and capitals.
- **Connectivity of information:** Relates to the interrelatedness of the factors that affect the organisation's ability to create value over time.
- **Stakeholder relationships:** Description of the key stakeholders, including how the stakeholder's interests are taken into account.
- **Materiality:** Relates to the number of disclosures about matters that affect the organisation's ability to create value.
- **Conciseness:** Relates to the concise format of the report.
- **Reliability and completeness:** Relates to the balanced, complete character of the report, which should not include any material errors.
- **Consistency and comparability:** Relates to the consistency and comparability of the information within the report.

Content Elements

- **Organisational overview and external environment:** Description of the organisation and the external environment (e.g. competition).
- **Governance:** Description of the governance structure and its relation to value creation.
- **Business model:** Description of the business model with input, output and capitals included.
- **Risks and opportunities:** Description of the risks and opportunities and the risk mitigation system.
- **Strategy and resource allocation:** Description of the concrete strategy of the company, both short-term and long-term focused.
- **Performance:** Description of the results, compared with targets, previous years and capitals.
- **Outlook:** Description of the future challenges in relation to the company.
- **Basis of preparation and presentation:** Description of the materiality determination process, reporting boundaries and frameworks used.

ASSURANCE GRI 2-5

In line with the commitment to maintaining the accuracy, integrity, and reliability of the financial and non-financial information presented in this Integrated Annual Report, the Company has adopted a combined assurance approach involving both internal and external validation of content to confirm the completeness, consistency, and credibility of disclosures.

Information presented in the report is first reviewed internally by the relevant teams throughout the report preparation process, followed by rigorous review by the Board Audit Committee (BAC) to assess the integrity of the reporting process and confirm the appropriateness of disclosures against applicable reporting frameworks, standards, and regulatory requirements.

As per statutory requirements, independent external assurance has been obtained for the financial statements for the year ended 31 March 2026. In addition, selected elements of the integrated reporting process and disclosures prepared in accordance with the GRI Standards as well as the SLFRS S1 and S2 Disclosures have been subjected to external assurance on a limited basis.

FORWARD-LOOKING STATEMENTS GRI 2-4

This Integrated Annual Report contains forward-looking information relating to Dilmah's strategy, priorities, opportunities, risks, and prospects. Forward-looking statements are typically based on information available and assumptions considered reasonable at the time of reporting. The inclusion of such statements aims to enable stakeholders to better

Dilmah Ceylon Tea Company PLC

Independent external assurance has been obtained from Messrs Ernst & Young in relation to the following areas:

Financial Statements - Independent Audit Report by external auditors on the accuracy and completeness of the Financial Statements for the year ended 31 March 2026 (pages 281–328).

Integrated Report - Independent Assurance Report on the validity, accuracy, and completeness of the Integrated Report for FY 2025/26 in line with the <IR> framework (pages 332–333).

Sustainability Disclosures - Independent Assurance Report by confirming compliance with the Global Reporting Initiative (GRI) Universal Standards (pages 334–335).

Independent Assurance Report by external Auditors confirming compliance with the SLFRS S1 and S2 Sustainability and Climate related Financial Disclosures (pages 336–337).

Dedicated annual report web page

appreciate how the Company intends to respond to evolving market conditions and create sustainable value over the short, medium, and long term.

DISCLAIMER

Forward-looking statements are not guarantees of future performance and actual outcomes may differ from those expressed or implied due to changes in economic conditions, market dynamics, geopolitical developments, regulatory requirements, climatic factors, consumer preferences, technological advancements, and other risks and uncertainties that may affect the Company's operations and business environment.

Accordingly, stakeholders are advised to interpret such statements with due caution and not to place undue reliance on them as predictions of future events. Except where required by applicable laws and regulations, Dilmah Ceylon Tea Company PLC undertakes no obligation to publicly update or revise any forward-looking statements contained in this report to reflect subsequent events or circumstances arising after the date of publication.

The Company confirms that no restatements have been made in regard to any prior reporting periods.

BOARD RESPONSIBILITY STATEMENT

GRI 2-14

The Board of Directors of Dilmah Ceylon Tea Company PLC assumes full responsibility for the integrity and accuracy of the information presented in this Integrated Annual Report for FY 2025/26. The Board confirms that this Integrated Annual Report provides a balanced and fair representation of the Company's performance, including its material matters, ESG focus areas, governance practices, risk and opportunity landscape, and future growth outlook.

The Report was reviewed and approved by the Board on 14 July 2026.

FEEDBACK GRI 2-3

Dilmah welcomes feedback from all stakeholders on this Integrated Annual Report, with stakeholder insights forming a key part of ongoing efforts to improve the quality, integrity and transparency of information provided in future reports. As such, readers are encouraged to share their views and suggestions with feedback and queries via email: marketing@dilmahtea.com.

Dilmah Ceylon Tea Company PLC
111, Negombo Road,
Peliyagoda.
Tel: +114 822 000

My father, Merrill J. Fernando, first launched Dilmah to make the world a better tea — better in Taste, natural Goodness and with a Purpose beyond profit. He selected the finest, handpicked tea leaves, and pledged a minimum of 15% of Dilmah's annual pre-tax profits every year to those who need it most, through MJF Charitable Foundation and Dilmah Conservation.

We promise you great taste, natural goodness & ethical purpose in our teas.

Dilhan C. Fernando
CEO / Executive Chairman

About Us

Vision

Every cup of Dilmah is an act of Kindness — and defiance. Merrill J. Fernando built our company on a refusal to accept commoditisation, compromise, or indifference to the people who grow the world's food. That is our inheritance and our promise. We grow our Teas and Ceylon Cinnamon with respect for the land and the people who tend it, and we share what nature gives us with both. We are a family business in the most traditional sense. Quality, Integrity and Purpose are not aspirations, they are conditions for our existence.

Mission

To craft the finest Tea and Cinnamon in the world - growing responsibly, innovating boldly, and sharing generously. We will bring great Taste and natural Goodness to the people who choose our Tea and Cinnamon with Kindness to the land and people who make it possible.

Business Values

Taste
Dilmah's dedication to crafting exceptional tea, preserving the rich character and freshness of hand-picked Ceylon tea through its Single Origin model

Goodness
Speaks to the company's holistic approach to natural wellness, ensuring every cup of tea contributes positively to good health

Purpose
Defines the spirit of Dilmah's mission of kindness and underscores the belief that business must be a force for good

Strategy and Resource Allocation

- Strong Global Market Leadership
- Operational Excellence
- Empowered Workforce
- Environment, Sustainability & Governance

Dilmah Values

D — Dedication
We commit ourselves fully to our work. Whether producing the finest Ceylon tea and cinnamon, managing operations, or serving customers, we approach our responsibilities with care, discipline, and pride. A strong focus on producing pure Ceylon tea and Cinnamon of the highest quality, maintaining authenticity from garden to cup without compromise.

I — Integrity
We act with honesty and fairness, even when difficult. Integrity means choosing the right path, not the convenient one, and ensuring our actions match our words. Dilmah is dedicated to protecting the environment through sustainable practices and responsible use of natural resources. We value our employees, partners, and communities, promoting fairness, dignity, and respect in all interactions.

L — Loyalty
We stand by the Company's purpose, protect its reputation, and uphold the trust placed in us by colleagues, consumers, partners, and the communities connected to our work.

M — Motivation
We take initiative. We find ways to contribute, improve, and solve problems. Motivation is expressed through ownership — doing what needs to be done without waiting to be asked. Every cup of Dilmah is an act of Kindness, serving the world a better tea.

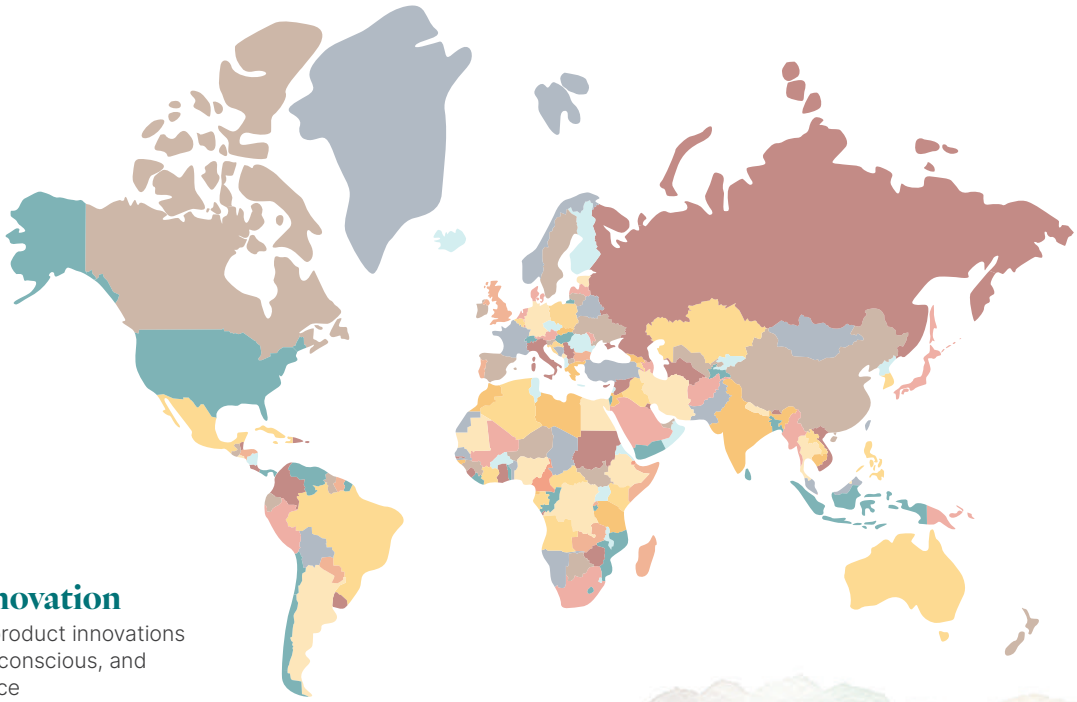
A — Authenticity
We represent the Company sincerely. Authenticity means being genuine in our relationships, clear in our communication, and consistent in the way we present the brand.

H — Humane-ness
We treat people with kindness, dignity and respect. Humane-ness reflects our Founding philosophy of "Business is a matter of Human Service". These core values help us determine what is right when the correct path is not immediately clear.

About Dilmah

Dilmah Ceylon Tea Company PLC (Dilmah) is one of the most recognisable tea brands in the world, praised for its steadfast dedication to quality, authenticity, and integrity in tea production. Founded in 1985 by Merrill J. Fernando, Dilmah is the world's first Single Origin tea brand, guaranteeing that each leaf was hand-picked, processed, and packaged at the place of origin. This innovative strategy, which is now a defining feature of the Dilmah brand, enables better quality control, ethical sourcing, and more value retention within Sri Lanka, which benefits the country's economy and its tea-growing communities.

Global Reach



Over **100** countries

Scan to visit over website

Commitment to Innovation

Around 3,000 products and product innovations to cater to a modern, health-conscious, and convenience-seeking audience

Unique Artisanal Teas	Wellness Infusions	Tea Extracts	Ready-to-drink Formats

Sustainable Packaging

To meet evolving sustainability standards across key global markets, we are identifying alternative materials to minimise non-recyclable components, with the ultimate goal of transitioning entirely to recyclable or biodegradable packaging. While achieving 100% compliance across all lines presents distinct technical challenges, we have made significant progress. Specifically, we have adopted knotted thread technology with biodegradable tea bags, introduced cotton tea bags, and developed biodegradable sachets. Furthermore, we are replacing polythene/polyethylene wrappers with alternative airtight packaging, and modifying the functional properties of our inner cartons by converting BOPP-overwrapped products to a functional tear-strip design a transition that now features across 80% of our tea packs.

BRAND ECOSYSTEM APPROACH

Dilmah's Brand Ecosystem Approach represents a holistic and purpose-driven model that integrates commercial success with environmental stewardship and social responsibility. Rather than treating business functions in isolation, this approach recognises the interdependence of all stakeholders—employees, consumers, growers, suppliers, and the wider community—within a shared value system.

ECONOMIC IMPACT GRI 201-1

Revenue Generated:
USD 73 Mn

Tax Contributions:
Rs. 108 Mn

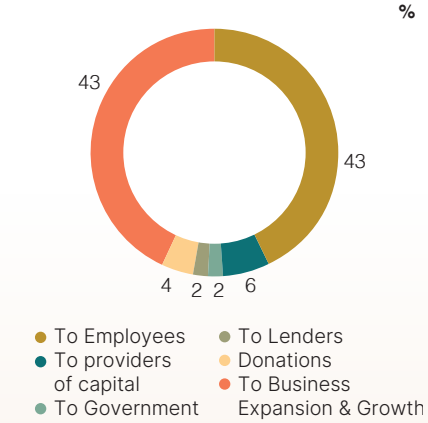
Employment Generated:
871 numbers

Payments to Employees:
Rs. 2,816 Mn

Payments to Suppliers:
Rs. 21,156 Mn

Market Capitalisation:
Rs. 30,505 Mn

ECONOMIC IMPACT



Economic Value Generated	2025/26 Rs.'000	2024/25 Rs.'000
Revenue	22,140,443	21,157,914
Other Income	404,355	386,689
	22,544,798	21,544,602
Goods & Services Purchased from Other Sources	(16,000,052)	(17,101,456)
Value Creation	6,544,746	4,443,146

Distribution of Value Generated		2025/26 Rs.'000	2024/25 Rs.'000	Y-O-Y
To Employees	Salaries,wages & other benefits	2,815,592	2,176,898	29%
To providers of Capital	Dividend to shareholders	414,750	165,900	150%
To Government	Taxes & Regulatory fees	108,319	79,073	37%
To Lenders	Interest & Related charges	149,394	148,341	1%
Donations	Payments on CSR/Dilmah Conservation & Others	282,282	397,861	-29%
To Business Expansion & Growth	Depreciation including ROU Assets, Amortisation	934,637	703,174	33%
	Retained Income/(Loss)	1,839,772	771,899	138%
		6,544,746	4,443,146	47%

Sustainability at Dilmah

GRI 2-9, 2-12,2-13, 2-23, 2-24

Guided by the enduring vision of Founder Merrill J. Fernando to share with the world a tea that embodies taste, goodness, and purpose, Dilmah Ceylon Tea Company PLC (Dilmah) has, since the inception conducted its business responsibly, with the aim of creating sustainable value for stakeholders while carefully managing its impacts on the economy, society, and the natural environment.

This commitment is brought to life through the Company's ESG governance framework that is anchored by a comprehensive ESG Policy, which provides the structure, governance and control mechanisms for integrating ESG considerations into strategy formulation, risk management, operational planning, investment decisions, and performance management. The ESG Policy is operationalised through a comprehensive ESG Strategy structured around seven interconnected pillars: Corporate Governance, Employee Empowerment, Responsible Operations, Stakeholder Engagement, Supply Chain Sustainability, Products and Services, and Disclosure and Verification. These pillars represent the areas through which Dilmah seeks to translate its purpose into meaningful action and ensure that responsible business practices are woven into the fabric of the organisation.

To ensure that its sustainability journey remains purposeful and responsive, Dilmah is guided by two dedicated committees and four key processes that align strategy, resource allocation, implementation, and stakeholder expectations.

Sustainability Board Committee (SBC): Board level oversight as a board sub committee for decision making

Sustainability Executive Committee (SEC): Management level oversight and implementation of board level decisions

FOUR KEY PROCESSES

Understanding the evolving Business Model

Dilmah periodically reviews its business model to maintain a clear understanding of how value is created across the value chain and where financial and sustainability-related risks and opportunities are concentrated. This process provides valuable insights into the interdependencies that shape long-term success and ensures that the Company remains focused on strengthening resilience and sustaining value creation.

Stakeholder Engagement

Meaningful and continuous engagement with stakeholders lies at the heart of Dilmah's approach to responsible business. Through structured mechanisms established by the Board, the Company seeks to understand stakeholder expectations, levels of satisfaction, and emerging concerns. These insights help inform decision-making and ensure that the interests of those connected to the Dilmah journey are reflected in the Company's strategies and actions.

Review of Sustainability Standards

Recognising that sustainability expectations continue to evolve, Dilmah regularly reviews applicable regulations, sustainability-related standards, national priorities, and relevant global commitments. This enables the Company to ensure that its ESG Policy, Strategy, performance indicators, and disclosures remain relevant, aligned with best practice, and responsive to emerging developments.

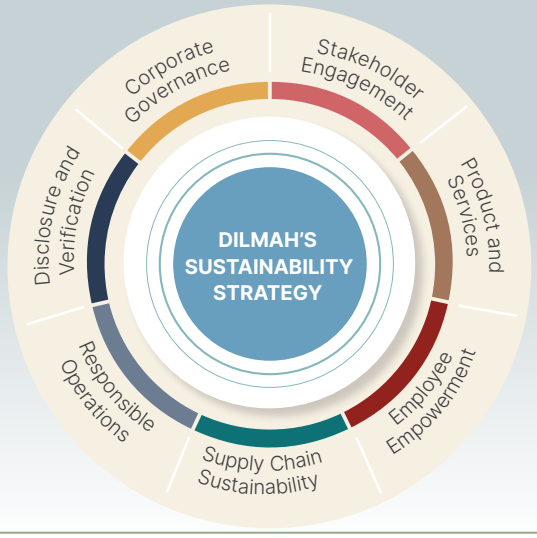
Determining Material Topics

Dilmah periodically assesses and refines the issues that are most significant to its business and stakeholders. By identifying and prioritising these material topics, the Company is able to direct its resources towards areas where it can create the greatest positive impact and address the matters that are most critical to long-term value creation.

ESG GOVERNANCE FRAMEWORK

ESG Policy

The ESG policy outlines Dilmah's approach to identifying, measuring, monitoring, and managing its environmental and social impacts by promoting integrated thinking and optimising resource allocation to ensure financial stability and sustainable growth in the short, medium, and long term. A comprehensive policy framework is in place for governing various aspects of the organisation.



SBcert ISO 9001 · SBcert ISO 14001 · FSSC 22000 · BRCGS Food Safety CERTIFICATED · Rainforest Alliance People & Nature · Control Union Certified · USDA ORGANIC · JAS Control Union Certifications · Carbon Footprint Verification

ESG STRATEGY: SEVEN PILLARS AND 29 ELEMENTS

The strategy integrates environmental, social and governance priorities across the following pillars and elements:

CORPORATE GOVERNANCE

- G1 Board Oversight
- G2 Management Accountability
- G3 Corporate Policies and Management Systems
- G4 Materiality Assessment
- G5 Public Policy

EMPLOYEE EMPOWERMENT

- E1 Training and Development
- E2 Diversity, Equity, Inclusion
- E3 Sustainable Lifestyles
- E4 Employee Benefits
- E5 Employee Health and Safety

SUPPLY CHAIN SUSTAINABILITY

- SC1 Policies and Codes
- SC2 Practices
- SC3 Supplier Engagement
- SC4 Supplier Verification and Disclosure

RESPONSIBLE OPERATIONS

- R1 Climate Mitigation and Adaptation
- R2 Facilities, Buildings and Machineries
- R3 Sustainable Transportations & Logistics
- R4 Safeguard Natural Ecosystems
- R5 Water Management
- R6 Waste Reduction
- R7 Human Rights
- R8 Development Interventions for a better society Development

STAKEHOLDER ENGAGEMENT

- S1 Consumer Engagement
- S2 Strategic Collaboration
- S3 Engagement of Merchants & Ambassadors
- S4 Platforms for Stakeholder Dialogue
- S5 Sustainability Advocacy Beyond Business Boundaries

PRODUCT AND SERVICES

- P1 Product Design and Packaging Innovations
- P2 Business Model Innovation, R&D and Capital

DISCLOSURE AND VERIFICATION

Sustainability at Dilmah

KEY SUSTAINABILITY INITIATIVES 2025/26

Support during Ditwah

Dilmah extended Rs. 37.7 million in relief support in response to Cyclone Ditwah, covering emergency relief, staff recovery, education continuity and community health needs.

- Provided cooked meals to 1,900 affected people over three days.
- Distributed dry rations worth Rs. 1.48 million to 512 staff families.
- Supported affected staff through financial assistance, household appliances and recovery support.
- Provided school essentials to 4,750 students, investing approximately Rs. 33 million to support education continuity.
- Organised blood donation campaigns to support emergency healthcare needs.

Sustainable Procurement Policy

A key milestone during the year was the launch of Dilmah's publicly declared Sustainable Procurement Policy (SPP), formalising the Company's approach to responsible, sustainable and ethical procurement. The Policy provides a structured framework to embed environmental, social and ethical considerations into procurement decision-making across the value chain, while defining clear governance structures, roles, responsibilities, implementation requirements and review mechanisms to strengthen accountability and consistency in supplier engagement.

Digitalising the ESG Journey

In FY 2025/26, Dilmah introduced an online ESG data tracking system to strengthen the collection, monitoring and management of sustainability-related data across the organisation. The centralised platform enables ESG data and supporting information to be captured in a more structured, consistent and traceable manner, improving data quality and reducing reliance on manual follow-ups.

The system provides real-time dashboards that strengthen ESG performance management by enabling:

- Improved visibility over key ESG performance indicators
- Timely monitoring of progress and identification of gaps
- More informed and responsive management decision-making
- Better data accessibility, accountability and internal coordination
- Greater readiness for regulatory disclosures, internal reviews and external assurance

Sustainable Packaging

We use sustainable packaging, enabled by investments in new machinery.

A notable example during FY2025/26 is the development of the Company's innovative Cotton Tea Bag Machine, which was entirely designed and manufactured in-house by Dilmah Engineering in collaboration with cross-functional teams. This initiative reflects Dilmah's commitment to combining product innovation, sustainability, and operational excellence to deliver premium tea products with a lower environmental footprint. The machine produces tea bags made from 100% cotton material sourced from Italy, resulting in a product that is completely free from microplastics.

Tea Bag:
Home compostable tea bags made from cotton. Our cotton tea bag is 100% cotton & plastic free

Envelope/Sachet:
Cellulose-based home compostable sachets

Inner and Outer Cartons:
Recyclable and FSC certified

ENVIRONMENT

Validated SBTi Near-Term and Net-zero FLAG Targets

92.6% year-on-year increase in renewable energy generation

482,185 kWh of Solar energy generation within the facility – equivalent to planting **5,642** Trees

242 engineering improvement projects

09 innovative research projects on sustainable packaging, product/process and waste reduction

Over **7,400** beneficiaries on Environmental Education

19 publications were made available at affordable prices to promote awareness and knowledge of biodiversity and heritage conservation

86.7% of the waste Reused/Recycled/ repurposed

13.2% of the waste used for energy recovery

Company's first comprehensive water audit to assess consumption patterns and identify opportunities for improved water efficiency

Supporting the blue economy through mangrove restoration, marine conservation and blue carbon research

Restoring Degraded Tea lands

Biodiversity Assessments for Tea estates

Wetland Conservation

"Bee A Keeper" project

SOCIAL

Over **552,000** beneficiaries on community engagement

Invested over **LKR 6 million** to support Non-Emergency Cancer Patient Transport.

Sponsored seven ambulances to strengthen Sri Lanka's free national healthcare system.

Equal opportunity employer with **41%** female representation in leadership roles

62,192 training hours

GOVERNANCE

Strengthened ESG governance through fully operational Sustainability Board and Executive Committees.

Introduced the Sustainable Procurement Policy

Implemented the SLFRS S1 and S2 reporting framework with external assurance

Implemented an ESG data tracking and monitoring system

Sustainability at Dilmah

SBTi JOURNEY

In 2025, Dilmah reaffirmed this conviction by becoming the first company in Sri Lanka's Food and Beverage Processing sector to secure validation from the Science Based Targets initiative (SBTi) across all three target categories—Near-Term, Long-Term, and Forest, Land and Agriculture (FLAG).

As the impacts of climate change intensify, Dilmah acknowledges that meaningful action demands leadership, accountability, and a willingness to set the standard for others to follow. Following a rigorous and independent assessment by the SBTi Target Validation Team, the Company received formal recognition that its climate ambitions are aligned with the latest climate science and the SBTi Criteria and Recommendations. This achievement reflects Dilmah's determination to lead by example and to demonstrate that climate action must be grounded in credible, measurable, and science-based commitments.

Overall net-zero target: Dilmah Ceylon Tea Company PLC commits to reach net-zero greenhouse gas emissions across the value chain by FY2049.

Near-term targets:

Non-FLAG:

Energy & Industry: Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 1 and 2 GHG emissions 46.2% by FY2031 from a FY2023 base year*.

Dilmah Ceylon Tea Company PLC also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel- and energy-related activities and upstream transportation and distribution 27.5% within the same timeframe*. The target boundary includes land-related emissions and removals from bioenergy feedstocks.

FLAG: Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 3 FLAG GHG emissions 33.3% by FY2031 from a FY2023 base year*.

Dilmah Ceylon Tea Company PLC also commits to no deforestation across its primary deforestation-linked commodities, with a target date of December 31, 2025.

**The target includes FLAG emissions and removals.*

Long-term targets:

Non-FLAG:

Energy & Industry: Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 1, 2 and 3 GHG emissions from purchased goods and services, capital goods, fuel- and energy-related activities, upstream and downstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream and downstream leased assets, processing of sold products and investments 90% by FY2049 from a FY2023 base year*.

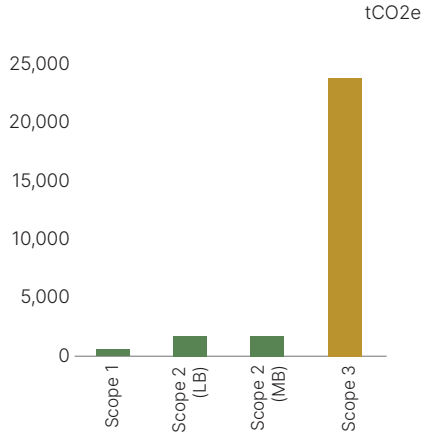
**The target boundary includes land-related emissions and removals from bioenergy feedstocks.*

FLAG: Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 3 FLAG GHG emissions 72% by FY2049 from a FY2023 base year*.

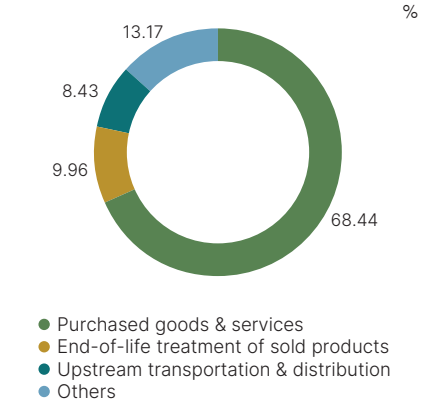
**The target includes FLAG emissions and removals.*

Base year emission profile

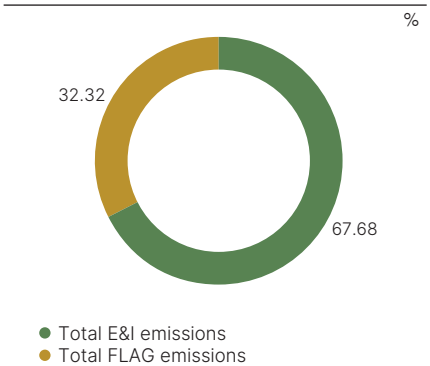
TOTAL GHG EMISSIONS (2023)



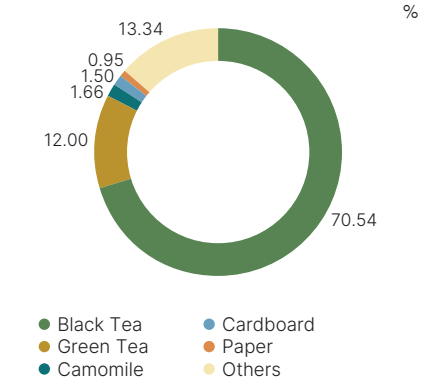
SCOPE 3 BREAKDOWN BY CATEGORY



E&I AND FLAG EMISSIONS

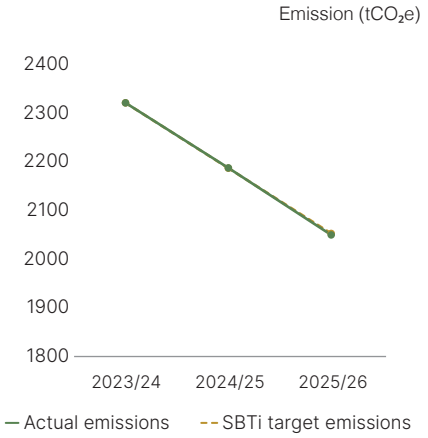


FLAG EMISSIONS BREAKDOWN BY COMMODITY

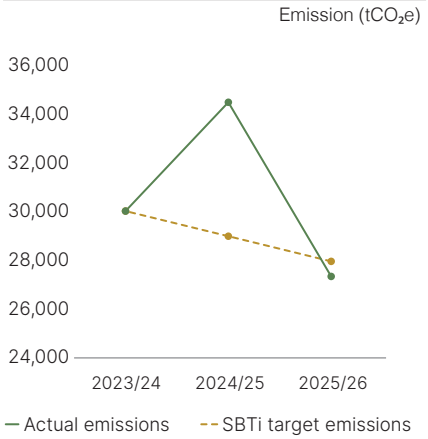


Progress of Target Achievement

SCOPE 1 AND 2 TARGET



SCOPE 3 TARGET



Emissions reduction Initiatives - 2025/26

1 Scope 1

- Electrification of 46% of the Vehicle fleet

2 Scope 2

- Purchasing iRECs worth 700 MWh
- Doubling the Capacity of on-site solar panels

3 Scope 3

- Comprehensive Supplier Analysis for Emission reduction
- Conducted Capacity Building training for Suppliers on GHG calculations
- Introducing 100% biodegradable cotton tea bags

Historical Milestones

2005

Dilmah Launches the Tea Gastronomy Revolution with "Thé Culinaire"

2007

Launch of the Dilmah Exceptional Range of Teas

Dilmah EXCEPTIONAL

2015

Overseas Dilmah t-Lounges

2018

Dilmah Launches the first ever tea concentrate- Elixir of Ceylon Tea

Dilmah Elixir of Ceylon Tea

The total product range of Dilmah becomes Carbon Neutral

Dilmah CARBON NEUTRAL PRODUCT

2019

Dilmah's Natural Infusions wins the Australian consumer award for Product of the Year 2020

VOTED PRODUCT OF THE YEAR Consumer Survey of Product Innovation 2020

WINNER TEA CATEGORY, SURVEY OF 10,000 PEOPL BY NIELSEN

Dilmah is voted by New Zealand as their most trusted tea brand for the 5th year in a row

Highly Commended TRUSTED BRAND 2019 Reader's Digest Tea

2020

Dilmah awarded Most Globally Outreached Brand, Market Diversified Exporter & Contributor to Sustainable Development at the Presidential Export Awards

2021

- Voted one of 'Ten Best Corporate Citizens'
- Best Performance in Environmental Integration Best Performance in Customer Relations
- Best Performance in Demonstrated Resilient Practices for COVID-19
- One of the Winners for Best Projects Sustainability – disABILITY App

Dilmah lauded Best Corporate Citizen Award by the Ceylon Chamber of Commerce

2022

Dilmah launched Iced Tea in Singapore & Malaysia

2023

genesis
Dilmah Centre for a Sustainable Future.

Dilmah launches the Genesis Project as an initiative to promote the importance of Nature-based Solutions (Nbs) with agricultural solutions.

6th-8th May 2023: The 10th Dilmah Global Family Conference was held in Colombo, Sri Lanka with the attendance of Dilmah Partners from across the globe to learn about our latest innovations.

2024

Launch of the Dilmah 85 Reserve; a collection of small batch luxury artisan teas & infusions

In celebration of a 30 year strong partnership with Emirates, Dilmah launched the Elysium Experience which will go forward as an exclusive tea-inspired luxury serenity & mindfulness experience for Emirates First Class passengers

2025

Validated SBTi Near-term and Net-Zero Targets

SCIENCE BASED TARGETS

Launch of the collection of Very Special Rare Teas, elegantly express that art and the fingerprint of nature, and it perfectly aligns with the 21st century notion of conscious, natural luxury.

2026

Dilmah, marked its 40th anniversary in May 2025. The milestone was celebrated in Colombo, where second- and third-generation custodians of the Dilmah legacy stood alongside 350 members of the global Dilmah family to honour the remarkable journey shaped by the Company's founding father and legendary tea maker Merrill J. Fernando.

40 Years of MAKING THE WORLD A BETTER TEA
SINCE 1985
Dilmah

The Year at A Glance

FINANCIAL PERFORMANCE HIGHLIGHTS

REVENUE
Rs. 22,140 Million
↑ 5%
2024/25: **Rs. 21,158 Million**

PAT
Rs. 1,893 Million
↑ 161%
2024/25: **Rs. 726 Million**

NET ASSET VALUE PER SHARE
Rs. 1,173.82
↑ 6%
2024/25: **Rs. 1,105.13**

RETURN ON EQUITY
8.01%
↑ 150%
2024/25: **3.21%**

SHAREHOLDERS' FUNDS
Rs. 24,342 Million
↑ 6%
2024/25: **Rs. 22,917 Million**

EARNINGS PER SHARE
Rs. 91.29
↑ 161%
2024/25: **Rs. 35.00**

CURRENT RATIO
5.66 Times
↑ 9%
2024/25: **5.19 Times**

TOTAL ASSETS
Rs. 30,370 Million
↑ 5%
2024/25: **Rs. 28,900 Million**

IMPACT HIGHLIGHTS

PROPERTY, PLANT AND EQUIPMENT - CUMULATIVE

Rs. 7,437 Million

↑ 3%

2024/25: **Rs. 7,234 Million**

TOTAL EMPLOYEES – PERMANENT

No. 871

↑ 6%

2024/25: **No. 822**

PAYMENTS TO EMPLOYEES

Rs. 2,816 Million

↑ 29%

2024/25: **Rs. 2,177 Million**

RENEWABLE ENERGY GENERATION

482,185 kWh

↑ 92.6%

2024/25: **250,350 kWh**

R&D INVESTMENT

Rs. 91.1 Million

↑ 37%

2024/25: **Rs. 66.5 Million**

INVESTMENT IN TRAINING

Rs. 90 Million

↑ 158%

2024/25: **Rs. 35 Million**

INVESTMENT IN CAPEX - CUMULATIVE

Rs. 8,213 Million

↑ 3%

2024/25: **Rs. 8,005 Million**

GHG EMISSIONS REDUCTION

34,698 MTCO2e

↓ 23%

2024/25: **45,213 MTCO2e**

HIGHEST PERFORMING EQUIPMENT EFFICIENCY

97.2%

↑ 2%

2024/25: **95%**

EMPLOYEE RETENTION RATE

88.5%

↑ 0.5%

2024/25: **88.1%**

NEW PRODUCTS LAUNCHED

No. 49

↑ 40%

2024/25: **No. 35**

PAYMENTS TO SUPPLIERS

Rs. 21,156 Million

↑ 4%

2024/25: **Rs. 20,440 Million**

Performance Highlights

Metric		2025/26	2024/25	Y-O-Y
Financial Performance				
Revenue	Rs. Mn	22,140	21,158	5%
Operating profit	Rs. Mn	2,197	1,451	51%
Profit before tax	Rs. Mn	2,451	1,689	45%
Profit after tax	Rs. Mn	1,893	726	161%
Return on equity	%	8	3.21	150%
Return on capital employed	%	8	3.21	150%
Working Capital Ratios				
Inventory days	Days	68	64	6%
Debtor days	Days	120	113	6%
Payable days	Days	34	34	-1%
Current ratio	Times	5.66	5.19	9%
Quick asset ratio	Times	4.80	4.33	11%
Financial Position				
Total assets	Rs. Mn	30,370	28,900	5%
Total liabilities	Rs. Mn	6,028	5,983	1%
Shareholders' funds	Rs. Mn	24,342	22,917	6%
Non-controlling interest	Rs. Mn	-	-	-
Total debt	Rs. Mn	-	-	-
Shareholder Information				
No. of shares in Issue	Number	20,737,500	20,737,500	0%
Earnings per share	Rs.	91.29	35.00	161%
Dividends per share	Rs.	25.00	20.00	25%
Net asset value per share	Rs.	1,173.82	1,105.13	6%
Closing price	Rs.	1,471.00	1,070.00	37%
Market capitalisation	Rs. Mn	30,505	22,189	37%
P/E ratio	No. of times	16.11	30.57	-47%
Dividend pay out	%	27.39	57.14	-52%
Dividend cover	No. of times	3.65	1.73	111%
Dividend yield	%	1.70	1.87	-9%

Metric		2025/26	2024/25	Y-O-Y
Human Capital				
Total employees – permanent	No.	**871**	822	6%
Payments to employees	Rs. Mn	**2,816**	2,177	29%
New recruits – permanent	No.	**112**	76	47%
Employee retention rate	%	**88.5**	88.1	0.5%
No. of promotions	No.	**75**	83	-10%
Female representation	%	**45.1**	46	-2%
Investment in training	Rs. Mn	**90**	35	158%
Total training hours	Hours	**62,192**	63,021	-1%
Average training hours/employee	Hours	**71.4**	77.6	-7%
Workplace injuries	No.	**Nil**	Nil	Nil
Union representation	%	**N/A**	N/A	N/A
Instances of disruption to work	No.	**Nil**	Nil	Nil
Manufactured Capital				
Investment in capex - Cumulative	Rs. Mn	**8,213**	8,005	3%
Property, plant and equipment - Cumulative	Rs. Mn	**7,437**	7,234	3%
Highest performing equipment efficiency	%	**97.2**	95	2%
Capacity utilisation	%	**57**	59	-3%
Intellectual Capital				
R&D investment	Rs. Mn	**91.1**	66.5	37%
New products launched	No.	**49**	35	40%
Tea standards	No.	**919**	442	108%
Social and Relationship Capital				
No. of distributors	No.	**92**	105	-12%
Payments to suppliers	Rs. Mn	**21,156**	20,440	4%
Proportional spending to local suppliers	Rs. Mn	**14,597**	14,494	1%
Investment in CSR	Rs. Mn	**216**	191	13%
Natural Capital				
Material - tea, flavours & herbs	MT	**5,224**	5,512	-0.2%
Energy consumption	GJ	**22,320**	20,402	9%
Energy intensity	GJ per Bn Rev	**1,015**	972	4%
Water consumption	ML	**41.17**	35.93	15%
Solid waste generation	MT	**309.3**	311.9	-1%
Carbon footprint	tCO2e	**34,698**	45,213	-23%
Spending on environmental initiatives	Rs .Mn	**66**	206	-68%

Awards and Accolades

BCCS Awards 2025

- Winner - Top 10 Corporate Citizen 2025
- Winner – Best Project Sustainability Awards for MJF Charitable Foundation's Empower Culinary and Hospitality School (ECHS)
- Winner – Award for Resilient Practices
- Consistent Commitment and Continuous Improvement Customer Relations

Sustainability Tracker Awards 2025

- Winner - Most Influential Award

TAGS Awards 2025

- Bronze Award – Food and Beverage Sector – Turnover above LKR 15 BN

Dilmah was Voted New Zealand's Most Trusted Tea Brand for the 10th Consecutive year by Reader's Digest

27th Presidential Export Awards - 2024/2025

- Overall Award – Market Diversified Exporter of the Year
- Overall Award - Contribution to Sustainable Development in Exports
- Sectoral Merit Award in the Tea – Large Category

Global Sustainability Awards 2025

- Among the Top 10 Finalists – Net Zero: Supply Chain Decarbonisation

KEY HIGHLIGHTS FOR 2025/26

40 Years of Unbridled Success

Dilmah started as, and remains Ceylon's answer to an industry that took origin for granted. From tea grown, picked, perfected and packed at source, Dilmah Tea carries Sri Lanka's integrity into homes, hotels and lounges across more than 100 countries, proving that success moves hand in hand with authenticity.

Dilmah Tea has evolved from a Sri Lankan promise to a global name, and for 40 years, our brand has burgeoned into the country's finest offering; grown and carried across seas with pride.

Reflections by Chairman & Chief Executive

It is my privilege to present the Annual Report of Dilmah Ceylon Tea Company PLC (DCTC) and its subsidiary, MJF Beverages Pvt Ltd, for the financial year ended 31st March 2026.

Dilhan C. Fernando
Chairman and Chief Executive Officer

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2026 GRI 2-22

It is my privilege to present the Annual Report of Dilmah Ceylon Tea Company PLC (DCTC) and its subsidiary, MJF Beverages (Pvt) Ltd, for the financial year ended 31st March 2026 - a year of rare significance, for it marked four decades since my father first made the Dilmah promise to the world.

FORTY YEARS ON, NO COMPROMISE

Forty years ago, a young and ambitious Ceylonese man from the tiny coastal village, Pallansena, did what no grower of tea, coffee or cocoa had done before: he set out to offer Ceylon Tea - picked, perfected and packed at source - directly to the world. My father, Merrill J. Fernando, did not set out to build a tea brand. He wanted to correct the exploitation of Ceylon Tea and the people and land that produce the world's finest tea. Armed only with his faith in God, an uncompromising belief in quality, and the conviction that business must serve humanity, he fought a colonial economic system for thirty-five years. In September 1985 he prevailed, and Dilmah - named after my brother Malik and I - was born.

That is the context of our celebration of 40 years since my father first launched Dilmah Tea. His simple invitation, 'do try it', continues to resonate amongst customers for its authenticity, respect and simplicity. Four decades on, it remains core to our strategy; Dilmah was not reinvented to manage severe cost pressures in the category, nor to follow short term trends; our innovation has been genuine, offering quality and purity of origin, always framed in the values my father promised when customers accepted his invitation in 1985.

There was something we recast though. We refreshed the Dilmah emblem, elevating my father's image to its very heart, beside a figure representing the artisans to whose welfare he devoted his life. The shield speaks of the faith and courage with which he confronted an exploitative colonial order; a crown honours his love for Sri Lanka; and four quadrants depict the nature, biodiversity, kindness and tea that were his life's devotion. This anniversary is not just a celebration of my father's achievement but also fresh commitment to the mission to which he devoted his life.

RESILIENCE ROOTED IN PURPOSE

Global markets were more challenging than we anticipated this year. Rising inflation, geopolitical conflict, disrupted trade routes and economic fragility in key territories combined to raise costs, delay supply and intensify price competition - conditions in which quality is the first casualty. We met them by focusing on our founding values rather than by retreating from them. Our emphasis on quality was matched with a broader commitment to sustainability across our supply chain, and deepening our kindness to people. A business led by purpose greater than itself is always stronger in adversity. Financial Year 2025/26 tested our purpose and our adaptation to these volatile times has strengthened our resilience.

PERFORMANCE AMID VOLATILITY

Against this backdrop, DCTC delivered a robust performance. Consolidated revenue rose 5% to LKR 22.1 billion, supported by pricing discipline, timely product development, sustained demand for premium teas, and growth across several key territories. Profitability recovered strongly: Profit Before Tax rose to LKR 2.45 billion, from LKR 1.69 billion, while Profit After Tax more than doubled, lifting earnings per share from LKR 35.00 to LKR 91.3. Disciplined cost control, margin optimisation, supply-chain efficiencies and prudent currency management, aided by favourable exchange-rate movements, together protected and grew earnings. In recognition, the Board has recommended an increased dividend of LKR 25.00 per share (2024/25: LKR 20.00). The Group's financial position remains sound, with total assets of close to LKR 30 billion and shareholders' funds of approximately LKR 24 billion - strength that allows us to invest through the cycle.

INVESTING IN PREMIUMISATION AND THE BRAND

In spite of the likelihood of growing volatility, we chose to invest in premiumising the Dilmah brand. Selling and distribution expenditure rose 21% -an investment in connecting with new consumers and strengthening the long-term equity of the Dilmah brand. As consumers seek provenance, craft and meaning in what they consume, we are positioning Dilmah firmly around the genuine distinctiveness of the brand in a commoditised category. Our international distributor and partner conference brought the global Dilmah Family together to align on brand standards and the next phase of our growth. Through the Dilmah School of Tea we continued to educate partners, sommeliers, hospitality professionals and consumers in the art and science of real tea - building an advocacy that no advertising can buy - while our t-Lounge concept and our gastronomy and tea-pairing programmes reinforced tea as a refined, conscious pleasure.

INNOVATION AND DIGITAL

Our innovation is built on the distinctiveness of Dilmah. The tea category globally has seen frivolous directions which have failed to strengthen the core black tea proposition. As a business with a firm commitment to quality, authenticity and both people and nature, our direction

is fundamentally different. A strong pipeline of new products connects us with a generation that values natural wellness and experience, from antioxidant, adaptogenic and immunity-supporting teas to specialty and artisanal offerings.

Our research & development in compostable and sustainable packaging advanced further, reducing our environmental footprint while preserving the taste and goodness of our teas and herbs. Digitally, we scaled our e-commerce and direct-to-consumer channels, opening more personal, data-led relationships with consumers — particularly younger ones who expect both authenticity and responsibility — and sharpened demand planning and engagement through data and analytics. We also carried digitalisation deeper into our value chain, consolidating estate-level environmental and operational data centrally and developing a digital supplier ESG-tracking system to strengthen traceability across our supply base.

RECOGNITION

Dilmah was once again recognised internationally for its brand leadership and integrity. We retained our place as New Zealand's Most Trusted Tea Brand for the tenth consecutive year, and at home Dilmah was honoured at the Presidential Export Awards for its contribution to the national export economy. Earned consistently across very different markets, such recognition reflects the trust consumers place in a brand that has never compromised on its founding values.

SERVING HUMANITY — THE MJF CHARITABLE FOUNDATION

In keeping with my father's pledge that business must be a matter of human service, we again directed a minimum of 15% of pre-tax profits to uplifting less fortunate people and protecting nature. During the year more than LKR 376 million was invested through the MJF Charitable Foundation across its five pillars — though the truer measure of this work lies not in rupees disbursed, but in lives changed.

In education, we touched the lives of 1,900 children and youth through special education and accredited vocational training, including the Empower Culinary School and Empower ICT. For children with disability, 745 children and their families were supported through our Rainbow Centres, with a focus on ability, specialised paediatric therapy and inclusive integration, in academic collaboration with the Faculty of Medicine, University of Colombo.

Within tea and cinnamon communities, an estimated 45,000 lives were touched through nutrition and welfare — 82 child development centres supported, scholarships awarded, worker housing built, and over 1,200 ergonomic plucking baskets distributed to ease the daily work of our people. 156 entrepreneurs were nurtured through our Small Entrepreneur Programmes and 'People's Markets'. In healthcare, we strengthened life-saving care for as many as half a million people — adopting seven Suwa Seriya 1990 ambulances and three non-emergency patient-transport ambulances with the Cyril Dharmawardana Foundation — while our cervical-cancer screening drive mobilised over 30,000 HPV DNA test kits, of which more than 17,000 were donated by the Foundation; some 24,300 women were screened and around 1,900 referred for early, potentially life-saving treatment.

When Cyclone Ditwah struck, we responded. Through our 'Stronger Together' relief effort we invested over LKR 37 million to provide cooked meals and dry rations, rebuild damaged staff homes, and deliver school books, bags and shoes to 4,750 children whose education had been disrupted — a reminder that our commitment to community matters most when times are hardest.

KINDNESS TO NATURE — DILMAH CONSERVATION

The environment, my father believed, is an irrevocable part of human welfare. Through Dilmah Conservation we deepened our environmental work in biodiversity, climate resilience, education and advocacy, reaching 7,984 direct beneficiaries — a 68% increase — through 199 events. At the Endane Biodiversity Corridor, our flagship restoration adjoining the Sinharaja ecosystem, 40 hectares of degraded tea land were restored at an 85% survival rate, conserving 115 globally threatened plant species and more than 200 animal species. New scientific ground was opened through leopard monitoring, eco-friendly pest control using insectivorous bats, and blue-carbon assessments of our mangroves and seagrasses. This work was crowned by the landmark publication 'Additions to the Flora of Ceylon', describing 210 plant species and revealing 150 new to science — hailed as the most significant Sri Lankan biodiversity milestone in a century. On climate, we expanded urban greening through the community-led Grey 2 Green initiative with the UN Global Compact, established a 300-tree QR-tagged Urban Arboretum, and generated clean hydro and solar power across our estates, reinforcing Dilmah's standing as a carbon-neutral product.

SUSTAINABILITY AND ESG LEADERSHIP

This year we formalised our sustainability leadership. We began local implementation of SLFRS S1 and S2 with external assurance - the

disclosure standards now required of Sri Lanka's first 100 listed entities — and put in place a dedicated ESG governance structure, comprising of a Sustainability Board Committee that I chair, supported by an Sustainability Executive Committee. We set clear 2030 decarbonisation targets, headlined by a 41% absolute reduction in Scope 1 and 2 emissions and a 25% reduction in Scope 3 from a 2023 baseline. Early progress is already evident combined reductions of 11.8% in Scope 1 and Scope 2 emissions and 8.9% in Scope 3 emissions keeping us on track with our Science Based Targets initiative commitments. For Dilmah, ESG is not an obligation imposed from outside; it is the measurable expression of values we have held for forty years.

RISKS AND REALITIES

The global tea industry remains challenging. Cost escalation and weak control of food inflation in some markets have intensified discount pressure, and too many tea companies have yielded to it. Our teas carry within them the livelihoods of workers, the biodiversity of our country, and the promise my father made — which makes any compromise on quality impossible. In several traditional markets, changing demographics have reduced volumes while commoditisation continues to erode prices and margins, and global warming remains among the gravest long-term threats to the crop and the communities who depend on it.

BUILDING A GLOBAL BRAND FROM SRI LANKA

Building a Sri Lankan brand into a genuinely global one is among the most valuable things a local enterprise can do for our country. It earns sustained foreign exchange, commands a premium for Sri Lankan produce, and carries our nation's name with pride into more than 100 markets. Yet it demands significant, sustained investment in marketing and market development overseas — the very engine of export value.

It is therefore a matter of real concern that some regulatory interpretations continue to apply the law narrowly, and at times out of context, even where the Ministry of Finance has clarified its intent. Where the building of an international brand is not understood, the very expenditure that creates export earnings can be treated as something to be discouraged. Ultimately it is the country that stands to lose — in forgone foreign exchange, in diminished competitiveness, and in the risk that value-creating businesses relocate to jurisdictions that encourage growth. I raise this in the hope that policy and its administration will align around a shared national objective: enabling Sri Lankan brands to compete, and win, on the world stage.

OUTLOOK

We remain confident in the strength and relevance of Dilmah's proposition. We will continue to expand our functional wellness, specialty and premium teas; deepen engagement through personalised digital platforms; invest in production efficiency and sustainable innovation; advance our science-based sustainability commitments; strengthen leadership across our global organisation; and advocate for responsible industry reform and improved national competitiveness. The operating environment will remain turbulent, but our unique proposition, disciplined stewardship and purpose give us a foundation for sustainable, long-term growth.

APPRECIATION

It is with deep sadness that we record the passing of Mr. Rajan Asirwatham on 12 December 2025 after serving the Dilmah board for over 18 years. His contributions to the governance, strategic direction, and stewardship of the Company over those years are remembered by me and his fellow Directors with deep respect and gratitude. On behalf of the Board, I extend our heartfelt condolences to his family and loved ones, as we pay tribute to his dedicated service to the Company.

I record my deepest appreciation to our partners and team members — the Dilmah Global Family — for their dedication to our cause, and to our airline, hospitality and retail partners, and above all to the consumers who, for forty years, have accepted my father's invitation to 'do try it'. My sincere thanks to my colleagues on the Board for their guidance and wise counsel through another demanding year, and to our shareholders for their continued confidence as we remain firmly anchored in our founding values. I remain forever indebted to my father, Merrill J. Fernando, whose faith, humility, devotion and courage gave us both a firm foundation and a cause worth serving.

As we mark forty years of Dilmah, we refresh our commitment to making business a matter of human service, and to ensuring that Dilmah remains a standard-bearer for ethical and sustainable enterprise. The Taste, Goodness and Kindness that are our reason for being are more important for Sri Lanka and the world now than ever before.

Dilhan C. Fernando
Chairman & Chief Executive Officer
Dilmah Ceylon Tea Company PLC

Board of Directors

GRI 2-9

MR. DILHAN C. FERNANDO
Executive Director - Chief Executive Officer/ Chairman

MR. HIMENDRA S. RANAWEERA
Executive Director/Deputy Chairman

MR. MALIK J. FERNANDO
Executive Director

MR. ROSHAN C. TISSAARATCHY
Executive Director

MR. DARSHANA GUNASEKERA
Executive Director

MS. MINETTE D. A. PERERA
Non-Executive Director

MR. JOHN M. LO
Non-Executive, Independent Director

DR. RAVINDRA A. FERNANDO
Non-Executive, Independent Director

MR. ANIL LASANTHA NAOMAL DIAS
Non-Executive, Independent Director

MR. DILHAN C. FERNANDO
Executive Director/Chief Executive Officer/ Chairman

Appointed to the Board in September 1991

Mr. Dilhan C. Fernando is the younger son of late Merrill J. Fernando and is the Chairman to the Board of Dilmah Ceylon Tea Company PLC being so elected on 31.07.2023 according to the wishes of his father Late Merrill J. Fernando to carry forward his legacy. He was appointed to the Board of Dilmah Ceylon Tea Company PLC (formerly Ceylon Tea Services PLC) in September 1991 as an Executive Director. He is also co-chair of MJF Holdings Pvt Ltd.

Area of expertise: Board Leadership, Tea Master, Governance the Sustainability, Operational Leadership.

Education: Mr. Fernando had his secondary education at Stonyhurst College, England and graduated from the London School of Economics with a BSc (Hons) in Economics. He joined the MJF Group as a Management Trainee nearly 30 years ago. He was appointed as an Adjunct Professor of Practice for the School of Business & Law at the Edith Cowan University in Australia.

Other appointments: Dilhan is an Adjunct Professor of Practice in Sustainability at Edith Cowan University's School of Business and Law, Australia, and Chairman of Biodiversity Sri Lanka Platform which was pioneered by Dilmah Conservation together with the Ceylon Chamber of Commerce and IUCN (International Union for Conservation of Nature). Dilhan Chairs the United Nations Global Compact in Sri Lanka, a corporate sustainability initiative by the UN. In 2025, Edith Cowan University further recognised his leadership in ethical business and sustainability by awarding him the Honorary Doctor of Business, Honoris Causa. Mr. Fernando is also the Chairman of Kahawatte Plantations PLC, a non executive independent director of Aitken Spence Plantation Management PLC, Cargo Boat Development Company PLC, and holds directorship in several other Private Limited Companies both nationally and internationally

MR. HIMENDRA S. RANAWEERA
Executive Director/Deputy Chairman

Appointed to the Board in April 1998

Mr. Himendra S. Ranaweera has been working with the MJF Group of Companies for the past 30 years and is its Deputy Chairman. Mr. Ranaweera has over 40 years of experience in Operations Management, in Sri Lanka and overseas.

He currently also heads and oversees the day today management of several key departments including Quality Assurance, Human Resource, Engineering, Research and Development, New Product Development, FTD, Production and General Management.

Areas of Expertise: Board Leadership, Operational Leadership, Manufacturing and Engineering, Human Resource Management, Plantation Management.

Other appointments: Holds directorship in several other Non-Listed Companies within the MJF Group.

MR. MALIK J. FERNANDO
Executive Director

Appointed to the Board in September 1991

Mr. Malik J Fernando is Co-Chair of MJF Holdings Ltd, the ultimate parent company of Dilmah Ceylon Tea, and a Director of Dilmah Ceylon Tea PLC. The son of founder Merrill J. Fernando, he joined the business following his graduation with Honours in Business Management and Entrepreneurship from Babson College, USA, and spent over two decades contributing to Dilmah's growth across production, branding, quality assurance and international markets.

Beyond tea, Mr. Malik is the Founder of Resplendent Ceylon, Sri Lanka's leading experiential luxury hospitality brand. Drawing directly on the world of Ceylon tea, his first venture — Ceylon Tea Trails — was the world's first resort set on working tea estates and became Sri Lanka's inaugural member of Relais & Chateaux, the global fellowship of outstanding independent hotels and restaurants. He went on to develop Cape Weligama and Wild Coast Tented Lodge, completing a celebrated "tea, sea and safari" circuit that is now regarded as a defining luxury travel experience in Sri Lanka. The three properties remain the only Sri Lankan members of the Relais & Chateaux fellowship. At the inaugural Michelin Keys Awards for Hotels, the collection was recognised with six Michelin Keys across the portfolio — three for Ceylon Tea Trails, two for Wild Coast Tented Lodge and one for Cape Weligama. Ceylon Tea Trails and Cape Weligama have both featured on the Conde Nast Traveller Gold List. In June of this year Cape Weligama became the first property in Sri Lanka to achieve the Conde Nast Traveller Triple Crown-recognised in the Hot List, the Readers' Choice Awards, and the Gold List. Three of the most respected accolades in Global Travel.

Mr. Malik is also the Founder of the Sri Lanka Tourism Alliance, recognised by Skift as a global case study in private-sector crisis response, and serves as Chair of the Pekoe Trail, Sri Lanka's first long-distance walking trail across the Central Highlands, named one of

Board of Directors

National Geographic's Top 20 Travel Adventures of 2024.

Areas of expertise: Board leadership, Tea industry, Business Strategy, Ethical Business, Luxury Tourism, Information Technology

Education: B. Sc in Business Management from Babson College, Boston USA.

Other appointments: Mr. Fernando is also a non-executive director of Elpitiya Plantations PLC, Kahawatte Plantations PLC, Printcare Ceylon PLC, Thalawakelle Tea Estates PLC and also holds directorships in several other Private Companies both locally and internationally.

MR. ROSHAN C. TISSAARATCHY
Executive Director

Appointed to the Board in April 2005

Mr. Tissaaratchy has completed over 28 years of leading the Dilmah's Marketing Team. He currently also heads and oversees the day today management of several key departments including International Marketing, Local Marketing, Tea, Logistics, Dilmah Food and Beverage.

Areas of expertise: Tea industry, Global Marketing, International Sales and Business Development, Strategic Planning, Managing cross-border partnerships, Negotiation and alliance development, Creative direction and Strategy

Education: An Arts graduate of the University of Colombo, Sri Lanka and a Fellow of the Chartered Institute of Marketing, UK. MBA in General Management from the University of Sri Jayewardenepura.

Other appointments: He also holds directorship in MJF Beverages Pvt Ltd and MJF Exports Pvt Ltd within the MJF Group.

MR. J. DARSHANA N. GUNASEKERA
Executive Director

Appointed to the Board in October 2020

Mr. Darshana Gunasekera currently serves as the Group Finance Director of the MJF Group and as an Executive Director of Dilmah Ceylon Tea Company PLC, having joined the Group as Chief Financial Officer of Dilmah Ceylon Tea Company PLC in 2015.

A seasoned finance and business leader with over 25 years of cross-sector experience having held senior leadership roles across FMCG, Manufacturing, Tea, Leisure, plantations, renewable energy, apparel, financial services, and international shared services.

He also maintains a strategic interest in a purpose-driven start-up in the circular economy space, where he contributes to shaping its sustainability agenda, ESG integration, and long-term value creation. In addition, Mr. Gunasekera currently chairs the Integrity and Ethics Committee of the International Chamber of Commerce, Sri Lanka (ICC SL), and serves on its Executive Committee on Policy Advocacy, actively promoting ethical business conduct and sound corporate governance.

Areas of expertise: Financial strategy, corporate finance, business transformation, investor relations, supply chain finance, information technology and general management.

Education:
Fellow of CIMA (UK), ACCA (UK), a CGMA of the American Institute of Certified Public Accountants (AICPA).

BSc in Physical Science from the University of Sri Jayewardenepura.

Postgraduate Diploma in Marketing from CIM (UK).

Member of the Sri Lankan Institute of Directors (SLID).

Other appointments: Mr. Gunasekera serves on the boards of several other listed public companies, including Kahawatte Plantations PLC, Bank of Ceylon and Thalawakelle Tea Estates PLC, and holds directorships in a number of private companies both in Sri Lanka and internationally.

MS. MINETTE D. A. PERERA
Non-Executive Director

Appointed to the Board in September 2000

After serving the Company as the Group Finance Director for over 12 years, Ms. Perera retired from her post on 31st March 2013. During the period of her employment with the MJF Group, she was also appointed a Director of several companies within the MJF Group of Companies, including MJF Holdings Limited.

Ms. Perera has over 40 years of working experience in Financial Management having worked in leading local and international companies as the CFO and Finance Director.

Areas of expertise: Financial strategy, corporate finance, investor relations, supply chain finance, and general management.

Education: Fellow member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Association of Chartered Certified Accountants of UK. Also a Registered Company Secretary.

Other appointments: Non-Executive Independent Director of Janashakthi PLC., Non-Executive Director of Kahawatte Plantations PLC, First Capital Treasuries PLC and Elpitiya Plantations PLC. She was appointed as a Director of MJF Corporate Services Pvt Ltd, which is the corporate secretarial arm of the MJF Group, on 07th January 2025. She holds directorships in several other unlisted Companies.

MR. RAJANAYAGAM N. ASIRWATHAM
Non-Executive Director

Appointed to the Board in September 2008 till 12th December 2025

Mr. Asirwatham was a Non-Executive Director of the Company until his demise on 12th December 2025 having been appointed to the Board in 2008. During his lifetime Mr. Asirwatham served as a Senior Partner and Country Head of KPMG from 2001 to 2008 and as the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism. He was also a member of the Presidential Commission on Taxation, appointed by His Excellency the President of Sri Lank and was a member of the Board of Trustees of the Lakshman Kadirgamar Institute of Strategic Studies.

On the 3rd of October 2023 he was conferred the Lifetime Achievement Award 2023 by the Council of The Institute of Chartered Accountants of Sri Lanka in recognition and honour of his outstanding contribution to the accounting profession and society.

Areas of expertise: Financial strategy, corporate finance, investor relations and supply chain finance.

Education: Fellow member of the Institute of Chartered Accountants of Sri Lanka.

Other appointments: At the time of his demised he was a non-executive independent Director of Aitken Spence Hotel Holdings PLC, Browns Beach Hotels PLC and several other companies.

MR. JOHN M. LO
Non Executive, Independent Director (Senior Independent Director)

Date of appointment to the Board: in November 2022

Mr. Lo is an Investment Professional Consultant whose experience spans over 30 years. Mr. John Lo started his career at Fidelity International Limited (FIL) where he worked in London, Hong Kong and Singapore offices. He was a Portfolio Manager for global institutional clients, including sovereign wealth funds, national postal services, corporate pension funds, and wealth managers. These clients entrusted him to construct portfolios with the mandate to invest in the Asia Pacific region. Mr. Lo has invested across a broad spectrum of sectors, including consumer, franchises and brands space due to his grounding as the Country Head for Malaysia and the consumer and gaming analyst in his early career. At the peak, accounts under his direct management amounted to US$7 billion. In addition to his role as Portfolio Manager, Mr. John Lo was also Head of Equity in Singapore, and responsible for establishing FIL's investment office in Singapore in 2005. He grew and nurtured the team to become the global hub that it is for the firm today.

Post his pivot from FIL in 2019, he continues to invest his resources in design, branding, film production and property development, housed under his umbrella concept, Elysiüm. Mr. John Lo is also advisor to a number of companies including Patience Capital Group, a private equity company specialising in Japanese real estate.

Areas of expertise: Financial strategy, corporate finance, investor relations

Education: BSc (Hons) degree in Accountancy from Stonyhurst College, UK. MBA with distinction from the Manchester Business School.

Other appointments: None in Sri Lanka.

DR. RAVINDRA A. FERNANDO
Non-Executive, Independent Director

Appointment to the Board in February 2022

Mr. Fernando is an Alumni of the University of Cambridge. He completed the Advanced Management Programme at the INSEAD Business School (France) and is an INSEAD Executive in Residence since 2010. He has been a Member of the Board of Study at the Postgraduate Institute of Management (PIM) since March 2023 and is currently serving as a Visiting Faculty member.

In April 2020, he created the '21st Century Board Leadership Model MasterClass'© for the Institute of Directors of Luxembourg. In February

2023 he published '21st Century Leadership to Fight the Code Red for Business' (Archway Publishing USA). His career with Multinationals spanned 1981-2007 with Unilever, Reckitt Benckiser, Smithkline Beecham International covering Africa, Middle East and Asia.

He was the first CEO of the Sri Lanka Institute of Nanotechnology 2008-2011 and Operations Director of the Malaysia Blue Ocean Strategy Institute 2011-2016. He was the first UN Global Compact Focal point 2007 and set up the UNGC Network Sri Lanka Sri Lanka Network.

In 2007 "Global Strategy Leadership award" was presented to him by Professor Renee Mauborgne of INSEAD at the World Strategy summit.

Areas of expertise: Sustainability Strategy, Brand Marketing and FMCG International business

Education: Alumni of the Cambridge University having completed both a Post Graduate Certificate in Sustainable Business in 2008 and Master of Studies in Sustainability Leadership in 2014.

MBA from the University of Colombo.

Chartered Marketer and a Fellow of the Chartered Institute of Marketing (CIM UK)

Doctor of Business Administration Degree from the European Business School in 2016

He completed his Advanced Management Program at the INSEAD Business School (France) and is an INSEAD Executive in Residence in the Sustainability initiative since 2010.

Other appointments:
He holds directorships in Melsta Corp, DCSL (Distilleries Corp. of Sri Lanka) Aitken Spence PLC, Elpitiya Plantations PLC, Aitken Spence Hotel Holdings PLC, Balangoda Plantations PLC, UN Global Compact, Global Strategic Corporate Sustainability Pvt Ltd, Ceylon Graphene Technologies Ltd and Ceylon Asset Management Ltd.

MR. ANIL LASANTHA NAOMAL DIAS

Non-Executive, Independent Director

Date of appointment to the Board: in January 2025

Mr. Dias is an experienced finance professional with over 40 years of experience in senior finance, general management and business transformation roles with global responsibilities. Much of his career was with Coats PLC of the UK, a FTSE 250 company with a wide global footprint and the world leader in industrial sewing threads. Prior to joining Coats Mr. Dias was the head of Finance at Associated Battery Manufacturers (Ceylon) Ltd, the manufacturer of market leading automobile batteries in Sri Lanka. While with Coats Mr. Dias undertook country general management, Regional and Global Finance roles, including Chief Financial Officer of the Global Industrial Division. In these positions he has served on multiple country Boards and on the Group Risk Management Committee. He was a member of senior global leadership teams, participating in defining and executing Group strategy. Mr. Dias also led a global Finance Transformation program to support a fundamental restructuring of the business. This involved process redesign and automation using innovative digital solutions to transform the Finance operating model. This included directly managing a leading third-party service provider to whom financial transaction processing was outsourced. Mr. Dias is presently Chairman of the board of a not-for-profit organisation engaged in rural poverty alleviation in Sri Lanka, involving micro-credit lending, and empowering small scale dairy farming and fishing communities.

Areas of expertise: Strategic Management, Financial Management, Auditing, Risk Management, Business Process Re-engineering, Change Management

Education: a Fellow Member of the Chartered Institute of Management Accountants, of the UK. Master's Degree in Business Administration from the Postgraduate Institute of Management of the University of Sri Jayewardenepura.

Other appointments: Independent Non-Executive Director of Mercantile Investments and Finance PLC and Y-Gro (Pvt) Ltd.

Management Team

Vajira Karunathilaka
Director - Quality

R N Malinga
Chief Financial Officer

Suren P Atukorale
General Manager - International Food Services

Menura Ratnayake
Head of Tea Department

Carmelene Jayasinghe
General Manager - NPD & Supply Chain

Sumeda Jayasundara
General Manager - Dilmah Beverages

Orshadi Perera
General Manager - Dilmah F&B

Vijitha Paiva
Head of Logistics

Manisha Rajanayake
Chief Financial Strategy Officer

Gayan Thilakarathne
General Manager - Group Human Resources

Darshana Alahakoon
General Manager - Group Engineering Services

Priyankara Perera
Group Head of IT

Jerome Auvity
Head of Brand Experience

Rajitha Bandara
Head of Manufacturing Excellence

Rukshan Wickramarachchi
General Manager - Commercial Strategy, Operations & Planning

Management Team

Milinda Verage
Head of Design

Rupika Chandani
Head of System Certification and Compliance

Ramesh Fernando
Head of Quality Assurance and Process Improvement

Spencer Manuelpillai
Manager - Events & PR

Rizwan M. Mohinudeen
Senior Manager - ICT Operations

S Kamalanathan
General Manager - MJFCF

Gamini Mohottala
Manager - Laboratory

Ruwini Kaggoda Arachchy
Senior Manager - Legal

Ravindra Mahavithana
Manager - Transport

Rishan Sampath
Manager - Conservation and Sustainability

Abdush Shakoor
Manager - Engineering

Asela Amarasekara
Manager - Production

Sesamy Malwenna
Head of Brands

Vishaka Dayani
Head of Risk and Compliance

Prasanna Sandaruwan
Manager - Security

Dhanarakshan Shadagopan
Head of E-Commerce

Yashodha Sooryakeerthi
Head of Digital Marketing

STRATEGY REPORT

40 Years of Creative Enterprise

At Dilmah, our enterprise is seen in how we renew our origin without abandoning it. The same conviction that brought Ceylon tea to the fore, now shapes strategic avenues of growth where product innovation, artisan knowledge and market development turn Sri Lanka's natural abundance into a stronger, more purposeful future.

Dilmah's tea story is one where Ceylon value is captured in a product with a binding promise of quality, kindness and care; Dilmah's tea offering is grown, harvested and handcrafted to fit the essence of Sri Lanka in every package.

Value Creation & Preservation Model

INPUTS

Financial Capital

- Shareholder Funds: **Rs. 24,343 MN**

Manufactured Capital

- Investment in CAPEX: **Rs. 8,213 Mn**

Intellectual Capital

- Allocated for R&D: **Rs. 91.1 Mn**
- Spectrum of product, packaging & culinary innovations

VALUE DELIVERED

Financial Capital

- Shareholder PAT **Rs. 1,893 Mn**

Manufactured Capital

- Tea **5,224 Mt**
- Improved Efficiency ensuring **100%** Delivery in Full on Time (DIFOT)

Intellectual Capital

- Launched **49** new variants across **07** product ranges
- Over **900** Tea Standards and over **3,000** products

VALUE CREATION PROCESS

1 TEA STANDARDS
Formulated by our globally renowned tea experts and approved by the Chairman, our unique Tea Standards define the elevation, region, and quantity of teas to be procure

2 GRADING AND TASTING
Selection based on samples obtained from plantations/brokers to meet company standards. Evaluate 10,000- 12,000 samples weekly

3 SOURCING
Procuring tea, herbs, spices, flavours and packing materials

4 COLLECTION, STORAGE, CLEANING & BULKING
Cleaning and Bulking of the fresh stock in hand to expected consumption levels of the relevant blends

OUTCOMES

Financial Capital

- Financial stability and growth

Manufactured Capital

- State-of-the-art manufacturing facilities
- Technological enhancements with advanced manufacturing technology

Intellectual Capital

- A product that is ethically, responsibly and safely manufactured
- A vertically integrated tea brand (from tea plant to tea cup)

IMPACT

Financial Capital

- Robust NAV per share **Rs. 1,172**

Manufactured Capital

- Customer Satisfaction and improved process efficiency, minimising the defects rate

Intellectual Capital

- Most globally outreached **Sri Lankan Brand**

SDGs

Human Capital

- **871** of employees with skills, values and industry experience
- **Rs. 90 Mn** allocated for Trainings
- No. of Promotions: **75**

- Employee Value Created: **Rs. 2,816 Mn**
- **62,192** Training Hours

Social & Relationship Capital

- Dedicated philanthropic arm: MJF Charitable Foundation
- Marketing tools to promote tea as an experience

- **Rs. 216 Mn** invested in community engagement initiatives
- Developed unique and innovative Customer engagement tools

Natural Capital

- Dedicated environment arm: Dilmah Conservation
- Renewable energy, water and other natural resources
- **Rs. 12.7 Mn** invested for electrified transport fleet

- **18** Research Projects conducted on Climate Change & Biodiversity
- Electrified the transport fleet by replacing **23** rented vehicles with EVs

5 QUALITY ASSURANCE & COMPLIANCE REQUIREMENTS

Ensuring consistent product quality, food safety, and regulatory compliance to safeguard Dilmah's brand integrity, consumer trust, and long-term value creation

6 PRODUCTION AND PACKAGING

Based on the confirmed orders in i-store, production will take place using our high-tech packaging machines

7 MARKETING AND DISTRIBUTING

Marketing and Distribution to over 100 countries through agents/ distributors and also via online sales

Human Capital

- Over **51%** of the total workforce with more than **5** years of service
- Talented, committed and empowered human capital

- **88.5%** of Retention Rate
- Loyal workforce Joint Consultative Committee at all employee level in-place

Social & Relationship Capital

- Empowered community
- Strengthened supply chain

- Over **552,000** of beneficiaries on community engagement
- The World's **1st** Consumer and hospitality tea school- Dilmah School of Tea with **5000+** Ambassadors

Natural Capital

- **482,185 kWh** of Solar energy generation
- **87%** of the Total Waste is Recycled, Reused or Repurposed
- EV fleet - **125 $MTCO_2e$** emissions reduction.

- One of the most Environmentally integrated tea brands of the World
- Over **7,400** beneficiaries influenced on Environmental conservation including other businesses

Stakeholder Engagement

GRI 2-29

Stakeholder engagement has been a defining principle of Dilmah's journey since its inception. From the very beginning, Founder Merrill J. Fernando believed that business success should be measured not only by commercial performance but also by the value created for all those connected to the enterprise. It is this philosophy that continues to shape the Company's approach to fostering meaningful stakeholder relationships built on trust and mutual respect. The relationships nurtured over the years have played a vital role in shaping the evolution of the business, providing valuable insights, perspectives, and feedback that have strengthened the Company's resilience, sharpened its strategic focus, and guided its response to emerging opportunities and challenges.

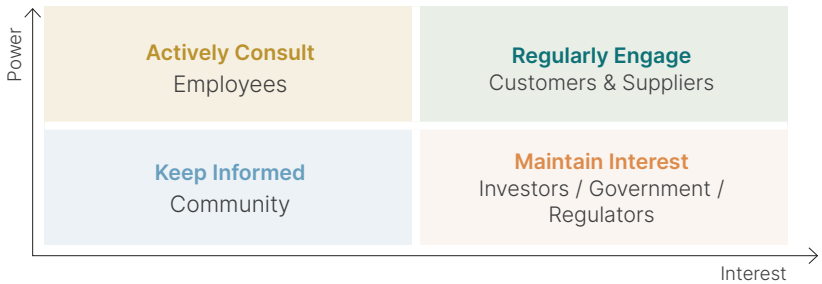
Four decades later, as Dilmah celebrates its 40th anniversary, stakeholder engagement remains deeply embedded within the Company's culture and decision-making processes. As the business has matured, stakeholder engagement has evolved from a founding philosophy into a strategic capability that informs governance, sustainability, innovation, and value creation. It has enabled the Company to better understand changing consumer preferences, strengthen partnerships across its value chain, support employee development, respond to societal expectations, and advance its environmental and social commitments. Equally importantly, these engagements have fostered trust, strengthened accountability, and helped preserve the authenticity, integrity, and purpose that distinguish the brand globally.

Today, stakeholder engagement continues to serve as a vital bridge between Dilmah's purpose and its long-term aspirations. As the Company looks ahead to the next chapter of its journey, it remains committed to listening, learning, and working collaboratively with stakeholders to ensure that the values upon which the business was founded continue to guide its growth, sustainability, and positive impact for generations to come.

Stakeholder Engagement Process

1. **Identify stakeholders** Based on their level of influence, interest, and impact on Dilmah's operations
2. **Define engagement objectives** Clarify the level of engagement based on the power/ interest grid
3. **Select engagement methods** Choose appropriate methods based on stakeholder type and priority
4. **Develop engagement plan** Create a structured plan detailing timelines, responsible teams, resources, and communication channels
5. **Engage stakeholders** Carry out the planned activities, ensuring open, transparent, and respectful two-way communication
6. **Document feedback and outcomes** Record insights, concerns, and suggestions gathered through engagement activities
7. **Integrate into decision-making** Use stakeholder input to inform materiality assessments, strategy, policies, or project design
8. **Report back and close the loop** Communicate back to stakeholders on how their input was considered and what actions were taken
9. **Review and improve the process** Regularly assess the effectiveness of stakeholder engagement efforts and refine the process for continuous improvement

- Shareholders/Investors
- Suppliers
- Employees
- Government/Regulators
- Customers
- Community & Environment



EMPLOYEES

Dilmah's team of 871 employees responsible for driving the Company's strategy and operations

Importance to Dilmah
HIGH

Strength of Relationship
★★★★★

Engagement Mechanisms and Frequency of Engagement	Key Concerns Raised	Connected Material Matters	Value Created	Further Reading	Further Reading
♣ Open-door policy (ongoing) ♣ Annual performance reviews (Biannual) ♣ Meetings and internal mailers (ongoing) ♣ Awareness campaigns (ongoing) ♣ Sports and cultural activities (ongoing)	♣ Remuneration ♣ Opportunities for skill and career progression ♣ Job security ♣ Equal opportunities	♣ Managing our People ♣ Health and safety	♣ 75 employees promoted ♣ 62,192 hours of training	Human Capital - page 158	Foster a safe, inclusive and growth-oriented workplace where every employee has access to continuous learning, fair treatment and an open voice in decisions

CUSTOMERS

Comprising global distributors, agents, end-customers and the HORECA channel

Importance to Dilmah
CRITICAL

Strength of Relationship
★★★★★

Engagement Mechanisms and Frequency of Engagement	Key Concerns Raised	Connected Material Matters	Value Created	Further Reading	Further Reading
♣ One-to-one interactions (ongoing) ♣ Customer Service and relationship management teams (ongoing) ♣ Roadshows, events and exhibitions (as needed) ♣ Mailers & Newsletters (ongoing) ♣ Promotional Campaigns (as needed) ♣ Social Media (continuous and ongoing) ♣ Corporate Website (continuous and ongoing)	♣ Product quality and Food safety Product affordability ♣ Compliance to relevant regulations Ease of transactions ♣ Ethical Production Environmental sustainability	♣ Innovation ♣ Customer satisfaction ♣ Product responsibility ♣ Manufacturing Capabilities ♣ Information System & Cybersecurity ♣ Managing our distribution network ♣ Geopolitical conditions in buying markets ♣ Managing our supply chain ♣ Environmental & socio-economic compliance ♣ Health and safety	♣ 49 new products ♣ Global product availability ♣ Online channels ♣ ZERO incidents concerning the health and safety of products ♣ ZERO incidents concerning non-compliance of product and service information and labelling ♣ 89% of NPS score	Intellectual Capital - page 141 Social & Relationship Capital - page 188	Deepen trust by consistently delivering quality, transparency on sourcing and sustainability, and responsive engagement that keeps customer expectations at the centre of product and service decisions.

Stakeholder Engagement

SHAREHOLDERS / INVESTORS

Consisting of consists of 1,224 individual shareholders and 60 institutional shareholders

Importance to Dilmah MODERATE

Strength of Relationship ★★★★☆

Engagement Mechanisms and Frequency of Engagement	Key Concerns Raised	Connected Material Matters	Value Created	Further Reading	Further Reading
♣ Annual General Meeting Publication of quarterly accounts Press releases (ongoing) ♣ Annual Report ♣ Extraordinary General Meetings (as needed) ♣ Interim Financial Statements (quarterly) ♣ CSE Announcements (as needed) ♣ Press Conferences / Press Releases (as needed) ♣ Corporate Website (continuous and ongoing)	♣ Sustained Shareholder returns ♣ Strategic aspirations ♣ Prudent risk management Corporate governance practices ♣ Ethical business practices ♣ Corporate reputation and brand ♣ Transparency and credibility of disclosures ♣ Share price	♣ Sustainable growth in Earnings ♣ Geopolitical Conditions in Buying Markets ♣ Exchange Rate Fluctuations ♣ Brand Image and Reputation ♣ Manufacturing Capabilities ♣ Cost of Production and Logistics	♣ NAV per share - Rs. 1,173.82 ♣ Dividend Payout Ratio - 27.39%	Financial Capital - page 116 Risk Management Report - page 61 Corporate Governance Report - page 239 Intellectual Capital - page 141 Investor Relations - page 330	Sustain long-term value through resilient, ethically governed growth, with clear and credible disclosure that gives investors confidence in both financial and non-financial performance.

SUPPLIERS

providers of key raw material inputs, including tea packaging material and other requirements for day to day operations

Importance to Dilmah CRITICAL

Strength of Relationship ★★★★☆

Engagement Mechanisms and Frequency of Engagement	Key Concerns Raised	Connected Material Matters	Value Created	Further Reading	Further Reading
♣ Vendor Review (ongoing) ♣ Regular dialogue and interactions (ongoing) ♣ Visits to ensure compliance(ongoing)	♣ Price and profitability ♣ Credit period and ease of transactions ♣ Capacity and demand planning Climate change and sustainability ♣ Production including responsible sourcing and packaging sustainability	♣ Managing our Supply Chain ♣ Managing our Distribution Network ♣ Environmental & Socio-economic Compliance	♣ Rs. 21,156 Mn paid to suppliers ♣ 91% Suppliers committed through the Dilmah MJF Supply Chain Partner Code of Conduct	Social & Relationship Capital - page 188	Build a collaborative, resilient supply chain by partnering with suppliers to raise sustainability maturity, close priority gaps such as carbon management, and move from self-reported to independently verified assurance.

GOVERNMENT / REGULATORS

Regulatory bodies overseeing operational areas and other regulatory authorities .

Importance to Dilmah
HIGH

Strength of Relationship
★★★★☆

Engagement Mechanisms and Frequency of Engagement	Key Concerns Raised	Connected Material Matters	Value Created	Further Reading	Further Reading
♣ Statutory audits (ongoing) ♣ Meetings with Treasury, TRCSL, BOI, Customs (ongoing) ♣ Dialogue through intermediaries (ongoing) ♣ Industry forums (as needed)	♣ Regulatory & Legal Compliance ♣ Timely payment of taxes ♣ Product Safety & Quality ♣ Profitability and growth	♣ Sustainable growth in Earnings ♣ Brand Image and Reputation ♣ Environmental & Socio-economic Compliance ♣ Power and Energy	♣ Rs. 108 Mn paid as taxes ♣ ZERO incidents of regulatory non-compliance	Financial Capital - page 116 Corporate Governance Report - page 239 Natural Capital - page 212	Maintain proactive, transparent compliance and constructive dialogue, anticipating regulatory developments and contributing to responsible standards within the sector.

COMMUNITY & ENVIRONMENT

Underserved communities and vulnerable ecosystems

Importance to Dilmah
HIGH

Strength of Relationship
★★★★★

Engagement Mechanisms and Frequency of Engagement	Key Concerns Raised	Connected Material Matters	Value Created	Further Reading	Further Reading
♣ Engagements through MJFCF community projects (ongoing) ♣ Dilmah Conservation projects (ongoing) ♣ Interactions with local authorities (as needed) ♣ Through NGO's and other collaborations (as needed) ♣ Social Media (continuous and ongoing) ♣ Corporate Website (continuous and ongoing)	♣ Community Investments ♣ Employment Opportunities ♣ Environmental Conservation ♣ Livelihood development ♣ Community Support	♣ Implications of Climate Change ♣ Preserving the Environment ♣ Community Engagement ♣ Environmental & Socio-economic Compliance	♣ Rs. 216 Mn allocated for MJF Foundation Projects ♣ Rs. 66 Mn allocated for Dilmah Conservation projects ♣ 482,184.92 kWh of Solar energy generation equivalent to planting 5642 Trees ♣ 34,698 MT CO_2e emissions ♣ 86.7% of the Total Waste Recycled/ Repurposed/Re-used	Social & Relationship Capital - page 188 Natural Capital - page 212	Strengthen positive community impact and environmental stewardship through shared-value initiatives, reduced ecological footprint, and meaningful engagement with the communities in which we operate.

Material Topics

GRI 3-1, 3-2

As a global tea producer operating within a rapidly evolving business landscape, Dilmah is exposed to a wide range of economic, environmental, social, and governance-related opportunities and risks. Hence, a clear understanding of its Material Topics is fundamental to creating long-term value and ensuring the continued relevance of its strategy, sustainability priorities, and stakeholder engagements.

The materiality determination process begins with the identification of actual and emerging topics through a comprehensive review of the Company's operating context, sustainability trends, regulatory developments, industry benchmarks, peer disclosures, global reporting frameworks, and stakeholder feedback. Inputs are gathered from both internal and external stakeholder groups to ensure that diverse perspectives are considered in evaluating the relevance and significance of each issue.

The identified topics are then assessed and prioritised using the Materiality Matrix to assess their strategic relevance to the business against the importance to stakeholders.

In keeping with Dilmah's commitment to align its sustainability management and reporting practices with evolving global sustainability standards and best practices, all identified Material Topics are also subjected to a Double Materiality assessment, which examines each topic through two complementary lenses — Financial Materiality, to establish how material topics can influence the Company's financial performance, enterprise value, business model, strategy, risk profile, and long-term prospects; and Impact Materiality, which assesses the extent to which each Material Topic gives rise to positive or negative impacts on the economy, environment, and society through the Company's activities, products, services, and business relationships.

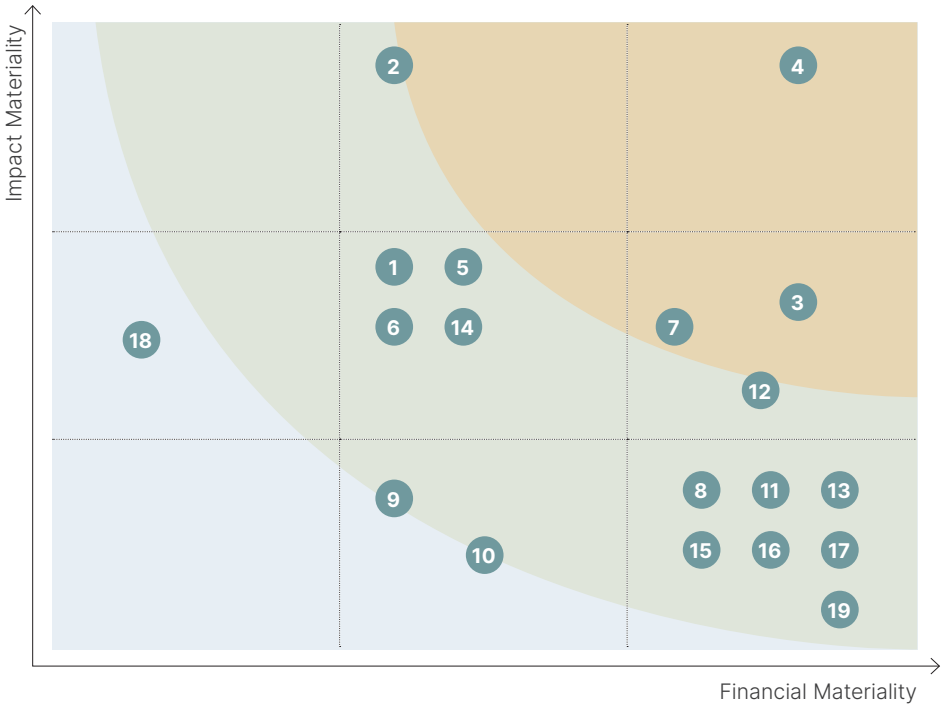
Applying this dual perspective ensures that Material Topics can be appropriately integrated into the Company's strategy and resource allocation decisions

MATERIAL DETERMINATION PROCESS

Materiality determination process

A double materiality approach to identifying what matters most

1. **Describe the value chain**
   Map activities, products, services and business relationships across the full tea value chain — from sourcing to consumer.
2. **Analyse stakeholders**
   Identify and engage internal and external stakeholders to capture diverse perspectives on what matters.
3. **Establish material topics**
   Identify actual and emerging topics from operating context, sustainability trends, regulation, peer benchmarks, global frameworks and stakeholder feedback.
4. **Conduct double materiality assessment**
   The Sustainability Executive Committee (SEC) assesses each topic through two complementary lenses:
   - 4.1 Establish financial materiality
     How each topic could influence enterprise value, profitability, strategy and risk.
   - 4.2 Evaluate impact materiality
     The positive or negative impacts each topic creates for the economy, environment and people.
5. **Prioritise using the materiality matrix**
   Plot importance to the business against importance to stakeholders to rank and classify each topic.
6. **Board approval**
   Findings are presented to the Board for review and approval, ensuring governance oversight and accountability.
7. **Integrate into strategy**
   Embed material matters into Dilmah's strategy and resource allocation decisions, with ongoing review.



The Double Materiality Filter below maps Dilmah's 19 material matters against their impact materiality and financial materiality, highlighting the relative significance of each topic to stakeholders, the business, and long-term value creation.

Impact Materiality ↓ / Financial Materiality →

	High	Medium	Low
High	**04** Community Engagement	**02** Preserving the Environment	
Medium	**03** Power and Energy **07** Customer Satisfaction **12** Product Responsibility	**01** Implications of Climate Change **05** Managing Our People **06** Occupational Health & Safety **14** Environmental & Socioeconomic Compliance	**18** Information Systems & Cybersecurity
Low	**08** Sustainable Growth in Earnings **11** Brand Image and Reputation **13** Innovation **15** Managing Our Supply Chain **16** Managing Our Distribution Network **17** Manufacturing Capabilities **19** Cost of Production and Logistics	**09** Geopolitical Conditions in Buying Markets **10** Exchange Rate Fluctuations	

Material Topics

Material Matter		Topic Boundary		GRI / SASB Relevance	Impact Materiality (Environmental, Social and Governance)
1	Implications of Climate Change	Internal & External	Impacts business continuity and contributes to environmental outcomes	GRI 201 GRI 302 GRI 305	Environmental – Emissions, biodiversity loss, water stress
2	Preserving the Environment	Internal & External	Strengthening the business by promoting responsible resource use and biodiversity conservation, and environmental stewardship, supporting long-term resource security, operational resilience and stakeholder trust.	GRI 301 GRI 302 GRI 303 GRI 101 GRI 306 SASB FB-NB-140a.1 SASB FB-NB-140a.2	Environmental – Resource use, pollution, biodiversity conservation
3	Power and Energy	Internal	Affects operational sustainability and cost control	GRI 302 GRI 305 SASB FB-NB-130a.1	Environmental – Carbon emissions, reliance on non-renewables
4	Community Engagement	External	Builds trust and drives inclusive socio-economic development	GRI 413	Social – Local community development, inclusive growth
5	Managing our People	Internal	Addresses employee wellbeing, retention, and development	GRI 401, GRI 402 GRI 404, GRI 405, GRI 202, GRI 205, GRI 407, GRI 408,GRI 409	Social – Workforce wellbeing, equity, retention
6	Occupational Health & Safety	Internal	Ensures safe working conditions and mitigates workplace hazards.	GRI 403	Social – Safe work conditions, legal duty of care
7	Customer Satisfaction	External	Reflects consumer experience and drives brand loyalty	N/A	Social – Service quality, consumer voice
8	Sustainable growth in Earnings	Internal	Supports long-term business viability and shareholder value	GRI 201	Governance – Financial sustainability, shareholder value
9	Geopolitical Conditions in Buying Markets	External	Influences market access, demand, and trade dynamics	N/A	Governance – Political and trade stability

Financial Materiality		Management Approach: integration into Dilmah Strategy and Resource Allocation Decisions				
Risks	Opportunities	Global Market Leadership	Operational Excellence	Empowered Workforce	Environment, Sustainability & Governance	Resource Allocation Through Capitals
Supply chain disruption, carbon tax, climate-linked operational delays	Renewable energy adoption, emissions reduction incentives, green brand positioning	✓	✓		✓	
Fines for non-compliance, reputational damage	Eco-efficiency, product differentiation, long-term resource security				✓	
High operational costs, energy price volatility, blackouts	Energy savings, RE deployment, Net-metering benefits		✓			
Loss of social license to operate, community opposition leading to legal penalties, project delays, higher capital costs, etc	Brand loyalty Strengthening of brand image, access to local resources, community-led innovations				✓	
Low morale, high attrition, productivity losses	Talent attraction, employer brand equity, enhanced productivity	✓	✓	✓		
Legal liability, lost-time incidents, insurance premiums	Productivity, employee engagement, reduced absenteeism	✓	✓	✓		
Revenue decline, loss of repeat customers	Loyalty, word-of-mouth, upselling potential	✓	✓			
Profit volatility, weak margins, investor dissatisfaction	Long-term value creation, investor confidence, business resilience	✓	✓			
Trade barriers, market access issues, currency volatility	Market diversification, localisation opportunities	✓			✓	

Material Topics

Material Matter		Topic Boundary		GRI / SASB Relevance	Impact Materiality (Environmental, Social and Governance)
10	Exchange Rate Fluctuations	Internal	Affects financial performance and pricing strategies	N/A	Governance – Macroeconomic impact on financial reporting
11	Brand Image and Reputation	Internal & External	Influences reputation, consumer trust, and competitive advantage	GRI 206	Social/Governance – Reputation, consumer trust
12	Product Responsibility	Internal & External	Ensures ethical production, quality assurance, and consumer safety	GRI 416 GRI 417 SASB FB-NB-260a.1 SASB FB-NB- 260a.2 SASB FB-NB-270a.1 SASB FB-NB-270a.2 SASB FB-NB-270a.3 SASB FB-NB-270a.4 SASB FB-NB-410a.1 SASB FB-NB-410a.2	Governance – Ethical marketing, health & safety
13	Innovation	Internal	Drives competitive advantage and future-readiness through R&D	N/A	Governance – Future readiness, adaptability
14	Environmental & Socio-economic Compliance	Internal & External	Compliance with laws and standards to avoid environmental and social penalties	N/A	Governance – Legal and ethical operations
15	Managing our Supply Chain	External	Ensures ethical sourcing and responsible vendor relationships	GRI 204, GRI 308 GRI 407, GRI 414 SASB FB-NB-430a.1 SASB FB-NB-440a.1 SASB FB-NB- 440a.2	Governance – Ethical sourcing, emissions
16	Managing our Distribution Network	External	Impacts product availability and customer reach	N/A	Governance – Transport emissions, logistical transparency
17	Manufacturing Capabilities	Internal	Determines operational efficiency and product consistency	GRI 203	Governance – Capacity and capabilities
18	Information System & Cybersecurity	Internal	Protects data integrity, privacy, and operational continuity	GRI 418	Governance – Data protection, business continuity
19	Cost of Production and Logistics	Internal & External	Impacts profit margins and supply chain efficiency	GRI 201, GRI 203 SASB FB-NB-110a.1	Governance – Operational efficiency, competitiveness

Financial Materiality		Management Approach: integration into Dilmah Strategy and Resource Allocation Decisions				
Risks	Opportunities	Global Market Leadership	Operational Excellence	Empowered Workforce	Environment, Sustainability & Governance	Resource Allocation Through Capitals
Cost inflation, margin erosion, foreign exchange losses	Hedging strategies, currency gain from exports	✓				
Loss of brand equity, negative press, consumer churn	Premium pricing, brand expansion, new customer segments	✓			✓	
Product recalls, litigation, reputational damage	Consumer trust, market access, regulatory alignment	✓	✓		✓	
Obsolescence, R&D waste, lagging behind competitors	Competitive advantage, first-mover advantage, IP generation	✓	✓	✓	✓	
Regulatory sanctions, operational halts, loss of license	Enhanced stakeholder trust, cost avoidance				✓	
Supplier non-compliance, reputational risks, supply bottlenecks	Supply chain resilience, traceability, shared value creation	✓	✓		✓	
Distribution delays, cost overruns, inefficiencies	Market reach, efficiency gains, last-mile innovation	✓	✓			
Downtime, inefficiency, quality failures	Productivity, scalability, process innovation	✓	✓			
Data breaches, regulatory fines, reputational loss	Digital trust, operational resilience, competitive intelligence		✓		✓	
Margin compression, inefficiency, rising input costs	Cost leadership, lean manufacturing, logistics optimisation	✓	✓			

MANAGEMENT DISCUSSION AND ANALYSIS

40 Years of Honest Governance

Dilmah's excellent performance over four decades can be read through stewardship as much as through strategy. From protecting single-origin Ceylon tea to strengthening quality, innovation, markets and operational discipline, strong governance becomes the structure that allows Dilmah to grow while remaining entrenched in the values that built it.

Through the MJF Foundation, Dilmah's success continues to move beyond the business by upholding responsibility towards communities, in the form of providing opportunities for education, care and growth.

Operating Environment

Dilmah operates within an increasingly complex and dynamic operating environment characterised by a range of multidimensional factors that present both opportunities and challenges that influences the Company's business model, strategy and prospects. To provide a comprehensive understanding of these external factors, the operating environment is analysed through a PESTEL framework which offers a holistic, 360-degree view of the political, economic, social, technological, environmental, and legal forces that shaped the industry landscape and influenced Dilmah's operating context during FY 2025/26 and also provides valuable insights into the key trends, risks, and opportunities that are expected to continue in the medium to long term.

POLITICAL

Context	Impact to Dilmah	
	Risks	Opportunities
Sri Lanka experienced a more stable political and macroeconomic environment in 2025 compared with the preceding years. The continuation of economic reforms, improved fiscal discipline, easing inflationary pressures, and the restoration of greater confidence among investors and businesses contributed to a gradual normalisation of economic activity. The relative political stability and policy continuity provided a more predictable operating environment for the private sector, supporting business confidence, facilitating export activity, and strengthening the country's external position. These developments, coupled with improvements in foreign exchange liquidity and declining interest rates, created a more conducive environment for export-oriented industries and value-added manufacturers such as Dilmah. Notwithstanding these positive domestic developments, global uncertainty continued to persist with risks intensifying further following the outbreak of hostilities between the United States and Iran in late February 2026. The conflict, which disrupted regional trade routes and heightened concerns regarding energy security and global supply chains, further highlighted the increasing susceptibility of international trade and commodity markets to geopolitical shocks.	Volatility in global demand owing to geopolitical uncertainty. Potential delays in shipments reaching global consumer markets	Greater political stability and policy certainty created a more conducive environment for expansion of export oriented industries

Outlook

Sri Lanka enters 2026 against the backdrop of improved political stability and a gradual restoration of macroeconomic fundamentals. The continuation of economic reforms, fiscal consolidation measures, and ongoing engagement with multilateral institutions are expected to support policy continuity and strengthen investor confidence. Nevertheless, maintaining reform momentum, ensuring debt sustainability, and addressing structural challenges remain critical to sustaining economic recovery, with any delays or setbacks in reform implementation or shifts in policy direction likely to adversely impact business confidence and medium-term growth prospects.

The global geopolitical landscape in 2026 is expected to remain highly uncertain. Escalating tensions in the Middle East have heightened concerns surrounding energy security, global supply chains, and international trade routes. At the same time, continuing strategic rivalries among major powers, ongoing trade disputes, regional conflicts, and rising protectionist tendencies are also expected to contribute to increased volatility across commodity and financial markets. While the global economy is expected to remain resilient, these geopolitical developments are likely to pose downside risks to growth, disrupt logistics networks, and exert upward pressure on energy and transportation costs. Consequently, businesses operating across international markets will need to maintain resilient supply chains, diversified market exposure, and agile risk management capabilities to navigate an increasingly complex and unpredictable global environment.

Operating Environment

ECONOMIC

Context	Impact to Dilmah	
	Risks	Opportunities
Global economic performance in 2025 showed notable resilience, with GDP growth forecast at approximately 2.7%. Advanced economies remained broadly stable, underpinned by resilient household spending and stronger-than-expected US performance, while Emerging Market and Developing Economies (EMDEs) grew around 4.2% on recovering exports, moderating inflation, and improved domestic demand — though income convergence with advanced economies remained uneven, with many developing economies still lagging pre-pandemic income levels reached elsewhere. Global trade expanded during the year, aided by a surge in trade flows as businesses accelerated shipments ahead of expected policy and tariff changes, supported by improved financial conditions and fiscal measures in several large economies. These tailwinds are viewed as temporary, with trade growth expected to moderate ahead. Inflationary pressures continued to ease as labour markets softened and energy prices moderated. Sri Lanka's economy continued its recovery, with GDP growth accelerating to approximately 4.8% in 2025 — a second consecutive year of positive growth following the crisis-period contraction. Growth was supported by recovery in industry and services, improved investor confidence, easing monetary conditions, and stronger domestic demand; export-oriented sectors, tourism, and construction improved notably, while agriculture remained weather-dependent. Inflation moderated significantly on prudent monetary policy, exchange rate stability, improved supply conditions, and lower global commodity prices, restoring purchasing power and supporting consumer confidence. The Rupee remained relatively stable through 2025 on improved forex liquidity, stronger external inflows, tourism receipts, remittances, and prudent monetary management. The external sector strengthened further, with merchandise exports growing and services exports — particularly tourism — recovering. Tea exports remained an important foreign exchange contributor amid resilient demand despite global uncertainties, while rising tourism receipts and remittances continued to bolster reserves and balance of payments stability.	Demand volatility associated with the divergence in economic performance across regions Reduced global competitiveness owing to tariffs barriers	Improved domestic business confidence and economic stability to support long-term investments and growth initiatives Opening up of new markets due to emerging consumption trends in EMDE's Improved earnings visibility and financial planning due to lower exchange rate volatility More predictable input and packaging costs, enabling better cost management and margin protection

Outlook

Global growth in 2026 is expected to continue at a moderate, uneven pace amid persistent uncertainty and structural headwinds, remaining stable but below long-term averages as geopolitical tensions, trade fragmentation, and tariff/investment-flow uncertainty weigh on trade and capex.

Sri Lanka's 2026 outlook is cautiously optimistic amid improving investor sentiment, though near-term prospects hinge on the evolving global geopolitical landscape — particularly Middle East tensions and US trade-relations uncertainty — which could disrupt trade flows, raise energy prices, weaken export demand, and increase financial market volatility. Sustaining growth over the medium term will depend on consistent structural reforms to improve productivity and export competitiveness, attract higher FDI, and — most notably — maintain macroeconomic stability and fiscal resilience as Sri Lanka transitions toward a more sustainable, inclusive growth trajectory.

SOCIAL

Context	Impact to Dilmah	
	Risks	Opportunities
Global demand for value-added tea continued to show steady growth in 2025, driven by changing consumption patterns. Value-added teas—such as flavoured teas, ready-to-drink (RTD) formats, functional blends, and convenience-oriented products continued to gain stronger traction as consumers seek more differentiated, experience-led beverages. This shift was particularly evident in developed markets, where tea is increasingly positioned not only as a traditional beverage but also as a lifestyle and wellness product. Another notable trend was the expanding demand from the food service industry, including cafés, quick-service restaurants, hotels, and specialty beverage chains. These channels appear to increasingly incorporate premium and value-added tea offerings into their menus to meet rising consumer expectations for variety, quality, and healthier alternatives to carbonated soft drinks. Tea-based lattes, iced teas, bubble teas, and customised blends are becoming mainstream offerings, particularly among younger consumers who prioritise experience, customisation, and visual appeal. The growth of food delivery platforms has further amplified this trend, enabling wider accessibility of specialty tea beverages and encouraging operators to expand their tea-based product portfolios. The rising demand in food service is largely being driven by evolving consumer preferences and broader lifestyle shifts. Consumers are increasingly health-conscious, seeking lower-sugar, natural, and functional beverage options, which positions tea as a strong alternative to sugary drinks and high-calorie beverages. At the same time, the premiumisation of out-of-home beverage consumption has led to greater willingness to pay for higher-quality, artisanal, and experiential tea offerings. Innovation in flavour profiles, cold brew formats, and tea-based fusion beverages has also enhanced consumer engagement, making tea a more dynamic category within the beverage landscape.	Increased competition from global beverage brands and private labels entering value-added tea categories Continuous and ongoing investment in R&D to remain relevant amidst fast-changing consumer preferences	Diversify the portfolio in order to gain first mover advantage in premium, flavoured, RTD, and functional tea segments Invest in innovation to scale differentiated product offerings that focus on premiumisation Grow market share in the food service channel through the emphasis on customisation

Outlook

The outlook for value-added tea remains highly positive. As global consumers increasingly move away from conventional, commodity-style tea consumption, demand is expected to concentrate further around differentiated offerings such as flavoured teas, ready-to-drink formats, functional blends, and convenience-led products. This evolution is particularly pronounced in developed markets, where tea is steadily being repositioned from a traditional household staple into a broader lifestyle and wellness-oriented beverage category.

Looking ahead, evolving consumer lifestyles will continue to underpin structural growth in the category, in particular, the continued expansion and sophistication of the food service industry is expected to play an even more influential role in shaping tea consumption habits. Cafés, quick-service restaurants, hotels, and specialty beverage chains are likely to further integrate premium tea-based offerings into their core menus as competition intensifies in the non-alcoholic beverage space. The growing popularity of tea-based lattes, iced teas, bubble teas, and customised blends is expected to accelerate, particularly among younger consumers who value personalisation, visual appeal, and unique consumption experiences. In parallel, the continued growth of digital ordering and food delivery platforms will further broaden access to specialty tea beverages, strengthening out-of-home and at-home hybrid consumption models.

TECHNOLOGY

Context	Impact to Dilmah	
	Risks	Opportunities
In 2025, technology continued to play a major role in shaping how value-added is produced, processed, marketed, and consumed. One of the most significant trends was the increasing use of advanced processing and extraction technologies, particularly in the development of ready-to-drink (RTD) teas, cold brew systems, and functional tea formulations. Precision extraction techniques enabled manufacturers to better retain natural antioxidants, flavour compounds, and bioactive elements, improving both taste consistency and perceived health benefits. This has been particularly important in the growth of wellness-focused and functional tea categories, where product efficacy and sensory quality are equally important. The expansion of e-commerce platforms, mobile ordering systems, and AI-driven recommendation engines is also transforming how consumers discover and purchase tea products. Social media platforms and digital marketing tools have further amplified the visibility of value-added tea, particularly among younger consumers. Food service operators have also increasingly leveraged digital ordering systems and menu customisation technologies to expand their tea offerings and enhance customer experience.	Significant capital investment, technical capability upgrades, and faster innovation cycles to maintain global competitiveness Increased complexity in managing digital platforms and complying with data protection requirements	Growth in wellness-focused teas aligns with Dilmah's natural, unblended, ethical tea positioning, strengthening entry into immunity, relaxation, and energy-focused segments Increased adoption of e-commerce platforms enhances brand visibility and market reach

Outlook

Looking ahead to 2026 and beyond, technology is expected to become an even more defining force in shaping the value-added tea industry, accelerating both innovation and market expansion. As consumer expectations around wellness and product efficacy continue to rise, manufacturers will increasingly rely on science-led formulation techniques to deliver teas that offer both sensory appeal and functional benefits. At the same time, digital transformation across the value chain is expected to deepen significantly. E-commerce platforms will continue to grow as the food service sector becomes even more technologically enabled, with expanded use of digital ordering systems. Similarly AI-driven recommendation engines are also likely to play a key role in shaping preferences in real time and influencing product visibility based on behavioural data and consumption patterns, while social media and digital marketing will remain critical drivers of brand visibility, particularly in engaging younger, experience-driven consumers.

ENVIRONMENT

Context	Impact to Dilmah	
	Risks	Opportunities
Environmental considerations continued to exert a significant influence on the value-added tea industry in 2025, amidst heightened global awareness of sustainability and ESG and consumers demonstrating a preference for brands that could substantiate their environmental and ethical credentials. As a result, traceability, responsible sourcing, and transparent supply chains assumed greater importance, particularly in developed markets where sustainability considerations increasingly influenced purchasing decisions. Climate change and environmental stewardship also emerged as critical concerns across the industry with efforts to reduce carbon emissions through renewable energy adoption, energy-efficient manufacturing, and lower-emission logistics gaining momentum as companies sought to align with global decarbonisation ambitions. Packaging sustainability continued to be another major trend shaping the value-added tea market. Consumers and regulators alike placed greater emphasis on reducing plastic waste and improving circularity, prompting manufacturers to adopt recyclable, biodegradable, and compostable packaging solutions.	Reputational risk associated with issues across the supply chain Risk of losing market access or preferred supplier status if ESG expectations are not met	Access premium markets through the sustained commitment to ethically sourced single-origin teas Demonstrate brand integrity beyond business through Dilmah Conservation and the MJF Charitable Foundation Invest in R&D to explore packaging innovation

Outlook

Environmental considerations are expected to evolve from a source of competitive differentiation into a fundamental requirement for market access and long-term value creation. Traceability, responsible sourcing, and supply chain transparency are expected to become standard industry requirements, with consumers demanding greater assurance regarding product origins, ethical practices, and environmental impact.

Climate change and decarbonisation will remain among the most significant forces shaping the industry over the medium to long term. As governments and businesses intensify efforts to achieve net-zero ambitions, tea producers are likely to accelerate investments in renewable energy, energy-efficient manufacturing processes, and lower-emission logistics networks. In parallel, climate resilience will assume greater importance as rising temperatures, changing rainfall patterns, and extreme weather events continue to pose risks to agricultural productivity and raw material availability. Consequently, greater emphasis is expected to be placed on regenerative agriculture, biodiversity conservation, water stewardship, and nature-based solutions to strengthen the resilience and sustainability of tea-growing ecosystems.

Packaging sustainability is also expected to continue evolving rapidly, driven by both consumer expectations and regulatory developments aimed at reducing waste and promoting circularity. Demand for recyclable, biodegradable, compostable, and low-impact packaging materials is likely to intensify with innovation focused on reducing the environmental footprint of packaging as the basis for building brand loyalty and improved market access.

LEGAL / REGULATORY

Context	Impact to Dilmah	
	Risks	Opportunities
The growing complexity of value-added tea products, including ready-to-drink (RTD) teas, functional blends, and wellness-focused formulations resulted in heightened scrutiny over ingredient disclosure, labelling standards, and health claims. Regulatory authorities increasingly required manufacturers to substantiate claims relating to immunity support, antioxidant content, and other functional benefits, necessitating greater scientific validation and compliance oversight. Food safety and quality regulations also continued to evolve, with importing countries maintaining stringent requirements concerning pesticide residues, contaminants, traceability, and product quality standards. Enhanced testing protocols and stricter import regulations in developed markets placed greater emphasis on end-to-end supply chain visibility and quality assurance systems. These requirements became increasingly important as consumers demanded greater transparency and confidence in the products they consumed. Environmental regulations also emerged as another important trend in 2025 as governments across several jurisdictions moved to implement packaging-related legislation aimed at reducing plastic waste and promoting circularity. Of particular note was the enforcement of Extended Producer Responsibility (EPR) regulations and stricter packaging requirements in key export markets. Simultaneously, the introduction of climate-related disclosure frameworks regarding transparency on environmental and social impacts.	Rising packaging costs and evolving compliance requirements across multiple jurisdictions	Market diversification and premiumisation Voluntary early adoption of regulatory frameworks and global best practices to demonstrate Dilmah's commitment to compliance

Outlook

The regulatory landscape governing the value-added tea industry is expected to become increasingly stringent and complex, reflecting the growing convergence of food safety, consumer protection, sustainability, and transparency requirements. Manufacturers are likely to face higher standards for scientific substantiation and evidence-based marketing, particularly for products positioned around immunity support, antioxidants, relaxation, and other functional benefits. This is expected to encourage greater investment in research and development, clinical validation, and regulatory compliance capabilities, while also raising barriers to entry for less sophisticated players. Food safety and quality standards are also expected to continue evolving, with end-to-end traceability, real-time monitoring, and robust quality management systems likely to become prerequisites for maintaining access to premium export markets.

Environmental regulations will be one the most transformative forces shaping the industry over the medium to long term. Extended Producer Responsibility (EPR) frameworks are likely to become more widespread and rigorous, increasing producer accountability for the lifecycle impacts of packaging materials. Simultaneously, tighter regulations aimed at reducing plastic waste and promoting circularity are expected to accelerate the transition towards recyclable, compostable, and low-impact packaging solutions.

Climate-related disclosure frameworks are also likely to become more comprehensive and mandatory across an increasing number of jurisdictions, requiring companies to provide greater transparency on greenhouse gas emissions, resource use, biodiversity impacts, and social performance. Consequently, sustainability reporting and ESG governance are expected to become increasingly integrated into core business operations rather than remaining standalone compliance activities.

Risk and Opportunity Management Report

OVERVIEW

As a globally recognised tea producer operating across diverse markets and geographies, Dilmah is exposed to a broad spectrum of strategic, operational, financial, environmental, and social risks that have the potential to influence business performance and stakeholder value. Effective risk management has therefore been part of Dilmah's DNA since the Company's inception. As a business founded on the pioneering vision of preserving the authenticity and value of Pure Ceylon Tea at origin, robust understanding of risks has enabled the Company to anticipate challenges, adapt to changing circumstances and capitalise on emerging opportunities in order safeguard product quality and integrity, ensure business continuity and protect its brand reputation in an increasingly dynamic operating environment over the past four decades.

DILMAH'S ENTERPRISE RISK AND OPPORTUNITY MANAGEMENT (EROM) FRAMEWORK

Company's approach to risk management is anchored by its Enterprise Risk and Opportunity Management (EROM) Framework, which provides the foundation for integrating risk and opportunity considerations into strategic planning, operational decision-making, and governance processes. The EROM Framework enables the Company to navigate this environment with greater confidence by providing a structured and consistent approach to understanding and managing potential threats that could influence the achievement of strategic objectives as well as capitalising on opportunities that support innovation, growth, sustainability, and competitive advantage.

CORE ELEMENTS OF THE EROM FRAMEWORK

Risk Management Process

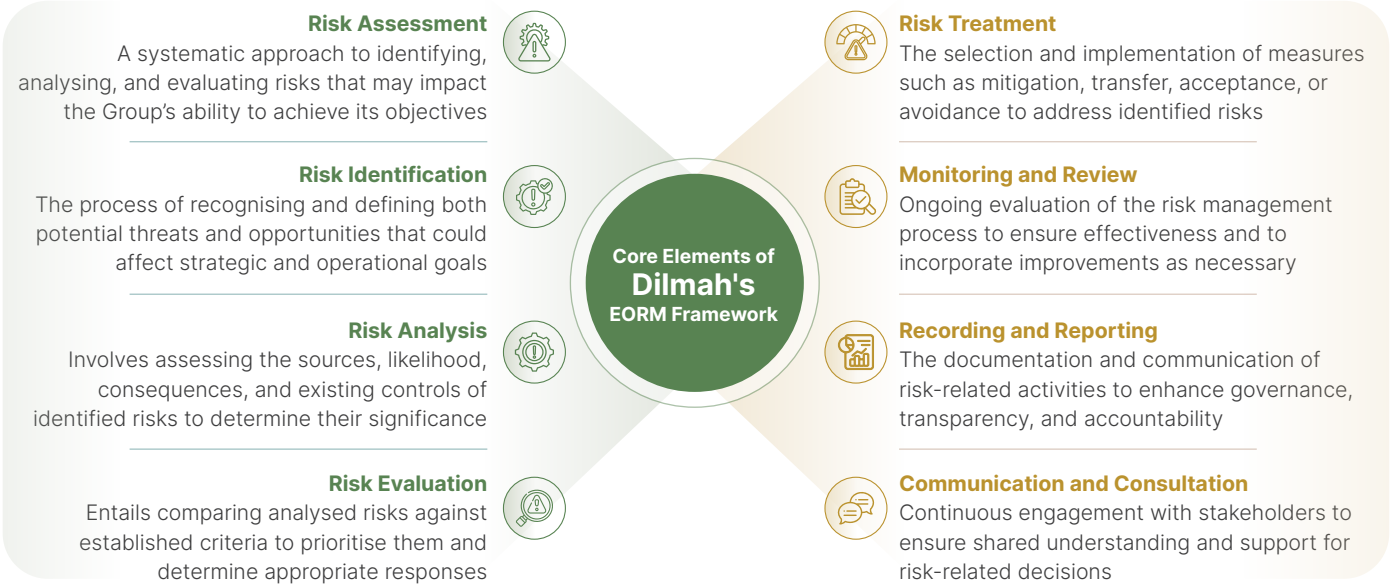
The Risk Management process is a primary tool within the EROM framework that facilitates the identification, assessment, prioritisation, monitoring, and management of both risks and opportunities across all key activities including strategic planning, capital investment decisions, operational management, sustainability initiatives,

innovation programmes, and business development activities, thus enabling the management to evaluate potential outcomes more comprehensively, balancing risk exposure against potential benefits while ensuring alignment with the Company's long-term vision and values.

RISK GOVERNANCE

The Board

As the highest governing body within the Company, the Dilmah Board of Directors assumes the ultimate responsibility for effective management of risks and opportunities. Through the establishment of appropriate policies, governance structures, and internal controls, the Board ensures that risk and opportunity considerations are systematically integrated into strategic planning, decision-making, and business operations, supporting the achievement of Company's long-term objectives.



Risk and Opportunity Management Report

THREE LINES MODEL
The Board has instituted the Three Lines model, as the basis for ensuring risk management responsibilities are appropriately distributed across the Company.

INDEPENDENT OVERSIGHT
The Board Audit Committee (BAC), acting under the delegated authority from the Board, provides independent oversight of the EROM Framework.

During the year, the BAC continued to place significant emphasis on Enterprise Risk Management, providing strategic insights to strengthen the risk management practices.

EXECUTIVE OVERSIGHT OF RISK MANAGEMENT
The Executive Risk Management Committee (ERMC), comprising operational directors and chaired by Chief Executive Officer (CEO), was established under a formally approved Terms of Reference, which clearly defines its authority and responsibilities in overseeing the identification, assessment, management and monitoring of key risks across the Company.

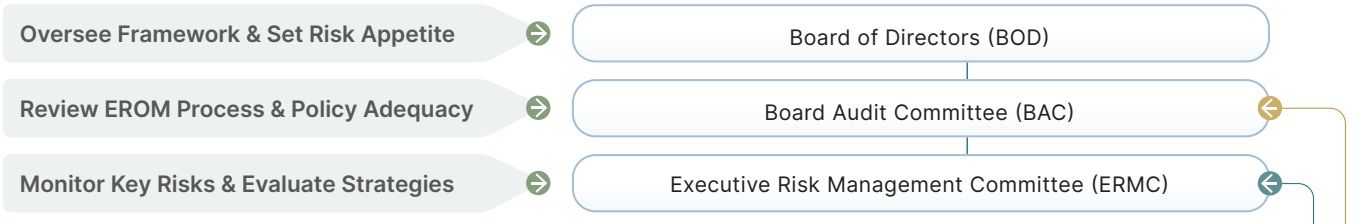
The ERMC functions under the authority delegated by the Board of Directors and BAC, serving as the primary management level forum for Enterprise Risk Management. The committee reports to BAC ensuring a strong alignment between management level risk oversight and Board level governance.

RISK APPETITE
Dilmah's risk appetite is embodied in the Board decisions to serve as the overarching framework for acceptable levels of risk across the Company. The Risk Appetite establishes the beeline parameters that guide strategic and operational decision-making to ensure risk-taking remains aligned with long-term value creation and governance expectations.

RISK MANAGEMENT POLICIES
Risk policies and procedures are established to translate the Board-approved risk appetite into practical guidance and operational controls for day to day application across the Company. Approved by the Board and regularly reviewed by the Board Audit Committee (BAC) to assess their adequacy and effectiveness, these frameworks provide a consistent and structured approach to the identification, assessment, management, and monitoring of risks across Dilmah.

RISK AWARENESS CULTURE
A strong risk awareness culture is essential for ensuring that risk considerations are embedded into everyday decision-making and that employees at all levels understand their role in identifying and managing risks. The Board sets the tone for this culture across Dilmah, promoting accountability and prudent risk-taking.

EROM Governance Structure



1 First Line
Provision of products and services to customers

- Take the ownership of the risks within their areas and be responsible for managing those risks.
- Identify, assess, and implement appropriate controls to mitigate risks.
- Identify the opportunities for improvements and implement necessary actions.

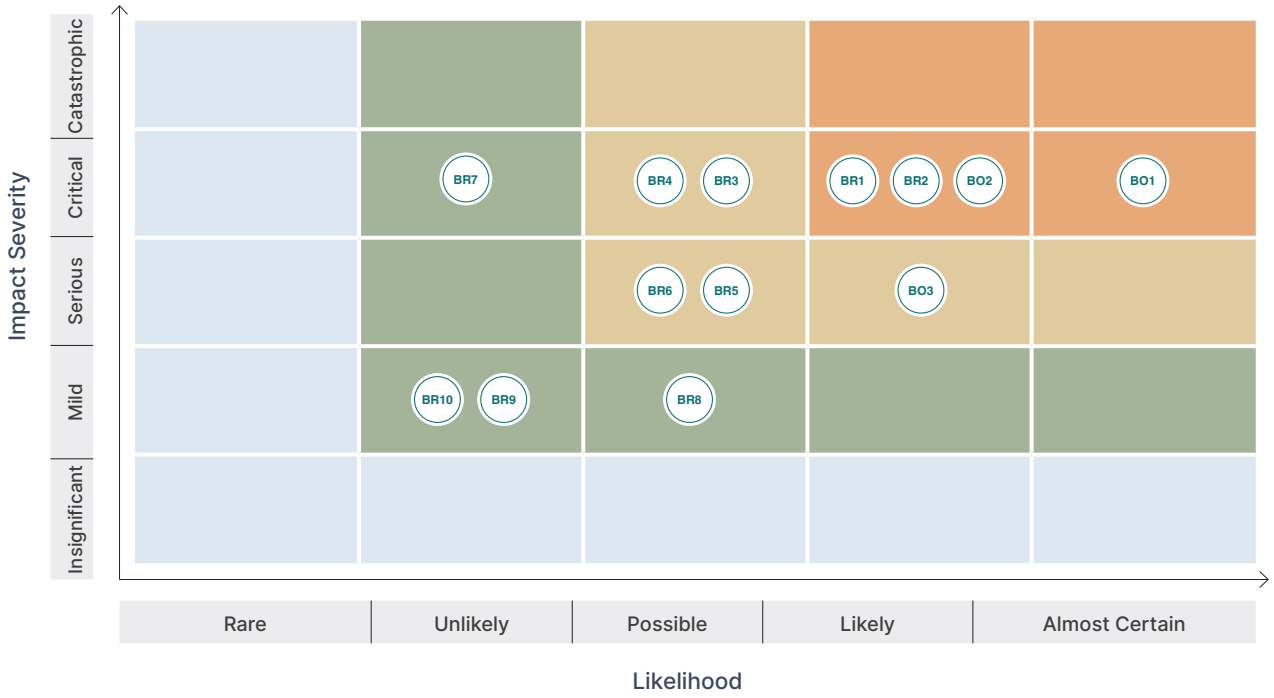
2 Second line
Expertise, support, monitor and challenge risk related matters

- Take the ownership of the risks within their areas and be responsible for managing those risks.
- Expertise in managing risks associated with designated primary functions.
- Support, monitor and challenge the risk related matters.

3 Third line
Independent objective assurance and advice

- Risk & Compliance department facilitates and coordinates the EROM process across the company.
- Serve as secretary to ERMC and update Key Risk & Opportunity paper.
- Provide assurance on the adequacy and effectiveness of risk and opportunity management within the selected areas.

DILMAH RISK HEAT MAP



Business Risks (BR) / Business Opportunities (BO)		Implications to DILMAH	Management Strategies for FY 2025/26	Outlook and Way Forward
Business Risks				
BR1	**Global Instability and Geopolitical Volatility.**	The global macroeconomic environment remains fractured and heavily influenced by geopolitical conflicts. Political instability continues to disrupt established trade routes and adversely affect regional consumption patterns. Reduced disposable income worldwide is leading to a decline in premium product consumption.	♣ Market positioning and brand loyalty were strengthened. ♣ Expanded marketing reach by exploring alternative and/or supplementary distribution channels. ♣ Steps were taken to diversify into the new market segments.	♣ Geopolitical and economic uncertainties are expected to persist, continuing to influence consumer spending patterns, trade dynamics, and supply chain stability across key export markets. ♣ Dilmah will focus on strengthening geographical diversification, enhancing market agility, and deepening brand loyalty to sustain resilience and support long-term growth.

Risk and Opportunity Management Report

Business Risks (BR) / Business Opportunities (BO)		Implications to DILMAH	Management Strategies for FY 2025/26	Outlook and Way Forward
BR2	Rising Costs and Pricing Limitations	Fluctuations in auction prices, packaging materials, and freight rates have resulted in margin pressure. The ability to increase prices to offset margin pressure is limited by global competition and reduced disposable income.	♣ Cost-optimisation initiatives and investment in renewable energy. ♣ Robust supply chain management approach to ensure supplier alignment with business plans.	♣ Cost pressures arising from raw materials, packaging, logistics, and energy are expected to remain elevated amid ongoing global economic uncertainty. ♣ Dilmah will continue to strengthen operational efficiencies, optimise its cost structure, and enhance supply chain resilience while maintaining the quality standards that underpin its premium market positioning.
BR3	Sustainable Packaging Paradigm	Growing pressure from both regulators and consumers to adopt biodegradable and home-compostable packaging solutions. However, transitioning to these materials is hindered by a severe lack of transparency in supply chain sustainability.	♣ Actively engage in ongoing research and development efforts in direct collaboration with sustainable packaging suppliers. ♣ Adopting advanced traceability mechanisms including introduction of both physical and online platforms designed to directly connect with suppliers, track the provenance of materials, and continuously monitor their real-time ESG performance.	♣ The transition towards sustainable packaging solutions is expected to accelerate, driven by regulatory pressures and increasing consumer demand for environmentally responsible products. ♣ Dilmah will continue to explore innovative, recyclable, and biodegradable packaging alternatives while balancing functionality, product integrity, and brand quality standards.
BR4	Escalating Cybersecurity Threat Landscape	The threat of external cybersecurity breaches has intensified dramatically, with global cyber-attacks becoming increasingly more frequent and sophisticated. As an internationally recognised brand with extensive global distribution networks, a successful breach would cripple manufacturing and export capabilities and would result in catastrophic reputational damage and legal liabilities regarding data privacy.	♣ Continuous investment in advanced cybersecurity and information security with regular updates. ♣ Designed a comprehensive disaster recovery system featuring a cloud-to-cloud DR setup. This ensures absolute operational continuity in the event of a site or service failure at the primary production site.	♣ The cybersecurity threat landscape is expected to become increasingly complex and sophisticated, with heightened risks of data breaches and operational disruption. Dilmah will continue to strengthen its cyber resilience through enhanced security architecture, continuous system upgrades, and a proactive, enterprise-wide approach to risk prevention and incident response.

Business Risks (BR) / Business Opportunities (BO)		Implications to DILMAH	Management Strategies for FY 2025/26	Outlook and Way Forward
BR5	Evolving Consumer Tastes	A profound shift in global consumer preferences has increased demand for functional benefits, wellness offerings, and alternative beverages, challenging traditional tea markets.	♣ Dilmah's premiumisation strategy to pivot toward high-value, luxury brand tiers. ♣ Innovative product development based on rigorous market intelligence. ♣ Product rationalisation to effectively decouple profitability from volume-based price wars, insulating the bottom line from volatile commodity costs ♣ Ensure capital and marketing efforts are focused strictly on high-quality products that resonate with modern demands.	♣ Consumer preferences are expected to continue evolving towards wellness-focused, functional, and purpose-driven products, creating both challenges and opportunities for traditional tea brands. ♣ Dilmah will continue to leverage market intelligence, product innovation, and its strong heritage in pure Ceylon tea to develop relevant offerings and maintain consumer relevance across diverse market segments.
BR6	Emissions-disclosure requirements	As global frameworks mature, particularly climate related financial reporting standards that mandate the disclosure of Scope 1, Scope 2, and complex Scope 3 supply chain emissions, any lag in internal reporting capabilities exposes a compliance risk. Furthermore, rising Greenhouse Gas (GHG)-related costs, such as carbon taxes or compliance levies in export markets, may hinder the decarbonisation progress and strain profitability.	♣ Carbon footprint calculation in line with ISO 14064-1:2018 Greenhouse Gas and GHG Protocol Standard, supported by independent assurance. ♣ Net-Zero Targets validated by the Science Based Targets initiative (SBTi)	♣ Emissions-disclosure requirements are expected to become increasingly stringent, with greater emphasis on transparency, assurance, and alignment with global reporting standards. ♣ Dilmah will continue to strengthen its emissions data systems, enhance reporting accuracy, and align with evolving regulatory frameworks while embedding continuous improvements in carbon management practices across its operations and value chain.

Risk and Opportunity Management Report

Business Risks (BR) / Business Opportunities (BO)		Implications to DILMAH	Management Strategies for FY 2025/26	Outlook and Way Forward
BR7	Currency Volatility	As a global export-oriented Company, the balance sheet is intrinsically linked to the performance of the Sri Lankan Rupee (LKR) against major global currencies. While historically less common, any sudden appreciation of the Rupee presents a distinct revenue risk. Conversely, depreciation of the Rupee significantly increases operating costs.	♣ Daily monitoring of exchange rate movements to rapidly assess the impact on global operations. ♣ The mitigation approach relies on strict adherence to treasury management procedures set out in an agreed policy.	♣ Currency volatility is expected to remain a persistent feature of the global operating environment, with continued fluctuations influencing export revenues and import-related costs. ♣ Dilmah will maintain disciplined treasury management practices, strengthen financial risk monitoring, and leverage hedging and strategic cash positioning to mitigate adverse impacts while optimising currency-related opportunities.
BR8	Credit Strain and Working Capital Liquidity	Mounting pressure regarding B2B credit terms, presenting a threat to the working capital liquidity, customer retention, and overall competitiveness.	♣ The careful evaluation of customer financial profiles and provision of feasible solutions based on risk-adjusted client facilitation. ♣ Engaged in continuous, frequent communication with customers, supported by regular follow-up on outstanding accounts.	♣ Credit strain and liquidity pressures are expected to persist amid tightening global credit conditions and extended B2B payment cycles. ♣ Dilmah will continue to apply disciplined credit management practices, strengthen customer risk assessments, and maintain proactive engagement with key accounts to safeguard working capital efficiency and financial stability.
BR9	Human Capital and Talent Management	Challenges in both attracting and retaining qualified personnel at a time when the technical demands of production and global compliance are increasing.	♣ Moving beyond basic compensation by focusing on offering a robust Employee Value Proposition with the goal of firmly positioning the Company as an 'employer of choice' in a highly competitive market. ♣ Instituting a proactive succession planning strategy across all critical operational nodes, creating clear pathways for employees to grow within the Company.	♣ Competition for skilled talent is expected to intensify as operational complexity and global compliance requirements continue to rise. ♣ Dilmah will focus on strengthening its employee value proposition, enhancing succession planning, and investing in continuous learning and development to attract, retain, and develop a high-performing workforce.

Business Risks (BR) / Business Opportunities (BO)		Implications to DILMAH	Management Strategies for FY 2025/26	Outlook and Way Forward
BR10	Climate Vulnerability and Agricultural Inconsistencies	The commitment to providing pure Ceylon tea means the supply chain begins in the soil. As global climate patterns become increasingly erratic, agricultural dependencies represent a profound operational and reputational risk. The inability to secure premium raw materials directly jeopardises the fundamental business model.	♣ Mitigation strategy relies on an operational response towards the impact and unyielding approach to quality assurance. ♣ Reinforcing stringent quality control systems at every node within the company including advanced sensory evaluation and digital tracking to ensure no substandard product enters the supply chain.	♣ Climate variability is expected to intensify, leading to continued unpredictability in rainfall patterns and growing conditions that may impact tea yield and quality. ♣ Dilmah will focus on strengthening climate-resilient agricultural practices, enhancing quality assurance systems, and supporting adaptive farming initiatives to safeguard long-term supply stability.
Business Opportunities				
BO1	Monetising Single-Origin Authenticity	In a market flooded with blended, multi-origin teas designed to mask agricultural inconsistencies, commitment to 'single origin' becomes a profound competitive advantage.	♣ Strengthen brand differentiation by consistently communicating the purity, provenance, and authenticity of single-origin Ceylon tea as a core value proposition in global markets. ♣ Work closely with tea growers and suppliers to uphold strict cultivation and harvesting standards that preserve the uniqueness of single-origin teas. ♣ Invest in targeted marketing and brand communication initiatives that educate consumers on the value of single-origin tea versus blended alternatives, reinforcing trust and premium positioning.	♣ The market is expected to remain highly competitive, with blended teas continuing to dominate mass segments while consumer awareness of provenance and authenticity gradually strengthens. ♣ Dilmah will focus on reinforcing its single-origin positioning through stronger brand communication initiatives, product differentiation, and quality assurance, while leveraging its ethical and sustainability credentials to sustain premium market leadership.

Risk and Opportunity Management Report

Business Risks (BR) / Business Opportunities (BO)		Implications to DILMAH	Management Strategies for FY 2025/26	Outlook and Way Forward
BO2	Brand Differentiation through Climate Stewardship	Advanced Decarbonisation Journey presents several strategic opportunities that extend beyond compliance and position the business for long-term value creation.	♣ ISO 14064-1:2018 verification and validated SBTi-aligned targets, including the commitment to achieve net zero by 2049/50, strengthen the Company's credibility as a climate leader and competitive differentiator.	♣ Climate stewardship is expected to become an increasingly important differentiator as consumers and markets place greater emphasis on environmental responsibility and sustainability performance. ♣ Dilmah will continue to strengthen its climate-focused initiatives, integrate sustainability into brand communication initiatives, and demonstrate measurable environmental action across its value chain to reinforce premium positioning and long-term brand trust.
BO3	Renewable Energy Transition	The global transition towards renewable energy presents opportunities to enhance energy efficiency and strengthen the brand's ESG credentials.	♣ Electrification of the vehicle fleet, supported by vehicle-charging infrastructure. ♣ Investment in hydropower generation	♣ The renewable energy transition is expected to accelerate, driven by global decarbonisation commitments and rising energy cost pressures. ♣ Dilmah will continue to expand its adoption of renewable energy solutions, improve energy efficiency across operations, and integrate clean energy initiatives to support long-term sustainability and cost resilience.

Strategy and Resource Allocation

Dilmah's strategy development process has evolved significantly over time in response to the growing scale, complexity, and globalisation of its operations. In its earlier stages, strategic direction was largely shaped by a founder-led philosophy anchored in purpose, ethics, and product integrity, with decision-making driven by strong values around authenticity, single-origin tea, and social responsibility. This approach was highly effective in establishing Dilmah as a differentiated global brand in a commoditised tea industry, where ethical positioning and quality leadership set Dilmah apart from multinational competitors focused on blending and cost optimisation.

While still firmly anchored to these founding values, Dilmah's strategic approach has evolved in line with its expanding global footprint and increasingly complex operating environment. In particular, the decision to scale the business internationally, has resulted in broader set of external challenges necessitating a more structured approach to strategy formulation.

In response, Dilmah has broadened its strategic planning framework through the introduction of a range of analytical and data-driven mechanisms designed to strengthen decision-making, enhance responsiveness to external change, and improve strategic alignment across the organisation.

Within this expanded framework, the SWOT/TOWS methodology plays a central role in the strategy development process. It acts as an integrative tool that codifies diverse streams of internal and external data derived from risk registers, scenario analysis, market trend monitoring, and performance dashboards, by translating them into identifiable insights on specific dimensions of the business.

In this context, SWOT serves as a diagnostic tool to ensure that internal capabilities and limitations are clearly assessed against evolving external conditions, while the TOWS matrix represents the action-oriented extension of SWOT. The TOWS framework converts analytical insight into strategic direction by linking internal and external factors through four strategic dimensions: SO (Strength–Opportunity), ST (Strength–Threat), WO (Weakness–Opportunity), and WT (Weakness–Threat).

Today, the integrated SWOT/TOWS framework serves as a bridge for translating insights into actionable initiatives under Dilmah's four high-impact strategic pillars: Global Market Leadership, Operational Excellence, Empowered Workforce, and Environment, Sustainability & Governance, collectively safeguarding Dilmah's reputation as a globally respected purpose-driven premium tea brand.

SWOT Element	Description (Dilmah Context)	TOWS Strategic Response	Alignment to Strategic Pillars
Strengths (S)	Strong global brand in pure Ceylon tea, single-origin positioning, ethical sourcing philosophy, vertically integrated value chain, and strong quality control systems	♣ **SO Strategies:** Expand premium markets using ethical and sustainability credentials; strengthen single-origin storytelling to capture wellness-driven demand	♣ Global Market Leadership ♣ Environment, Sustainability & Governance
Weaknesses (W)	Dependence on agricultural supply base, exposure to climate variability, limited pricing flexibility, reliance on traditional tea consumption segments	♣ **WO Strategies:** Invest in climate-resilient agriculture and product innovation; diversify into wellness and functional beverage segments	♣ Environment, Sustainability & Governance ♣ Global Market Leadership
Opportunities (O)	Rising demand for wellness and functional beverages, ethical consumption trends, emerging markets expansion, digital commerce growth	♣ **SO / WO Strategies:** Market expansion, innovation in product portfolio, sustainability-led differentiation	♣ Global Market Leadership ♣ Sustainability & Governance

Strategy and Resource Allocation

SWOT Element	Description (Dilmah Context)	TOWS Strategic Response	Alignment to Strategic Pillars
Threats (T)	Climate change impacts, geopolitical instability, rising input costs, currency volatility, regulatory pressures, shifting consumer preferences	♣ **ST Strategies:** Leverage strong brand equity and quality assurance; strengthen diversification and resilience across markets and supply chain	♣ Operational Excellence ♣ Environment, Sustainability & Governance
		♣ **WT Strategies:** Strengthen knowledge and risk management systems, improve cost efficiency and treasury controls	♣ Operational Excellence ♣ Environment, Sustainability & Governance ♣ Empowered Workforce

SO - Leveraging STRENGTHS to capitalise on OPPORTUNITIES

WO - Overcoming WEAKNESSES by exploring OPPORTUNITIES

ST - Using STRENGTHS to combat THREATS

WT - Mitigating WEAKNESSES to reduce THREATS

Global Market Leadership	
Risks and Opportunities	BR1 I BR2 I BR3 I BR 6 I BO1 I BO2 Refer - Risk and Opportunity Management Report on page 61
Material Topics	Implications of Climate Change I Managing our People I Occupational Health & Safety I Customer Satisfaction I Sustainable growth in Earnings I Geopolitical Conditions in Buying Markets I Exchange Rate Fluctuations I Brand Image and Reputation I Product Responsibility I Innovation I Managing our Supply Chain I Managing our Distribution Network I Manufacturing Capabilities I Cost of Production and Logistics
Stakeholders Impacted	Employees I Customers I Suppliers

Key Priorities for FY 2025/26	Resource Allocation through Capitals	Outcomes
♣ Reinforcing Global Brand Visibility ♣ 360-degree Innovation and Continuous Improvement ♣ Optimising the Product mix ♣ Strategic Repricing in Selected Markets ♣ Direct-to-Consumer & Market Expansion ♣ Technological Evolution (Industry 4.0 to 5.0) ♣ Strengthening Customer Loyalty ♣ Cultivating Trusted Channel Partners ♣ Building a Skilled and Competent Workforce ♣ Developing Tacit Knowledge		♣ 3% year on year revenue growth (exports) ♣ Global presence in 100+ Countries ♣ Overall Award – Market Diversified Exporter of the Year at the 27th Presidential Export Awards ♣ Sectoral Merit Award in the Tea – Large Category at the 27th Presidential Export Awards. ♣ Overall Award - Contribution to Sustainable Development in Exports at the 27th Presidential Export Awards ♣ Dilmah voted as New Zealand's Most Trusted Tea Brand for the 10th Consecutive year by Reader's Digest

Operational Excellence	
Risks and Opportunities	BR2 I BR4 I BR5 I BR 6 Refer - Risk and Opportunity Management Report on page 61
Material Topics	Implications of Climate Change I Power and Energy I Managing our People I Occupational Health & Safety I Customer Satisfaction I Sustainable growth in Earnings I Product Responsibility I Innovation I Managing our Supply Chain I Managing our Distribution Network I Manufacturing Capabilities I Information System & Cybersecurity I Cost of Production and Logistics
Stakeholders Impacted	Employees I Customers I Suppliers

Key Priorities for FY 2025/26	Resource Allocation through Capitals	Outcomes
♣ Disciplined Cost Management ♣ Developing a Reliable Supply Chain ♣ Investments in Infrastructure Modernisation ♣ Building a Skilled and Competent Workforce ♣ Developing Tacit Knowledge ♣ Adaptation and Sustainability ♣ Strengthening Strategic Partnerships ♣ Enterprise Intelligence Acceleration ♣ Technological Evolution (Industry 4.0 to 5.0) ♣ Connected & Resilient Operations ♣ Trust, Security & Sustainable Digital Foundation ♣ Waste Reduction and Resource Optimisation ♣ Business Resilience		♣ 97.2% - Overall highest performing equipment efficiency ratio ♣ 1.12% - Production wastage at the factory ♣ 57% - Capacity utilisation ♣ 100% - Delivery In Full On Time (DIFOT) ♣ 84.5% - Overall Equipment Efficiency (OEE)

Empowered Workforce	
Risks and Opportunities	BR 9 Refer - Risk and Opportunity Management Report on page 61
Material Topics	Managing our People I Occupational Health & Safety I Innovation
Stakeholders Impacted	Employees

Key Priorities for FY 2025/26	Resource Allocation through Capitals	Outcomes
♣ Talent Acquisition and Retention ♣ Building a Skilled and Competent Workforce ♣ Safe and Conducive Workplace ♣ Employee Motivation and Satisfaction		♣ 88.5% employee retention rate ♣ 300 employees serving the Company for over 10 years

Strategy and Resource Allocation

Environment, Sustainability & Governance	
Risks and Opportunities	BR 3 I BR5 I BR 6 I BR 10 I BO2 Refer - Risk and Opportunity Management Report on page 61
Material Topics	Implications of Climate Change I Preserving the Environment I Community Engagement I Geopolitical Conditions in Buying Markets I Brand Image and Reputation I Product Responsibility I Innovation I Environmental & Socio-economic Compliance I Managing our Supply Chain I Information System & Cybersecurity
Stakeholders Impacted	Customers I Suppliers I Government / Regulators I Community & Environment

Key Priorities for FY 2025/26	Resource Allocation through Capitals	Outcomes
♣ Developing a Reliable Supply Chain ♣ Supporting Community Empowerment ♣ Net Zero Asset Transition ♣ Waste Reduction and Resource Optimisation ♣ Renewable Energy Expansion ♣ Climate Resilience Research ♣ Adaptation and Sustainability ♣ Biodiversity Conservation and Restoration ♣ Environmental Education and Awareness and Environmental Advocacy ♣ Trust, Security & Sustainable Digital Foundation		♣ 34,698 MTCO2e Carbon Footprint ♣ 482,185 KWh of solar energy generation equivalent to 5,642 trees planted ♣ 1% reduction in waste generated across operations ♣ 87% of recycled, reused or repurposed waste ♣ Best Corporate Citizen Sustainability Awards 2025 ♣ Winner - Top 10 Corporate Citizen 2025 ♣ Winner – Best Project Sustainability Awards for MJF Charitable Foundation's Empower Culinary and Hospitality School (ECHS) ♣ Winner – Award for Resilient Practices ♣ Consistent Commitment and Continuous Improvement Customer Relations ♣ Sustainability Tracker Awards 2025: Winner - Most Influential Award ♣ Global Sustainability Awards 2025: Among the Top 10 Finalists – Net Zero: Supply Chain Decarbonisation

SLFRS Sustainability-Related Financial Disclosures

1 BASIS OF PREPARATION

1.1 Reporting Entity, Organisation Boundary and Value Chain

1.1.1 Physical / Operational

1.1.2 Boundary

Reporting Entity

Dilmah Ceylon Tea Company PLC manufactures, exports, and markets value-added tea products in a range of varieties to more than 100 countries worldwide. The Company's headquarters is located at No. 111, Negombo Road, Peliyagoda, Sri Lanka.

Organisational Boundary

These disclosures apply to Dilmah Ceylon Tea Company PLC and its subsidiary, MJF Beverages (Private) Limited (collectively referred to as "DCTC" or "the Group").

DCTC's sustainability-related financial disclosures for the period from 1st April 2025 to 31st March 2026 have been prepared using the same reporting boundary as the Group's consolidated financial statements, ensuring consistency between financial reporting and sustainability-related financial reporting.

Accordingly, the disclosures cover the operations conducted at the Dilmah Head Office located at No. 111, Negombo Road, Peliyagoda, Sri Lanka, and the MJF Beverages (Private) Limited facility located at Rilhena Estate, Pelmadulla, Sri Lanka, together with all operations and assets over which the Group exercises financial and operational control within the financial reporting boundary.

While the reporting boundary aligns with the DCTC's consolidated financial statements, DCTC also considers material sustainability-related risks and opportunities arising across its value chain, including upstream suppliers and downstream distribution activities. Such exposures are assessed based on their materiality, relevance to operations, and availability of reliable data, particularly where they may influence the DCTC's financial performance, cash flows, or cost of capital.

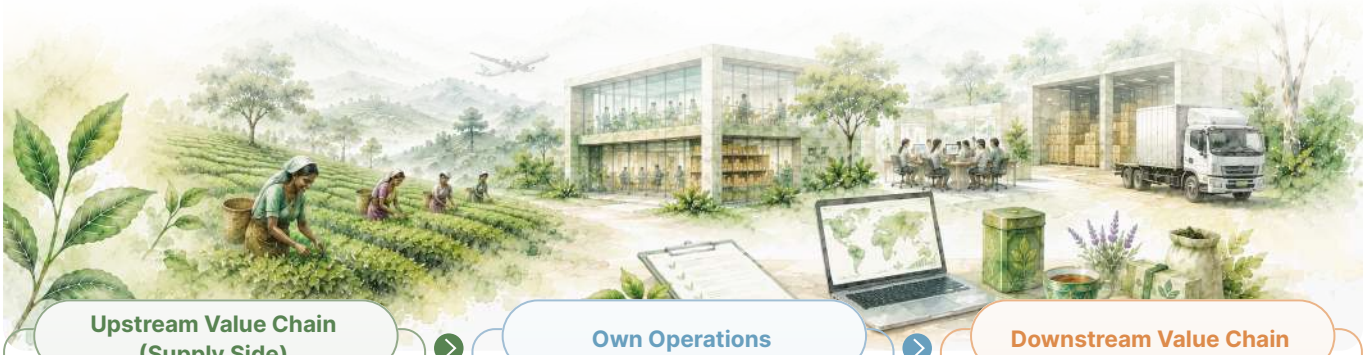
Non-financial disclosures, including Governance, Strategy, Risk Management and Metrics & Targets, are also prepared at DCTC/ Group level to ensure consistency and transparency across sustainability-related financial disclosures. DCTC will continue to refine and enhance these disclosures over time as regulatory expectations evolve and reporting practices mature in line with the requirements of SLFRS Sustainability Disclosure Standards (SLFRS S1 and SLFRS S2).

1.1.3 Value Chain Introduction:

Dilmah Ceylon Tea Company PLC ("DCTC") operates within an integrated value chain that spans upstream sourcing, internal value creation processes, and downstream distribution and market engagement. This value chain reflects the full range of interactions, resources, and relationships that enable the Group to create value through the production, processing, and global distribution of Single Origin Pure Ceylon Tea.

In line with the Sustainability Related Financial Disclosure requirements, the Group identifies and reports climate-related risks and opportunities (CRROs) that arise from, are contributed to by, or are directly linked to its operations, products, and services through its business relationships across the value chain. Consistent with the principles outlined in SLFRS S1, the Group therefore considers key components of its value chain when assessing sustainability-related risks and opportunities, including upstream supply activities, internal operational processes, and downstream logistics, market channels, and end consumer engagement, together with the broader regulatory, environmental, and socio-economic environment in which the Group operates.

SLFRS Sustainability-Related Financial Disclosures



Upstream Value Chain (Supply Side)

Scope 3 emissions

- Tea Supply: Tea estates and plantation partners, Smallholder growers and plantation communities.
- Raw Materials and Production Inputs: Packaging material suppliers, Herbs, flavours, and ingredient suppliers.
- Logistics and Supply Chain Services: Air, sea, and courier logistics providers.
- Consultancy and technical service providers.
- Regulatory bodies and government institutions.
- Financial institutions, energy providers, water utilities, and municipal services.
- Infrastructure service providers including warehousing and IT services.

Own Operations

Scope 1 & 2 emissions

- Production Planning, Procurement, Supplier Management, processing and value addition through flavouring and packaging.
- Quality Assurance: Raw materials are selected, tested, and verified for quality and safety by the Quality Assurance, Food Technology, and Tea departments.
- Logistics and Transportation: After processing and packaging, finished products are stored, handled.
- Marketing, Digital Marketing and Market Development: local and international brand marketing teams.
- Research, Innovation and New Product Development: Research and development supports new tea products.
- Operational support and Ethical Purpose: supported by Human Resources, Finance, Sales, Legal, Information Technology, Administration, Security and Housekeeping, and Facilities Management. Dilmah Conservation and the MJF Charitable Foundation further support the Group's environmental and social responsibility commitments.

Downstream Value Chain

Scope 3 emissions

- Logistics and Warehouse Service Providers
- Market Channels :
  - Retail Markets
  - HORECA Sector
  - Distributors and Importers
- Joint Ventures and Strategic Partnerships
- End Consumers

1.2 Basis of Materiality

Materiality plays a central role in guiding Dilmah Ceylon Tea Company PLC's strategic decision-making, risk management, and commitment to ethical business practices and sustainability. The annual materiality assessment is the Company's primary process for identifying and prioritising the sustainability topics that most influence long-term strategy, operational performance, and stakeholder engagement.

In response to the evolving external landscape and aligned with emerging best practice, Dilmah strengthened its materiality assessment by adopting a double materiality approach (Assessing Financial and Impact Materiality).

This broader assessment supports the Company's sustainability strategy and stakeholder engagement. However, for the purpose of sustainability-related financial disclosures prepared in accordance with SLFRS S1 and SLFRS S2, materiality is determined based on the financial materiality requirements of the Standards.

Within the Company's materiality matrix, climate change has been identified as a key material topic. Accordingly, the climate-related risks and opportunities (CRROs) disclosed in this report are assessed and reported under the broader "Climate Change" material topic, ensuring that climate-related considerations are systematically integrated into Dilmah's sustainability governance, risk management, and strategic planning processes.

Information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of general-purpose financial reports make on the basis of those reports.

In assessing the materiality of Climate-related Risks and Opportunities (CRROs), the Company applies both quantitative and qualitative (Integrated Assessment Approach) judgement criteria to ensure alignment with strategic decision-making processes.

An issue is classified as material where it meets any one of the following:

1. Exceeds the defined EBITDA-based quantitative threshold
2. Presents moderate to high likelihood with significant operational consequences
3. Is strategically critical to long-term climate resilience and competitiveness
4. Requires governance oversight due to regulatory or stakeholder expectations

This approach ensures that material CRROs reflect not only immediate financial impact but also long-term value creation, resilience, and brand integrity considerations.

Quantitative Factors:

The Company uses Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) as the primary benchmark for determining materiality of CRROs.

EBITDA reflects core operational performance and cash-generating capacity. It removes the effects of depreciation, capital structure, taxation, exchange rate volatility and other non-operational items. As climate-related risks primarily affect operating margins and cost structures, EBITDA provides the most relevant measure of financial exposure.

A CRRO is considered quantitatively material if it could have:

an impact of 10% or more of annual EBITDA, or a significant adverse effect on operating margins, capital allocation, or credit indicators.

An impact of this scale reinforces the importance of proactive management actions and continued Board-level oversight to strengthen operational resilience, protect profitability, and sustain the Company's capacity for long-term strategic reinvestment and sustainable growth.

Cumulative impacts across the value chain are also considered, even where individual exposures fall below this threshold.

Qualitative Factors

Strategic and Regulatory Significance

Issues are deemed material where they:

- affect the Company's ability to achieve its 'Net Zero by 2050' commitment
- Impact supplier decarbonisation under the 'Stronger Together' initiative
- Influence compliance with evolving ESG, climate disclosure, or trade-related regulations
- Affect long-term climate resilience of tea sourcing regions
- Influence access to key export markets or major buyers

Strategic alignment with the Company's long-term sustainability objectives and value chain resilience is a critical determinant of materiality.

Professional Judgement

Where quantitative measurement is limited or uncertain professional judgement is applied.

Such issues may be classified as material where:

- Directional financial relevance is clear
- Reputational or brand impact could affect premium positioning
- There is significant stakeholder expectation or regulatory scrutiny

1.3 Functional Currency

The Financial Statements of Dilmah Ceylon Tea Company PLC and its subsidiaries are presented in Sri Lankan Rupees (LKR), which represents the currency of the primary economic environment in which the Group operates. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless otherwise indicated. There was no change in the Group's presentation currency or functional currency during the year under review.

1.4 Sources of Guidance

The SLFRS S1 and S2 Sustainability-related Financial Disclosure Report has been prepared with reference to relevant national and internationally recognised standards, frameworks, and published guidance. This approach supports the preparation of disclosures that are consistent, credible, and aligned with globally accepted sustainability reporting practices.

1. SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information
2. SLFRS S2: Sustainability Disclosure Standard - Climate-related Disclosures
3. Sustainability Accounting Standard for the Non Alcoholic Beverages sector - Standard of the Sustainability Accounting Standards Board (SASB)
4. Sri Lanka's Nationally Determined Contribution (NDC) 3.0
5. International Trade regulations
   - Carbon Border Adjustment Mechanism (CBAM)
   - The European Union Deforestation Regulation (EUDR) - Peterson Solutions (Regulation (EU) 2023/1115)
6. Synthesis Report (SYR) of the IPCC Sixth Assessment Report (AR6)
7. Research Papers:
   - Assessment of impact of climate change on productivity of tea (*Camellia sinensis L.*) plantations in Sri Lanka: M.A. Wijeratne1
   - Rainfall Variability in Ratnapura District: A Comparative Study of the Two 30-year Standard Periods of 1961-1990 and 1991-2020: Priyakumara, U.L.A.S. [1]
8. The Climate Change Magazine of Sri Lanka Vol. III December 2020

1.5 Reporting Period

The reporting period covers the twelve months from 1 April 2025 to 31 March 2026, during which financial and non-financial information relating SLFRS S1 and S2 disclosures has been compiled to present the Company's performance, strategic actions, and stakeholder engagement.

1.6 Time Horizon

In accordance with the requirement to clearly explain the time horizons applied in assessing climate-related risks and opportunities, the Company has defined short-term, medium-term, and long-term based on its internal strategic planning cycle and business review mechanisms.

Basis for Determination:

The material Climate-related Risks and Opportunities (CRROs) were assessed across short, medium, and long-term horizons to support informed decision-making and long-term strategic planning. The current reporting year considered for this assessment is the financial year 2025/26.

In line with the requirement to clearly define the time horizons used in evaluating climate-related risks and opportunities, the Company determines short, medium, and long-term horizons based on its internal strategic planning cycles and business review processes, while also considering the nature, severity, likelihood, and expected progression of both physical and transition climate-related factors.

Given the evolving market conditions, product innovation, and changing consumer preferences within the global tea industry, Dilmah operates within a dynamic business environment, where strategic priorities are regularly reviewed and typically updated within a two-year planning cycle. These planning horizons are therefore used as a reference when assessing climate-related risks and opportunities.

Following this structured approach, the identified climate-related risks were categorised into the defined time horizons. These prioritised climate risks will be reviewed and updated annually to ensure consistency with the financial reporting cycle, evolving global and local climate trends, and to appropriately reflect the impacts of acute climate events within the reporting period.

Definition of Time Horizons for Strategic Decision-Making

Time horizon	Link to organisation's planning horizons for strategic decision-making	Definition For the Time Horizon	
Short term	1 year	1st April 2026	- 31st March 2027
Medium term	2-3 years	1st April 2027	- 31st March 2028
		1st April 2028	- 31st March 2029
Long term	More than 3 years	More than 3 years	- > 1st April 2029

1.7 Connected Information

Cross-references are used throughout this section to demonstrate the connectivity of climate-related risks and opportunities (CRROs) with disclosures presented both within the SLFRS S1 and S2 report and elsewhere in the Integrated Annual Report. Relevant page numbers are provided, where applicable, to guide users to the related information.

1.8 Transitional Relief

Transition Relief	Description
Transition Relief on Anticipated Financial Impact:	Entities are permitted to defer (Paragraph 15(b)- SLFRS S2 Standard and Paragraph 34.(b)- SLFRS S1 Standard) the disclosure of qualitative information regarding anticipated risks and opportunities for a period of two years following the mandatory application of the standard.
Climate Resilience and Scenario Analysis	Relief period of two years are granted to apply the requirements (Paragraph (22)) from the date of mandatory application to fully comply with climate resilience disclosure requirement.
Comparative Information	An entity is not required to provide the disclosures specified in this Standard for any period before the date of initial application. Accordingly, an entity is not required to disclose comparative information in the first annual reporting period in which it applies this Standard.
Climate-First Reporting	In the first annual reporting period in which an entity applies this Standard, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with SLFRS S2) and consequently apply the requirements in this Standard only insofar as they relate to the disclosure of information on climate-related risks and opportunities. If an entity uses this transition relief, it shall disclose that fact.

1.9 Significant Judgements, Uncertainties and Proportionality

1.9.1 Significant Judgements

The preparation of sustainability-related financial disclosures requires management to apply professional judgement in identifying and assessing information that could reasonably be expected to influence the decisions of primary users of financial reports.

Key areas where significant judgement has been applied include:

Materiality Determination

Management applies professional judgement in identifying material Climate-related Risks and Opportunities (CRROs) that could reasonably be expected to affect the Company's prospects

The following factors were considered in determining the materiality of CRROs:

Factors Considered in Determining the Materiality of CRROs

Judgement Area	Basis of Judgement
Quantitative Financial Relevance	Climate-related risks and opportunities are assessed based on their potential to influence financial performance, including impacts on operating costs, revenue generation, capital investment requirements, or overall profitability.
Strategic Relevance to Business Model	Consideration is given to the potential impact of climate-related factors on Dilmah's value-added tea business model, including implications for its product quality, production continuity, and long-term business resilience.
Operational Resilience and Supply Chain Stability	Systematically assess climate-related risks across our entire footprint including tea sourcing, agricultural productivity, logistics networks, and supply chain to protect operational continuity. We identified how erratic monsoon patterns and rising temperatures in the Central Highlands impact tea leaf yields and quality, how landslides disrupt mountain logistics networks, and how extreme weather threatens port operations, potentially delaying global shipments based on evidence from published articles and reports.
Brand Reputation and Market Positioning	Formal judgement is applied to assess how climate risks – such as changing rainfall in Sri Lanka's tea-growing areas - could disrupt supply chains, alter flavour profile and subsequently compromise Dilmah's premium brand positioning, "Single Origin" reputation, and consumer trust in key export markets.
Stakeholder Expectations and Regulatory Developments	Consideration is given to increasing expectations from regulators on global sustainability mandates such as corporate climate disclosure laws ensuring that our supply chain complies with shifting expectations of investors, environmentally conscious customers, ,and trade partners to maintain uninterrupted access to our key export markets.

Time Horizon Definition

The Company applies judgement in defining short-, medium-, and long-term horizons for assessing climate-related risks and opportunities.

Table 1 5-Time Horizon Definition and Basis of Judgement

Judgement Area	Basis of Judgement
Strategic Planning Cycle	Time horizons are aligned with the frequency at which the Company's business strategy and long-term objectives are reviewed and updated.
Capital Allocation and Investment Planning	The Company considers capital investment cycles related to manufacturing infrastructure, packaging innovation, and operational improvements, which typically span multiple years.

Judgement Area	Basis of Judgement
Market Dynamics and Consumer Trends	Judgement is applied by considering changes in market demand, product diversification, and evolving customer preferences across global tea markets.
Technological Developments	The pace of innovation in manufacturing processes, packaging technologies, and sustainability mandates is considered when determining the timeframe over which certain climate-related risks or opportunities may materialise.
Regulatory Developments and Climate Transition Pathways	Time horizons incorporate anticipated regulatory developments and policy transitions relating to climate change, packaging regulations, and environmental compliance in key export markets.
Risk Management Alignment	The likelihood index applied within the Business Risk Registry is used to ensure consistency between climate risk assessments

Value Chain Boundary
Management judgement is used in determining the scope of the value chain considered in climate-related assessments, focusing on areas where the Company has significant exposure or influence. Particular attention is given to upstream tea sourcing and agricultural supply chains, as well as downstream global distribution networks, which are integral to Dilmah's single-origin tea business model. Dilmah maintains control over a significant portion of its value chain, including tea sourcing, blending, packaging, and distribution, enabling greater traceability and quality assurance across operations.

1.9.2 Measurement Uncertainties

Sustainability-related disclosures often rely on forward-looking estimates and assumptions, which involve inherent measurement uncertainty.

The preparation of sustainability-related financial disclosures involves the use of assumptions and forward-looking information, which may be subject to measurement of uncertainty due to limitations in data availability, evolving regulatory frameworks, and the inherent unpredictability of climate-related impacts. Key sources of uncertainty considered in the preparation of these disclosures are outlined below.

Uncertainty Associated with Physical and Transition Climate Risks
While uncertainty remains regarding the exact frequency, severity, location, and timing of physical climate risks affecting operations and the value chain, their threat to our operations is undeniable. Changes in rainfall, prolonged droughts, floods, and landslides impact tea productivity and supply continuity, but these variables shift as climate data and scientific evidence advance.

Transition-related risks are also uncertain because policy, regulatory, market, technology, and consumer developments may vary across jurisdictions and over time. As these factors evolve, their operational and financial effects may also change.

Materiality Threshold Determination
The Company uses an approximate threshold of 10% of EBITDA to assess the financial materiality of CRROs. While the percentage remains fixed, the absolute threshold may change with EBITDA and broader business, economic, geopolitical, market, and regulatory conditions. The timing and scale of CRRO impacts also remain uncertain.

Uncertainty in Time Horizon Determination
Although short-, medium-, and long-term horizons are aligned with the Company's strategy and risk management processes, the timing of climate-related risks and opportunities remains uncertain. As business conditions and planning cycles change, these horizons and related assessments may need periodic review.

Uncertainty in Likelihood Assessment
Likelihood assessments are aligned with the Company's Risk Registry which follow the format from ISO 31000 to maintain consistency with risk management. However, applying this recurrence-based approach to climate-related risks involves uncertainty because such risks are shaped by complex environmental and external factors.

Physical events such as extreme rainfall, droughts, and landslides may not follow predictable patterns, while transition risks may develop at different speeds across jurisdictions. Accordingly, likelihood assessments may be refined over time as new data, scientific evidence, and regulatory developments emerge.

Greenhouse Gas Emissions Estimation
The Company estimates GHG emissions across operations and the value chain, including material Scope 3 categories, using primary activity data where available and spend-based methods where it is not.

Uncertainty remains, particularly regarding certain Scope 3 activities where complete primary data is unavailable. In such cases, the Company applies recognised emission factors and accepted estimation methodologies.

1.9.3 Proportionality
The SLFRS Sustainability Disclosure Standards incorporate proportionality mechanisms that recognise differences in data availability, technical capacity, and resources available to reporting entities when preparing sustainability-related financial disclosures. In applying these standards, DCTC utilises existing internal expertise, established risk management processes, and available operational data to prepare disclosures using all reasonable and supportable information available at the reporting date without incurring undue cost or effort.

In particular, proportionality considerations have been applied in the following areas:

1. Identification and Prioritisation of Climate-Related Risks and Opportunities (CRROs)

   The identification and prioritisation of CRROs were carried out using the Company's existing Business Risk Registry, internal expertise, and available operational and environmental information.

2. Determination of Value Chain Scope

   The scope of the value chain considered in the assessment of climate-related risks and opportunities was defined using available information on key suppliers, operational processes, and distribution networks, focusing on areas where the Company has the greatest exposure or influence.

3. Greenhouse Gas (GHG) Emissions Measurement

   Scope 1 and Scope 2 greenhouse gas (GHG) emissions were measured using available activity data, recognised emission factors, and internationally accepted GHG accounting methodologies. For Scope 3 emissions, the Company applied a proportionate approach, using reasonable and supportable information available without undue cost or effort, together with relevant activity data and recognised emission factors.

This approach ensures that sustainability disclosures are prepared in a practical and proportionate manner, while maintaining consistency with the requirements of the SLFRS Sustainability Disclosure Standards and the Company's existing management and reporting systems.

1.10 Statement of Compliance
This report represents a complete set of sustainability-related financial disclosures for Dilmah Ceylon Tea Company PLC and its subsidiaries (collectively, the Group') for the year ended 31 March 2026. The Group's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

2. GOVERNANCE

2.1 Board Oversight Role

Governance Structure for Sustainability (including Climate-related Risks and Opportunities)

BOARD OF DIRECTORS

Ultimate oversight of sustainability, including climate-related risks and opportunities.

SUSTAINABILITY BOARD COMMITTEE

Provides focused guidance on sustainability priorities and oversees the management of sustainability-related risks and opportunities across the organisation.

SUSTAINABILITY EXECUTIVE COMMITTEE

Implements strategies and policies, integrates sustainability considerations into business processes, and monitors performance and progress.

Governance Enablers

- Policies & Frameworks
- Risk Management
- Metrics & Targets
- Reporting & Disclosure
- Stakeholder Engagement

BOARD OF DIRECTORS

- Holds ultimate responsibility for overseeing sustainability-related risks and opportunities, including climate-related risks and opportunities (CRROs).
- Ensures material ESG considerations are integrated into strategic direction, risk management framework, and long-term value creation objectives.

SUSTAINABILITY BOARD COMMITTEE

- Provides focused guidance on environmental, social, and governance priorities to the Sustainability Executive Committee.
- Monitors the management of sustainability-related risks and opportunities across the organisation.
- Reviews sustainability strategies, policies, and performance metrics.
- Ensures sustainability considerations are embedded within the Company's business model and corporate governance framework.

SUSTAINABILITY EXECUTIVE COMMITTEE

- Drives implementation of sustainability strategies, policies and initiatives.
- Integrates ESG and climate-related considerations into decision-making and operations.
- Monitors performance, progress against targets and reports to the Sustainability Board Committee.

Figure 01 - Governance Structure for Sustainability

The Board of Directors of Dilmah Ceylon Tea Company PLC holds ultimate responsibility for overseeing sustainability-related risks and opportunities, including climate-related risks and opportunities (CRROs). The Board ensures that material environmental, social, and governance (ESG) considerations are integrated into the Company's strategic direction, risk management framework, and long-term value creation objectives.

Board-level oversight of sustainability matters is exercised through the Sustainability Board Committee (SBC), which provides focused guidance on environmental, social, and governance priorities to Sustainability Executive Committee (SEC) and monitors the management of sustainability-related risks and opportunities across the organisation. The Committee supports the Board in reviewing sustainability strategies, policies, and performance metrics, while ensuring that sustainability considerations are embedded within the Company's business model and corporate governance framework.

The Sustainability Board Committee works in coordination with other Board sub-committees including the Audit Committee, Remuneration Committee, Related Party Transaction Review Committee, and the Nominations and Governance Committee, ensuring that sustainability-related considerations are appropriately integrated into financial oversight, governance practices, and organisational accountability.

Through this governance structure, the Board regularly reviews progress on sustainability initiatives, evaluates the Company's exposure to sustainability-related risks and opportunities—including climate-related risks—and provides strategic direction to ensure that these matters are effectively incorporated into business risk management, strategic planning, and performance evaluation processes.

This approach ensures that sustainability-related matters are addressed at the highest level of governance and remain aligned with Dilmah's long-standing commitment to ethical business practices, environmental stewardship, and social responsibility.

2.1.1 Responsibility

Sustainability-related matters, including climate-related risks and opportunities (CRROs), are overseen through a structured governance framework comprising two key committees: the Sustainability Board Committee and the Sustainability Executive Committee. The Board of Directors has delegated oversight responsibilities to the SBC, a sub-committee of the Board, which provides strategic direction and governance over ESG-related matters.

Both the SBC and the Sustainability Executive Committee were established in 2024 and became fully operational in 2025 following the formalisation of their Terms of Reference (ToRs).

Sustainability Board Committee :

The SBC at Group level comprises two Main Board representatives: the Chairman/CEO and one Non-Executive Independent Director. The Committee meets as required, and at least quarterly, to oversee sustainability and climate-related risks and opportunities (CRROs).

The Key Responsibilities of the SBC (summary of the ToR):

Strategic Oversight and Integration of Sustainability into Business Strategy

The Committee provides strategic direction and oversight on sustainability-related risks and opportunities (SRROs) including CRROs, including recommending ESG strategies, goals, and targets for integration into the Company's overall business strategy. It ensures that the Board is adequately informed of SRROs including CRROs when evaluating strategic decisions, major transactions, and risk-return trade-offs. The Committee also oversees the establishment of sustainability-related targets, including their alignment with performance management and remuneration frameworks, and reviews ESG disclosures and reporting to ensure transparency and completeness.

Oversight of Risk Management, Governance Processes, and Performance Monitoring

The Committee ensures that robust systems and processes are in place to identify, assess, monitor, and manage sustainability-related risks and opportunities. This includes overseeing mechanisms for timely escalation of critical SRROs including CRROs, reviewing materiality assessment processes and stakeholder engagement outcomes, and ensuring the availability of appropriate skills and competencies to manage sustainability risks effectively. The Committee monitors progress against sustainability targets, reviews ESG performance on an ongoing basis, and escalates key matters to the Board while maintaining proper documentation and reporting.

2.1.2 Skills and Competencies Access to Specialist Expertise and Diversity in Expertise

Dilmah ensures access to a combination of strategic, governance, and specialised sustainability expertise at Board and management levels. The Sustainability Board Committee

is supported by the leadership of Chairman/CEO , and one Non-Executive Independent Director.

- The Chairman/CEO, Mr. Dilhan C. Fernando, provides leadership in embedding sustainability into the Company's business model, value chain, and strategic direction, ensuring that sustainability and climate-related considerations are integrated into long-term value creation and business decision-making (Refer page 35 Board Member Profile).
- Dr. Ravi A. Fernando (Non – Executive Independent Director) contributes expertise in corporate governance, strategy, and sustainability advisory, strengthening the integration of ESG considerations into governance structures, risk management processes, and strategic planning. His membership across other Board sub-committees supports alignment between ESG Board Committee decisions and the work of those committees and ensures two-way coordination of priorities and actions (Refer page 37 Board Member Profile).

At management level, the Sustainability Executive Committee comprises Heads of Departments from relevant functional areas including Dilmah Conservation and Sustainability, Quality Assurance, Finance, Human Resources, Engineering, Production, NPD/Procurement, Legal, Commercial Strategy, Operations and Planning, and Risk and Compliance. This cross-functional composition strengthens second-level implementation by ensuring that sustainability and climate-related considerations are embedded into operational decision-making, business strategy, risk management, and reporting processes across the organisation. In addition, Sustainability Champions appointed from individual departments provide third-level support, drawing on experienced employees within each function to facilitate implementation, coordination, data reliability, and awareness building at operational level.

In addition, Dilmah has engaged an external consultant to support the implementation of SLFRS S1 and S2, strengthening access to technical expertise on climate-related disclosures and evolving regulatory expectations.

Skills and Competency Gap Assessment

Dilmah has conducted a Board Skills and Competency Gap Assessment, with results presented in the Sustainability Board Committee Report. This supports structured skill mapping against emerging ESG and climate-related competencies and informs Board composition, succession planning, and targeted capability enhancement. (Refer. Sustainability Board Committee Report page 273-274)

The Nominations and Governance Committee supports this process by ensuring that Board composition remains fit for purpose, incorporating the required expertise to effectively oversee sustainability and climate-related risks and opportunities.

Targeted Capacity Building and Training

Dilmah has implemented a structured capacity-building approach to strengthen ESG competencies for its board, management and employees:

- **Board-level:** A single session covering climate emergency, ESG positioning, SLFRS S1 & S2 compliance, and the role of the Board scheduled post-fiscal year-end but prior to final implementation sign-off
- **Management and employees:** Two targeted sessions on SLFRS S1 & S2 focusing on Governance & Risk Management and Strategy, featuring participation from the Sustainability Executive Committee members and designated Sustainability Champions

This ongoing approach ensures that the Board and management maintain the capability and knowledge required to oversee and manage SRROs and CRROs, consistent with SLFRS S1 and S2 expectations.

2.1.3 Inform

Informed – Structured Information Flow, Continuous Visibility and Direct Escalation

The Board of Directors retains ultimate accountability for the oversight of sustainability-related risks and opportunities (SRROs), including climate-related risks and opportunities (CRROs), while delegating primary oversight responsibility to the Sustainability Board Committee, which meets quarterly.

To ensure continuous Board visibility beyond formal committee cycles, Dilmah has established a multi-layered governance reporting structure:

- The Sustainability Executive Committee (supported by Sustainability Champions) meets quarterly to review sustainability performance and emerging risks
- The Sustainability Executive Committee (SEC) provides quarterly sustainability updates to the Sustainability Board Committee (SBC) and the Board of Directors

- Strategic reviews between the Chairman and Dilmah Conservation and Sustainability strengthen real-time oversight (Quarterly/ On request)
- Monthly huddles and quarterly reviews mandate senior management participation ensuring sustainability metrics are directly integrated into boardroom oversight and executive decision making.

Real-Time Escalation Mechanism
Beyond scheduled reporting, Dilmah has implemented a direct escalation pathway:

- The Head of Sustainability is empowered to escalate critical sustainability and climate-related matters directly to the CEO and Chairman, ensuring timely response to high-impact risks.
- Cross-functional representation within the ESG Executive enables immediate internal escalation and coordinated decision-making.

2.1.4 Address and Monitor
The Board of Directors, supported by the Sustainability Board Committee, ensures that sustainability-related and climate-related risks and opportunities (SRROs/CRROs) are integrated into governance, strategy, and risk management processes in line with SLFRS S1 and S2. The Sustainability Executive Committee plays a key role in operationalising these priorities by developing, implementing, and reporting on sustainability initiatives. The Board and its Committees oversee approvals of policies, strategies, and investments, while continuously monitoring performance through structured reporting mechanisms, KPIs, and digital systems to ensure effective management and disclosure of sustainability-related risks and opportunities.

Address and Monitor

Decision Area	Sustainability Executive Committee Role	Sustainability Board Committee / Main Board Role	Mechanisms & Evidence	Monitoring
Policy Setting	Develops and proposes ESG policy frameworks	Approves sustainability direction and governance foundation	Approved ESG Policy	Periodic policy reviews
Governance Structure	Propose governance structures and reporting processes	Reviews, approves, establishes and oversees governance structures	Approved Governance Board Paper	Regular reporting cycles
SRRO /CRRO Identification	Identifies, assesses and prioritises CRROs	Reviews and approves risks and opportunities	Approved Risks & Opportunities Board Paper	Periodic review and Updating of SRROs/ CRROs
Strategy Integration	Integrates CRROs into operational plans	Ensures alignment with corporate strategy	Approved ESG Strategy	ESG Strategy reviews
Risk Management	Aligns CRROs with risk processes	Ensures integration with the Company's overall risk management framework.	Oversight- through Sustainability Executive Committee reviews	During the reporting year, CRROs were integrated into the Business Risk Registry. The SEC will take further steps to strengthen their integration into the Company's broader risk management framework.

Decision Area	Sustainability Executive Committee Role	Sustainability Board Committee / Main Board Role	Mechanisms & Evidence	Monitoring
Planning, Budgeting & Capital Allocation	Proposes ESG initiatives and budgets	Approves and aligns with financial planning	Approved ESG-related budgets for Decarbonisation, Supplier Capacity Building, Packaging sustainability, Biodiversity, etc	Budget tracking and reviews
Value Chain & Supplier Integration	Identify Supplier sustainability requirements, Propose necessary initiatives and Implements supplier sustainability programmes	Oversees supplier sustainability integration	Approved Sustainable Procurement Policy	Periodic Supplier Audits, Supplier on Boarding Assessments, Periodic Supplier Evaluations (bi-annual) Supplier Reviews Supplier Self Assessment and Supplier Capacity building through "Stronger Together" Platform
Regulatory & Market Alignment	Research on regulatory and market alignment and identify and report on the regulatory developments	Ensures organisational readiness	Organising Capacity building Sessions such as – EUDR regulations through Stronger Together initiative Inhouse project on Supply chain Traceability Onboarding Advisory expertise	Audits by external regulators
Performance & KPIs	Propose ESG KPIs and integrate with Departmental KPIs and Employee performance management and track the progress	Review and Approved ESG KPIs and ensures sustainability KPIs are embedded into Balance Score Card (BSC) System of the Company & performance management	Approved Board Paper on ESG KPIs and Approved departmental KPIs	Mid-year and year-end performance Evaluations of Individuals and Periodic review of Departmental KPIs
Product & Packaging	Propose Sustainable Packaging Solutions and New Product development Implement those	Oversee sustainability-driven product and process innovations	Approvals for the packaging innovations and machinery upgrades	Implementation progress tracked through operational and Board updates
Monitoring Systems	Propose and manages ESG data systems	Ensures systems are in place for sustainability data tracking and reporting	Approved ESG Data Tracking System	Digital KPI tracking through Realtime dashboards for Management

2.2 Management Role- Delegation

Management Role – Sustainability Executive Committee (SEC)

The SEC operates under the direction of the Sustainability Board Committee and is responsible for the identification, management, and ongoing monitoring of sustainability-related risks and opportunities (SRROs), including climate-related risks and opportunities (CRROs), while ensuring timely updates to the Sustainability Board Committee on progress and any critical matters.

The SEC comprises senior functional leadership across key business areas ensuring that sustainability considerations are embedded across operations, value chain, and decision-making processes.

- Chief Financial Officer
- General Manager - Commercial Strategy, Operations & Planning
- General Manager - Group Human Resources
- General Manager - Group Engineering Services
- Head of Manufacturing Excellence
- General Manager – New Product Development & Supply Chain
- Senior Manager - Legal
- Head of Risk and Compliance
- Head of System Certification and Compliance
- Manager - Conservation and Sustainability

The Committee is chaired by the Head of Sustainability and meets quarterly and on needs basis, with quarterly reporting to the Sustainability Board Committee.

The SEC also serves as the central management body for SLFRS S1 and S2 implementation, ensuring integration without the need for parallel governance structures.

Core Responsibilities of Sustainability Executive Committee

Strategy Implementation & Integration

- Executes the Board-approved ESG Policy and Strategy
- Integrates SRROs and CRROs into corporate strategy, business model, and value chain
- Embeds sustainability into operational decision-making
- Drives achievement of sustainability-related KPIs across the organisation

Risk Management & Performance Monitoring

- Oversees identification, assessment, and management of SRROs aligned with business risk management
- Monitors performance through dashboards, targets, and periodic reviews
- Tracks climate-related and other sustainability targets
- Ensures data reliability and consistency across functions

Reporting, Governance Support & Disclosure

- Ensures timely and structured reporting to the ESG Board Committee
- Reports on strategy execution, performance, and emerging risks
- Oversees materiality assessments and stakeholder engagement
- Oversees ESG disclosures and supplier sustainability evaluations
- Maintains governance documentation and escalation mechanisms

Supporting Structures and Technical Capability

Dilmah Conservation and Sustainability (DC)

Acts as the technical and operational arm supporting the SEC, responsible for:

- Development of ESG policies, strategies, and Board papers
- Preparation of SLFRS S1 and S2 disclosures
- Implementation of decarbonisation strategy and GHG accounting and verification

- Conducting sustainability-related assessments (e.g., Emissions, water, waste)
- Coordinating training, capacity building, and stakeholder engagement

Sustainability Champions Network
During the reporting year, a group of 23 cross-functional representatives was appointed to support the Sustainability Executive Committee (SEC). The group will become fully operational in the current financial year by:

- Providing timely, department-level ESG data and inputs
- Supporting implementation of sustainability initiatives
- Strengthening data accuracy and operational integration

Data, Monitoring and Control Systems
During the reporting year, an online ESG data tracking system was onboarded to strengthen sustainability data management and reporting. The system will support the Sustainability Executive Committee (SEC) by:

- Enabling real-time tracking of ESG KPIs and performance
- Supporting data-driven decision-making
- Enhancing auditability, consistency, and reliability of disclosures

Capability and Continuous Improvement
Members of the SEC receive structured training and on-the-job capacity building, including technical guidance from external advisors, ensuring the Committee maintains the necessary skills and competencies to manage SRROs and CRROs effectively, as required under SLFRS S1 and S2.

2.2.1 Policies and procedures

Dilmah has established a comprehensive set of policies, procedures, and control frameworks to support the identification, management, monitoring, and disclosure of sustainability-related and climate-related risks and opportunities (SRROs/CRROs), in line with the requirements of SLFRS S1 and S2.

Policies and Strategies
Environment, Social & Governance (Sustainability) Policy
At the core of this framework is the ESG Policy (Prepared in 2024 and formalised in 2025), which serves as the primary governance layer guiding sustainability-related decision-making across the organisation. The policy covers all material sustainability topics, including climate change, biodiversity, energy and emissions, water and effluents, materials and waste, and compliance, while also defining the governance structure and Terms of Reference of the Sustainability Board Committee and Sustainability Executive Committee. It further aligns sustainability priorities with the United Nations Sustainable Development Goals (SDGs) and integrates regulatory and SLFRS requirements into governance processes.

ESG/Sustainability Strategy
The ESG Policy is operationalised through Dilmah's ESG Strategy, structured around seven pillars and twenty-nine elements, which collectively form the backbone of sustainability management within the organisation. Departmental KPIs which are related to sustainability are aligned with these pillars, enabling the systematic translation of sustainability commitments into measurable actions and company-wide targets, while ensuring integration into core business operations and decision-making processes.

Procurement and Sustainable Procurement Policy
Recognising that over 90% of the Group's greenhouse gas emissions originate from its value chain, Dilmah has established a Sustainable Procurement Policy to manage sustainability-related risks and opportunities across suppliers. This policy addresses key areas including ethical business conduct, social responsibility, environmental responsibility, and continuous improvement, with specific emphasis on climate action. Suppliers are encouraged to implement strategies to reduce emissions across Scope 1, 2, and 3, improve energy efficiency, adopt renewable energy, and integrate regenerative practices, thereby embedding sustainability considerations into sourcing and supply chain decisions.

3 STRATEGY

This section outlines how Dilmah integrates identified Climate-Related Risks and Opportunities (CRROs) into its strategy and decision-making processes, including actions across its operations and value chain.

3.1 Global Overview

Climate change is intensifying both physical risks (e.g., rising temperatures, erratic rainfall, extreme weather events) and transition risks (policy, market and technology shifts) across global economies. The Intergovernmental Panel on Climate Change confirms that global temperatures have increased by approximately 1.1°C above pre-industrial levels, contributing to more frequent droughts, floods and climate variability. These changes are particularly critical for agriculture; the Food and Agriculture Organisation (FAO) highlights that climate variability is already reducing crop yields and increasing production

uncertainty. In the context of tea, which is highly climate-sensitive, studies indicate that deviations in rainfall and temperature can significantly affect yield, quality and seasonal patterns, making tea supply chains increasingly vulnerable to both chronic and acute climate impacts.

At the same time, the global transition toward a low-carbon economy is accelerating, creating opportunities for organisations that proactively adapt. Frameworks such as IFRS Sustainability Disclosure Standards require companies to disclose how climate-related risks and opportunities affect strategy, risk management and financial performance, enhancing transparency and comparability. According to the International Energy Agency and United Nations Environment Programme, companies investing in decarbonisation, sustainable sourcing and climate-resilient operations can strengthen competitiveness and access new markets. For tea producers, this creates an opportunity to differentiate through low-carbon, sustainably produced tea, while aligning with global value chain expectations and climate commitments such as the Paris Agreement.

3.2 National Overview

Sri Lanka is highly exposed to climate change due to its tropical climate and reliance on climate-sensitive sectors such as agriculture. According to the Ministry of Environment Sri Lanka (NDC 3.0) and the Intergovernmental Panel on Climate Change, the country is experiencing increasing temperatures, irregular rainfall patterns, prolonged droughts and intense flood events, which directly impact agricultural productivity and water availability.

The tea sector, a key export industry, is particularly vulnerable; changes in rainfall distribution, temperature increases and extreme weather events have been shown to reduce yield, affect leaf quality and disrupt harvesting cycles, especially in low-country tea-growing regions. These impacts highlight climate change as a material risk to national economic stability and export competitiveness.

In response, Sri Lanka is transitioning toward a low-carbon and climate-resilient development pathway, creating opportunities for businesses aligned with these priorities. National commitments to emission reductions across sectors, along with increasing focus on sustainable agriculture and climate resilience, are shaping the operating environment. The introduction of SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2) for listed entities is further strengthening climate-related financial disclosures, requiring companies to integrate climate considerations into governance, strategy and value chain decisions. For tea companies, this presents an opportunity to enhance competitiveness by adopting climate-resilient cultivation practices, low-carbon production and transparent disclosures, thereby strengthening market access and long-term resilience.

3.3 Integration of Climate-Related Risks and Opportunities into Strategy and Decision-Making

In response to evolving global and national commitments to address climate change, the Company has established a structured approach to integrating Climate-Related Risks and Opportunities (CRROs) into its strategy and decision-making processes across operations and the value chain. This integration is enabled through four key pathways:

- **Governance and Oversight Integration:**

Climate-related considerations are embedded through a comprehensive ESG Policy, with oversight provided by Board-level and Executive-level Sustainability Committees, supported by Sustainability Champions across functions. Regular reporting to the Main Board ensures effective monitoring of CRROs, ESG KPIs and climate targets, enabling informed strategic decision-making.

- **Strategic Target Setting and Alignment:**

The validation of near-term and net-zero emission reduction targets by the Science Based Targets initiative (SBTi) embeds climate ambition into the Company's long-term strategy, ensuring alignment with global commitments such as the Paris Agreement.

- **Integrating CRROs into Business Risk Registry:**

CRROs are integrated into the Business Risk registry and aligned with the broader Sustainability Strategy, alongside the adoption of SLFRS S1 and S2, ensuring that climate-related risks and opportunities are systematically identified, assessed and managed within core business processes.

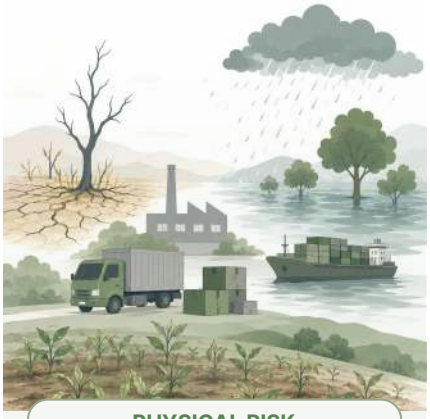
- **Implementation, Capacity and Transparency:**

The Company supports execution through continuous capacity building, structured ESG KPI monitoring and transparent sustainability reporting, strengthening internal capability, accountability and stakeholder confidence.

3.4 Climate Risks and Opportunities

Considering the global and national outlook on climate change, its impacts on the tea industry, and the implications for our business operations and value chain, together with insights from internal sector experts and guidance from our SLFRS S1 and S2 implementation partner, the Company has prioritised three Climate-Related Risks and Opportunities (CRROs) for focused management during the last financial year, comprising two climate-related risks and one climate-related opportunity.

CLIMATE-RELATED RISKS & OPPORTUNITIES FOR TEA SUPPLY & OPERATIONS



PHYSICAL RISK

Climate Variability & Extreme Weather Impacts

- Droughts & Floods
- Supply Chain Disruption
- Reduced Yields

Likelihood: Likely
Severity: Moderate
Time Horizon: Medium-Long

TRANSITION RISK

Enhanced Emissions Reporting & Increased GHG Pricing

- Carbon Footprint
- Carbon Tax Costs Increased Pricing

Likelihood: Very Likely
Severity: Moderate
Time Horizon: Medium-Long

OPPORTUNITY

Brand Differentiation & Market Leadership

- Ethically Sourced Tea, Climate Conscious
- Market Share Growth
- Enhanced Reputation Customer Preference

Likelihood: Very Likely
Severity: Moderate
Time Horizon: Medium-Long

Figure 2 1-Climate related risks & opportunities for Tea supply & Operation

CRRO 1	Climate Variability and Extreme Weather Impacts on Tea Supply and Operations	
CRROs impact on Prospects	Description	Tea, a rain-fed perennial crop cultivated across varying elevations in Sri Lanka, is highly vulnerable to both long-term climate variability and extreme weather events. Changes in rainfall and temperature directly affect yield and quality, with studies showing that a 100 mm monthly rainfall decline can reduce production by 30–80 kg per hectare. Rising temperatures, fewer wet days, and extended dry periods increase moisture stress, particularly in low- and mid-elevation areas. Acute events such as droughts, floods, landslides, and cyclones further cause immediate disruptions to cultivation, infrastructure, and overall production, underscoring the material significance of climate-related risks to the tea sector.

CRRO 1	Climate Variability and Extreme Weather Impacts on Tea Supply and Operations	
		Given that over 75% of the supply chain relies on local suppliers, climate-related disruptions can constrain supply availability, increase procurement and recovery costs, delay production and deliveries, and exert margin and revenue pressure. Accordingly, both chronic and acute physical climate risks pose a material threat to supply continuity, operational stability, and long-term financial performance.
	Physical Risk or Transition Risk	Physical - Chronic and Acute
	Time Horizon	M & L
	Define time horizon	Refer to Basis of Defining the Time Horizon in Pg. 76-77
Business Model and Value Chain	Current Effects on Business Model and Value Chain	**Impact on Product Quality:** Variations in rainfall patterns, temperature and wet days influence leaf growth, moisture balance and chemical composition, creating natural variations in flavour and aroma profiles. This reinforces the importance of adaptive sourcing and, quality assurance to consistently maintain the premium quality standards expected across Dilmah's value-added product portfolio. **Availability:** Climate impacts are most evident in upstream tea estates and smallholder networks, where irregular weather reduces yields and disrupts harvesting, making supply less consistent. Adverse weather also delays transport, leaf collection, factory intake and production scheduling, reducing operational efficiency. These disruptions increase procurement and recovery costs and can raise tea prices. Since 2019, unit tea prices have risen considerably, and lower yields can further tighten supply and increase prices, as reflected in Sri Lanka's recent production decline.
	Anticipated Effects on Business Model and Value Chain	**Resilient Sourcing and Quality Preservation:** Climate variability may affect tea quality and availability across sourcing regions in Sri Lanka, potentially influencing flavour consistency and blending precision. In response, the Company plans to strengthen supplier engagement through relevant stakeholders, improve visibility across sourcing regions, and adopt more adaptive sourcing and blending approaches to maintain consistent product quality and preserve the premium standards of its value-added tea portfolio under changing climatic conditions. **Strategic Partnerships for Resilient and Cost-Optimised Upstream Supply Chain:** Dilmah's upstream supply chain resilience strategy focuses on strengthening supply continuity and managing cost pressures arising from increasing climate variability. Through the "Stronger Together" initiative and strategic partnerships with key national institutions, the Company supports supplier capacity building on climate adaptation practices including water and soil management, productivity improvement, and extreme weather preparedness. This integrated approach enhances supplier resilience, improves visibility of supply-related risks, supports more stable and sustainable tea sourcing, and helps optimise production costs across the value chain.

CRRO 1	Climate Variability and Extreme Weather Impacts on Tea Supply and Operations	
	Where is it Concentrated?	**Upstream Value Chain (Sourcing of Tea and Inputs):** The most significant exposure to climate-related risks is observed at the raw material sourcing stage, particularly within tea estates and smallholder supply networks. Climate variability, including changes in rainfall patterns, rising temperatures, and the increasing frequency of extreme weather events such as droughts and floods, directly affects tea yield, quality, and consistency. These impacts are further intensified by increased pest and disease prevalence under changing climatic conditions. As a result, the Company experiences reduced availability of quality raw materials and increased variability in supply, which in turn leads to higher procurement costs and price volatility. This stage represents the highest concentration of physical climate risks within the value chain and plays a critical role in determining the resilience of the business model. **Financial Effects on the Business Model:** Climate-related impacts across the value chain are concentrated within key areas of the Company's business model, particularly procurement activities, operational processes, cost structures, and working capital management. Variations in procurement costs, operational expenditure, price movements, supply availability, inventory levels, and cash flow requirements influence the financial performance and position of the business. These considerations are increasingly integrated into strategic and operational decision-making processes to support business resilience and continuity.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	♣ Embed climate risk into the Business Risk assessment by assessing likelihood and potential financial impact, including potential disruptions to tea availability, and operations, and by shifting to a climate informed sourcing and operating model rather than reactive procurement. ♣ Implement supplier resilience and capacity building programmes through the "Stronger together" Initiative and build the bridge between technical expertise by collaborating with national institutions such as; • Sri Lanka Tea Board • Tea Research Institute • Disaster Management Agencies: like Disaster Management Centre, National Building Research Organisation • Meteorological Department

SLFRS Sustainability-Related Financial Disclosures

CRRO 1	Climate Variability and Extreme Weather Impacts on Tea Supply and Operations	
	How the Company is Resourcing and Plan to Resource Activities	♣ Allocate resources towards supplier capacity building (training, awareness, implementation support) ♣ Invest in R&D and sustainability initiatives such as process automation and climate-smart agriculture ♣ Strengthen internal ESG systems and data tracking for monitoring supplier performance and climate risks ♣ Leverage external expertise and partnerships ♣ Build human capital capability through continuous training to support implementation
	Progress (qualitative and quantitative)	♣ Conducted an Internal analysis of the impact of climate change on average unit tea price fluctuations, based on historical company data and available research on the implications of climate change for global tea prices ♣ Raised awareness among tea suppliers and other relevant stakeholders of the impacts of natural disasters, including Ditwah, through the "On the Edge" awareness session. ♣ Partnered with external consultants and specialist service providers to support SLFRS S1 and S2 implementation
Financial Effects	Current year financial effects to PL, BS and CF	We have not identified material financial effects to the current financial year.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer transition relief on anticipated financial impact on pg. 77
Climate resilience	Resilience Assessment	Refer transition relief on climate resilience and scenario analysis on pg. 77
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	

CRRO 1	Climate Variability and Extreme Weather Impacts on Tea Supply and Operations	
Judgements and Uncertainties	Judgements	**Judgements** ♣ Financial Relevance: Assessment of potential impacts on procurement costs, tea availability, inventory management, production continuity, and profitability arising from climate-related disruptions to tea supply. ♣ Strategic Relevance to Business Model: Consideration of how climate variability may affect Dilmah's ability to maintain consistent premium product quality within its value-added tea business model. ♣ Supply Chain and Operational Resilience: Assessment of risks to tea sourcing regions, supplier reliability, logistics continuity, and operational planning resulting from extreme weather events and changing climatic conditions.
	Uncertainties	**Uncertainties** ♣ Physical Climate Impacts: Uncertainty remains regarding the frequency, severity, timing, and geographic distribution of droughts, floods, extreme rainfall, and landslides affecting tea-growing regions and supply continuity. ♣ Tea Quality and Yield Variability: The extent to which changing climatic conditions may influence tea leaf quality, yield consistency, and seasonal availability remains uncertain and may evolve with future climate patterns and scientific evidence. ♣ Likelihood and Time Horizons: The timing and recurrence of climate-related disruptions remain uncertain due to the complex and evolving nature of climate systems, requiring periodic reassessment as new operational data, climate science, and regional trends emerge.

CRRO 02

CRRO 2	Enhanced emissions reporting obligations and increased pricing of GHG emissions	
CRROs impact on Prospects	Description	GHG reporting is becoming mandatory for large corporates, with SLFRS S1 and SLFRS S2 requiring standardised climate and sustainability disclosures, including comprehensive emissions reporting for top listed companies. As a tea exporter to Europe, the business may also face future exposure if Carbon Boarder Adjustment Mechanism (CBAM) expands to include tea, potentially increasing reporting requirements and carbon-related costs. Evolving customer expectations for decarbonised products and transparent emissions targets further heighten regulatory and market pressures, with non-compliance potentially affecting competitiveness and revenues.

CRRO 2	Enhanced emissions reporting obligations and increased pricing of GHG emissions	
		Over 85% of emissions arise from the upstream Scope 3 value chain, largely from local suppliers, where access to affordable decarbonisation technologies, renewable energy, green finance, and technical expertise remains limited. Additional challenges related to adopting low-emission and home-compostable packaging may increase transition costs, delays in emissions reductions, and impact long-term competitiveness and growth.
	Physical Risk or Transition Risk	Transitional Risk
	Time Horizon	M & L
	Define time horizon	Refer to Basis of Defining the Time Horizon in Pg. 76-77
Business Model and Value Chain	Current Effects on Business Model and Value Chain	Independent verification of the Company's GHG emissions inventory in accordance with ISO 14064-1 and the GHG Protocol, together with globally recognised validation of its SBTi Near-term and Net-zero targets, has strengthened the credibility of the Company's climate-related disclosures and enhanced stakeholder confidence. These measures also help reduce exposure to perceived greenwashing risks by demonstrating a structured and measurable approach to emissions management. No material impact to current year's business model and value chain during the reporting year, this climate-related risk did not result in any material impact on the Company's business model or value chain.
	Anticipated Effects on Business Model and Value Chain	**Shift in competitive positioning:** The business model will increasingly compete on "carbon efficiency per unit of tea", not only on quality and brand. This positions emissions performance as a strategic differentiator, influencing long-term demand and brand equity. **Cost structure transformation:** Incremental costs related to emissions measurement, assurance, supplier data collection, and low-carbon transitions. These costs will move climate from a "sustainability initiative" to a core financial driver affecting margins and pricing decisions. **Revenue and market access sensitivity:** In export markets, particularly Europe, carbon transparency and decarbonisation commitments are becoming preconditions for market entry and customer retention. Failure to meet these expectations may result in loss of preferred supplier status, reduced volumes, or pricing disadvantages, directly impacting revenue streams. **Sri Lanka transition context:** Sri Lanka's commitment to renewable energy expansion and its Net Zero pathway, together with increasing adoption of solar solutions, provides a supportive foundation for emissions reduction. While current limitations in scalable mechanisms such as Power Purchase Agreements (PPAs), capital availability, and technical capacity may moderate the pace of implementation, the transition is expected to progress through a structured and phased decarbonisation pathway.

CRRO 2	Enhanced emissions reporting obligations and increased pricing of GHG emissions	
	Where is it Concentrated?	**Cost structure transformation:** • The Company's emissions profile is heavily upstream-driven, with tea-related FLAG and non-FLAG emissions accounting for 87.94% of Scope 3 emissions (82.66% of total company emissions). This creates a structural need to invest in supplier-level decarbonisation, data systems, and monitoring, rather than focusing only on internal operations. • Need for intensive capacity building for decarbonisation for CC mitigation and to prepare for enhanced emissions reporting obligations and increased pricing of GHG emissions within tea estates and smallholder networks introduces additional costs for training, technical support, and potential financial assistance mechanisms. • Climate requirements shift costs from internal efficiency to value chain transformation and supplier engagement, increasing pressure on margins and procurement costs. **Revenue and market access sensitivity** • Carbon transparency and decarbonisation are increasingly preconditions for accessing and retaining export markets. • Customer procurement criteria and supplier evaluations increasingly incorporate emissions performance, directly influencing purchasing decisions, contract volumes, pricing terms, and the continuity of business relationships. • Inadequate emissions performance may result in reduced competitiveness, loss of preferred supplier status, and downward pressure on revenues. **Sri Lanka transition context** • Sri Lanka's renewable energy expansion plans and Net Zero pathway provide a supportive long-term foundation, but current limitations in scalable procurement mechanisms, capital availability, and technical capability can slow implementation and prolong exposure to transition costs. This acts as a multiplier or moderating factor in the other two concentrated areas: cost structure and market competitiveness.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	• Integrate transition risk into the enterprise risk management framework, linking likelihood, financial impact, and value chain exposure • Committed to near-term and Net Zero emission reduction targets aligned with Science Based Targets initiative for FLAG and non-FLAG emissions • Preparation and implementation of a robust decarbonisation action plan, including the value chain – in FY 2026/27

CRRO 2	Enhanced emissions reporting obligations and increased pricing of GHG emissions	
		❧ Implement "Stronger Together" supplier engagement programme: • Phase 2: Prioritise suppliers (~90% procurement volume) and assess GHG maturity and transition risks; deliver targeted capacity-building • Phase 3: Support prioritised suppliers (Extended Technical support for leased priority tea suppliers) in mitigation through financial and/or technical assistance, aligned with SBTi timelines ❧ Conduct Life Cycle Assessments (LCA) to develop product-level emissions profiles
	How the Company is Resourcing and Plan to Resource Activities	❧ Allocate a dedicated sustainability budget for supplier capacity building under "Stronger Together" and Decarbonisation ❧ Maintain a dedicated sustainability team for emissions accounting and transparency reporting ❧ Invest in R&D and sustainability initiatives, including low-carbon solutions ❧ Strengthen internal ESG systems and digital data tracking platforms ❧ Leverage external expertise and partnerships, including: Life Cycles Assessment for Key Products and MSc research on Decarbonisation road map and Product Carbon Footprint for tea products ❧ Build internal human capital capability through continuous training ❧ Maintain financial flexibility to support transition-related investments
	Progress (qualitative and quantitative)	❧ Validated near-term and Net Zero targets for FLAG and non-FLAG emissions through Science Based Targets initiative in May 2025 ❧ Conducted 2 focused training sessions for suppliers on Implications of climate change, Future regulations and GHG accounting with examples - 201 training hours ❧ USD 3000 investment in ESG digital data tracking system ❧ Established strategic partnerships for External GHG validation by Sri Lanka Climate Fund, SBTi target setting and Validation by Science Based Target Initiative, and SLFRS S1/S2 implementation, Decarbonisation and ESG data tracking and Monitoring with an external service provider
Financial Effects	Current year financial effects to PL, BS and CF	No material impact to current year's business model and value chain

CRRO 2	Enhanced emissions reporting obligations and increased pricing of GHG emissions	
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer transition relief on anticipated financial impact on pg. 77
Climate resilience	Resilience Assessment	Refer transition relief on climate resillience and scenario analaysis on pg. 77
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	
Judgements and Uncertainties	Judgements	**Judgements** ♣ Financial Relevance: Assessment of potential impacts from increasing carbon pricing, compliance costs, emissions reporting requirements, and investments required for decarbonisation and renewable energy adoption. ♣ Strategic Relevance to Business Model: Consideration of how evolving climate disclosure obligations, customer expectations, and low-carbon market requirements may influence market access, competitiveness, and brand positioning of Dilmah's value-added tea portfolio. ♣ Operational and Supply Chain Readiness: Assessment of the Company's and suppliers' ability to support emissions data availability, GHG reductions, and compliance with emerging climate-related reporting and procurement expectations.
	Uncertainties	**Uncertainties** ♣ Regulatory and Market Developments: Uncertainty remains regarding the timing, scope, and implementation of carbon pricing mechanisms, climate disclosure regulations, and customer sustainability requirements across export markets. ♣ Technology and Decarbonisation Pathways: The pace of renewable energy adoption, supplier decarbonisation, and availability of low-carbon technologies may vary over time and across jurisdictions. ♣ Likelihood and Time Horizons: The timing and likelihood of transition-related impacts remain uncertain due to evolving regulations, market expectations, and international climate policy developments, requiring periodic reassessment as external conditions change.

SLFRS Sustainability-Related Financial Disclosures

CRRO 03

CRRO 3	Brand Differentiation and Market Leadership	
CRROs impact on Prospects	Description	The company's long-standing decarbonisation journey — including ISO 14064-1 verification, carbon neutrality in 2021/22, and SBTi-validated near-term and net-zero targets in 2024/25 — strengthens brand credibility and positions the company as a climate leader. By shifting from offset-based neutrality to absolute emissions reductions across the value chain, and by proactively engaging in transparent reporting and ethical sourcing, the company enhances stakeholder trust, differentiates its brand in sustainability-driven markets, improves access to climate-conscious tenders, and supports long-term revenue growth and resilience
	Physical Risk or Transition Risk	Not applicable
	Time Horizon	M & L
	Define time horizon	Refer to Basis of Defining the Time Horizon in Pg. 76-77
Business Model and Value Chain	Current Effects on Business Model and Value Chain	**Credibility Pathway** ♣ The Company's sustained decarbonisation journey—from early GHG measurement to carbon neutrality and SBTi-validated targets—has established a robust, evidence-based climate credibility, strengthening the integrity and defensibility of its business model. ♣ Independent verification (ISO 14064-1 & GHG Protocol) , and globally recognised target validation (SBTi) have enhanced stakeholder confidence by demonstrating measurable progress and reducing exposure to perceived greenwashing risks. ♣ Alignment with internationally accepted frameworks, including the Paris Agreement, positions the Company as a proactive climate leader, reinforcing its standing with global customers, regulators and business partners. This credibility is already translating into stronger brand equity, increased customer trust and improved acceptance in sustainability-driven markets, directly influencing commercial relationships and demand. **Competitive Positioning Shift** ♣ The Company's current competitive strength has been systematically built through a progressive and verifiable decarbonisation pathway—from voluntary GHG measurement prior to 2015, to continuous improvements in its emissions profile, achieving carbon neutrality across its product range and facilities in 2018/19, and subsequently advancing toward absolute emissions reduction through SBTi-validated near-term, net-zero and FLAG targets. Each stage has incrementally strengthened brand credibility, customer trust and market recognition, enabling the Company to transition from a locally differentiated brand to a globally competitive player with climate commitments aligned to the Paris Agreement.

CRRO 3	Brand Differentiation and Market Leadership	
		♣ International recognition, including being named a top global finalist for Supply Chain Decarbonisation at the Reuters Global Sustainability Awards, evidences that the Company's decarbonisation efforts are benchmarked at a global standard; this strengthens its ability to engage in sustainability-driven markets, partnerships and procurement environments where climate performance is a key evaluation criterion, including competing alongside advanced global brands and even its own clients.
	Anticipated Effects on Business Model and Value Chain	**Market Leadership through a Structured Decarbonisation Model:** The planned release of the Company's robust decarbonisation action plan in 2026, together with the phased implementation of the "Stronger Together" initiative, is expected to strengthen its leadership position by embedding a more strategic, evidence-based and data-driven approach to supply chain decarbonisation. As supplier engagement progresses from foundational requirements to supplier prioritisation, GHG maturity assessment, transition risk evaluation and targeted mitigation support. The Company is expected to deepen decarbonisation across its upstream value chain and strengthen its positioning as a climate leader within the sector. **Market Stability through Low-Carbon Alignment:** By aligning with SBTi-driven absolute emissions reduction pathways, the Company is expected to progressively reduce the carbon intensity of its products, strengthening the resilience of its business model in markets where climate performance is increasingly material. This is anticipated to support the retention of existing markets and reduce the risk of market exclusion, particularly in the context of emerging regulations such as the Carbon Border Adjustment Mechanism (CBAM), while enabling the Company to expand into sustainability-driven markets and compete more effectively with globally aligned players. **Competitive Advantage through Credible Low-Carbon Tea Products** The planned Life Cycle Assessment (LCA) studies (2026–27) are expected to identify product-level emission hotspots, enabling targeted decarbonisation across the value chain. Combined with the implementation of absolute emissions reduction strategies, this is expected to support the development of credibly verified low-carbon tea products, shifting the Company's value proposition from carbon neutral (offset-based) to low carbon (based on actual emissions reduction). This transition is anticipated to provide a stronger and more credible competitive advantage, enabling the Company to differentiate its products, strengthen brand integrity, and compete more effectively in sustainability-driven markets.

SLFRS Sustainability-Related Financial Disclosures

CRRO 3	Brand Differentiation and Market Leadership	
	Where is it Concentrated?	**Market Stability through Low-Carbon Alignment** ♣ The Company's commercial and procurement functions are increasingly concentrated around low-carbon sourcing, supplier emissions performance, and operational decarbonisation to maintain alignment with evolving market and regulatory expectations, including mechanisms such as CBAM. ♣ Operational planning, product positioning, and cost management increasingly require integration of product carbon intensity considerations to maintain competitiveness in sustainability-driven markets and support long-term market access. **Competitive Advantage through Credible Low-Carbon Tea Products** ♣ The transition from offset-based to emissions reduction-driven products increases the strategic importance of procurement practices, supplier engagement, operational emissions reduction initiatives, and product-level carbon management across the value chain. ♣ Commercial decision-making, tender positioning, and customer engagement are increasingly dependent on the Company's ability to demonstrate measurable reductions in product and value chain emissions, particularly in supporting customers' Scope 3 decarbonisation objectives
Strategy & Resource Allocation: Page 72 **ESG KPIs: Page 257** **Sustainability at Dilmah : Page 16- 21** **Value Creation Model - Page 42-43**	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	♣ Preparation and implementation of a robust decarbonisation action plan, including the value chain – Planned in 2026/27 ♣ Conduct Life Cycle Assessments (LCA) for products to identify emission hotspots and inform targeted decarbonisation actions - Planned in 2026/27 ♣ Introduce emissions reduction-driven products to support clients' decarbonisation goals while strengthening cost competitiveness and margins – Future Action
	How the Company is Resourcing and Plan to Resource Activities	♣ Dedicated decarbonisation budget incorporated to sustainability budget and other CAPEX and OPEX budgeting ♣ Onboarding Necessary collaborations and expertise • LCA industry expert • MSc research ♣ Capacity Building of the sustainability team
	Progress (qualitative and quantitative)	♣ Validated near-term and net-zero SBTi targets covering both FLAG and non-FLAG emissions, becoming the first Sri Lankan company in the food and beverage sector to achieve this milestone. ♣ Life Cycle Assessment • On boarded LCA industry expert- conducted two focused discussions to finalise the Product requirements – Proposal Development Stage

CRRO 3	Brand Differentiation and Market Leadership	
Financial Effects	Current year financial effects to PL, BS and CF	No material impact to reporting year's business model and value chain.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	The Company has not identified any significant risk of material adjustments to the carrying values of assets and liabilities within the next financial year. While significant capital investments are planned to support efficiency improvements and waste reduction within the production facility, these investments are expected to strengthen operational performance and resource efficiency.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer transition relief on anticipated financial impact on page. 77
Climate resilience	Resilience Assessment	Refer transition relief on climate resilience and scenario analysis on page. 77
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	
Judgements and Uncertainties	Judgements	**Judgements** ♣ Market and Customer Relevance: Assessment of increasing demand for low-carbon, sustainably sourced, and responsibly produced tea products across global markets. ♣ Brand and Competitive Positioning: Consideration of how climate action, SBTi-aligned targets, and sustainability leadership may strengthen Dilmah's premium brand positioning, customer trust, and market differentiation. ♣ Stakeholder and Regulatory Expectations: Assessment of evolving expectations from customers, investors, and regulators regarding climate disclosures, emissions reductions, and sustainable sourcing practices.
	Uncertainties	**Uncertainties** ♣ Market Adoption and Customer Preferences: Uncertainty remains regarding the pace at which customers and markets may prioritise low-carbon and sustainability-linked tea products. ♣ Regulatory and Competitive Developments: Evolving climate regulations, disclosure requirements, and competitor actions across markets may influence the extent of the opportunity over time. ♣ Likelihood and Time Horizons: The timing and scale of market-related benefits remain uncertain due to changing consumer trends, regulatory developments, and global sustainability expectations, requiring periodic reassessment.

SLFRS Sustainability-Related Financial Disclosures

4 RISK MANAGEMENT

4.1 Climate Related Risks and Opportunities

The Company recognises that climate-related risks and opportunities (CRROs) are emerging within a global context where climate change is increasingly recognised as a systemic business risk. The World Economic Forum Global Risks Report 2024 identifies environmental risks, particularly those driven by climate change, as the dominant threats facing the world over the next decade, and highlights climate change as a structural force influencing the scale and interconnected nature of global risks. Similarly, the Intergovernmental Panel on Climate Change (IPCC) confirms that human-induced warming has already reached approximately 1.1°C above pre-industrial levels and indicates that, under nearly all assessed scenarios, the 1.5°C threshold is likely to be crossed in the early 2030s. The IPCC further notes that this warming is already contributing to increasing hydro-meteorological hazards, particularly in vulnerable regions such as South Asia, and that every additional increment of global warming is projected to intensify multiple and concurrent climate hazards. Against this backdrop, and in line with SLFRS S1 and SLFRS S2, the Company identifies, assesses, and manages CRROs as an integral part of its overall risk management and strategic planning processes.

Consistent with the requirements of SLFRS S2, climate-related risks are broadly categorised into physical risks and transition risks. Physical risks arise from both acute climate events, such as extreme rainfall, floods, droughts, and heat stress, and chronic shifts in climatic conditions, including changes in temperature and precipitation patterns. Transition risks arise from the global transition to a lower-carbon economy and may result from regulatory developments, evolving market preferences, technological change, and reputational considerations. Together, these risks may affect operations, supply chains, cost structures, market access, and long-term business resilience.

In addition to risks S2 standard mentioned that, Climate change also presents opportunities for the Company, including those arising from climate mitigation and adaptation initiatives, transition planning, and the development of products and services that support a lower-carbon economy. These opportunities may strengthen operational resilience, enhance market positioning, improve financial performance, and contribute to long-term value creation. Accordingly, the Company considers climate-related opportunities alongside risks within its strategic decision-making processes.

4.2 Processes and Policies Relating to Climate-related Risks and Opportunities and Integration into Overall Risk Management

Dilmah's Business Risk Registry and Risk Management

Sustainability-related risks and opportunities are integrated into the Company's Business Risk Registry, which covers areas such as legal and regulatory requirements, technology, market conditions, economic and political developments, environmental matters, staff competency, organisational performance, pandemics, and climate change. The Registry's format and methodology are based on the ISO 31000 Risk Management Standard, providing a structured approach to identifying, evaluating, and managing business risks.

In addition, risk assessments conducted by the Risk and Compliance Department support the systematic identification, assessment, and prioritisation of risks in alignment with company-wide risk management processes. This integration strengthens informed decision-making and enhances organisational resilience in responding to evolving sustainability and climate-related challenges.

Risk Governance

Risk governance at Dilmah is anchored in leadership, accountability, and strong corporate governance, with the Main Board holding ultimate responsibility for overseeing enterprise-wide risks and opportunities, including CRROs and SRROs. The Board is supported by Sustainability Board Committee, ensuring alignment of CRROs and SRROs management with strategy, internal controls, Climate change and sustainability and long-term resilience. For further information, please refer page 61 – Risk Management Section.

Policies, Strategies and other frameworks supporting Risk Management

The below infograph illustrates how our integrated policies, strategies, frameworks, systems, and external commitments anchor the company wide risk management. By embedding sustainability and climate considerations directly into our decision-making this structure ensures that our growth remains as responsible as it is resilient. It enables us to the systematically identify, and manage the complex climate and sustainability risks - CRROs and SRROs – inherent in our work, transforming data into insights we need to protect both our business and the communities we serve.

Climate and Sustainability Risk Management

Environment, Social & Governance (Sustainability) Policy

- Which serves as the primary governance layer guiding sustainability related decision making across the organisation.

ESG/Sustainability Strategy

- **7 Pillars • 29 Elements**
  (People, Communities, Sustainable Supply Chain, Product Responsibility, Ethics & Governance, Economic Resilience)
- The ESG Policy is operationalised through Dilmah's ESG Strategy, structured around seven pillars and twenty-nine elements, which collectively form the backbone of sustainability management within the organisation.

Procurement and Sustainable Procurement Policy

- To manage sustainability related risks and opportunities across suppliers.

Risk Management Framework

- Process flow:
  Identify → Assess → Manage & Mitigate → Monitor & Review → Report
- Sustainability-related risks and opportunities were integrated into "Business Risk Registry' and will be further integrated into Dilmah's Enterprise Risk and Opportunity Management (EROM) Framework.

External Commitments

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- Science Based Targets initiative (SBTi) Net Zero targets, covering near-term, long-term, and FLAG requirements.
- We are committed to science-based action on climate change:
  - Near-term targets
  - Long-term Net Zero target
  - Forest, Land and Agriculture (FLAG) requirements

Monitoring, Controls and Data Systems

- ESG Data Tracking Portal: Dilmah has implemented a digital ESG Data Tracking Portal, enabling real-time monitoring of KPIs.
- Features:
  - Real-time KPI monitoring
  - Data quality and validation controls
  - Performance dashboards and analytics
  - Exception alerts and corrective actions
  - Audit trail and data governance

Integrated governance, strategy, risk management, commitments, and data-driven monitoring to build a resilient and sustainable future.

Figure 3 2-Climate and Sustainability Risk Management

Note: *Further details on these policies, strategies, systems, and governance mechanisms are provided in the "Governance section" of the SLFRS S1 and S2 disclosures.* *refer page 81*

4.3 Identification

The identification of Climate-related Risks and Opportunities (CRROs) was conducted through a structured, cross-functional and governance-driven approach to ensure alignment with the Company's strategic direction, regulatory expectations and emerging climate-related financial disclosure requirements.

The process incorporated the following key elements:

- **Internal Expert Consultation:**

CRROs were identified through structured consultations with members of the Sustainability Executive Committee and relevant Departmental Heads. Inputs were obtained across operations, finance, quality assurance , procurement, marketing, risk, and sustainability functions to ensure a value chain-wide perspective.

- **Consideration of National and International Commitments and reports:**

The identification process was informed by:

- IPCC 6th Assessment Report
- World Economic Forum Report
- Research Studies conducted on Climate change implications on Tea
- Sri Lanka's Nationally Determined Contributions (NDC) Version 3.0
- Science Based Targets initiative (SBTi) commitments
- Evolving global regulatory trends and climate policy developments
- Emerging climate-related market expectations

- **Alignment with Strategic Priorities:**

The assessment considered the Company's long-term commitments, including:

- Achieving Net Zero by 2050
- Decarbonisation of the value chain through the Stronger Together supplier engagement initiative
- Investments in renewable energy, operational efficiency, and sustainable sourcing

This structured process ensured that the identified CRROs are consistent with the Company's business model including its value chain, risk appetite, and long-term climate resilience objectives.

The World Economic Forum Global Risks Report 2024:

WEF Global Risks Report 2024 identifies environmental risks, specifically those driven by climate change, as the dominant threats facing the world over the next decade. The report categorises climate change as one of four "structural forces"—systemic shifts that will materially influence the speed, spread, and scope of global risks

IPCC– AR 6

Human-induced warming has already reached approximately 1.1°C above pre-industrial levels and indicates that, under nearly all assessed scenarios, the 1.5°C threshold is likely to be crossed in the early 2030s. This warming is already contributing to increasing hydro-meteorological hazards, particularly in vulnerable regions such as South Asia, and that every additional increment of global warming is projected to intensify multiple and concurrent climate hazards

Intensifying Hazards: Every increment of warming is projected to further intensify multiple and concurrent hazards, including a more than 25% chance of prolonged exposure to extreme heat and resulting heat stress in regions like Sri Lanka within the next five years.

Agricultural Degradation: These chronic stressors lead to yield quality degradation, altered crop cycles, and increased pest and disease prevalence.

Financial Consequences: Slow-onset events such as desertification, land degradation, and biodiversity loss carry longer-term financial implications, including reduced soil productivity, volatility in asset valuations, and potential "asset stranding" as the viability of certain locations declines.

NDC 3.0 of Sri Lanka

15% Productivity Loss: The NDC 3.0 explicitly notes a 15% decline in tea productivity directly attributed to irregular weather patterns.

Yield Degradation: Rising temperatures and heat stress are identified as key factors reducing agricultural yields, while erratic rainfall patterns alter plucking intervals and affect crop quality.

Landslide Risks in the Highlands: Increasing Southwest Monsoon rainfall is projected to significantly increase landslide risks in the western slopes of the Central Highlands, which are primary tea-growing regions.

Impact of Extreme Events: High-grown planting regions have already experienced significant crop volume contractions (up to 10.5%) due to weather-related disruptions.

Soil and Resource Stress: Increased rainfall intensity drives soil erosion and land degradation, necessitating better soil-test-based fertiliser application and moisture retention practices

4.3.1 Identification of Physical Risks

Chronic physical risks

Other than the key international and national sources such as IPCC AR 6, WEF report , NDC 3.0; the Chronic risks are identified primarily through tea-specific research studies and scientific literature that assess the long-term implications of changing climatic conditions on tea cultivation and supply. Particular emphasis is placed on research and evidence relevant to tea-growing conditions, as these provide a more decision-useful basis for identifying risks to Dilmah's upstream supply chain than generic climate literature alone. This includes reviewing evidence on:

- Long-term temperature increase;
- Rainfall variability and changing wet-day patterns;
- Drought stress;
- Shifting agro-climatic suitability; and
- Implications for tea yield, quality, and sourcing stability.

Acute physical risks

Apart from key international and national sources, acute physical risks are identified through a structured process that combines reviewed external information with internal expertise, with particular attention to Sri Lanka's tea-growing context. The review draws on available research studies, sector-specific newsletters and updates, published literature on extreme weather events and associated damages, and international and local reporting on floods, droughts, landslides, storms, and other hydro-meteorological events.

In this context, the National Disaster Management Plan (NDMP) 2023–2030 highlights that climate change has significantly intensified Sri Lanka's disaster risk profile, identifying floods as the most frequent, widespread, and damaging natural hazard, alongside increasing frequency and severity of droughts. It further notes that increased rainfall intensity in the Wet Zone has aggravated landslide risk, affecting a substantial portion of the country, including tea-linked regions.

Research Based Evidence:

Chronic Risk

According to the Tea Research Institute, the optimum annual rainfall requirement for tea cultivation is approximately 2,500–3,000 mm, with a minimum annual requirement of about 1,200 mm, while the ideal ambient temperature range for tea growth is 18°C–25°C. At a monthly scale, optimum climatic conditions include temperatures of 18–22°C and rainfall ranging from 223–417 mm. Any deviation from these conditions directly affects tea productivity. A research study conducted in 2007 has shown that a reduction in rainfall of approximately 100 mm per month can result in a decline in productivity of about 30–80 kg of 'made' tea per hectare per month.

Same research study has proven that tea cultivation is highly sensitive to both short-term and long-term climate variability. Excessive rainfall and sustained increases in temperature can progressively reduce both tea yield and quality. Low- and mid-elevation tea-growing regions are more vulnerable to the adverse impacts of climate change compared to upper elevations Several studies have further indicated that, although average annual rainfall has increased, the number of wet days has declined while the number of dry days has increased, leading to prolonged moisture stress and unstable growing conditions for tea.

Acute Risk

According to the Neelaharitha report released in 2020, historical evidence highlights the severity of such disruptions. For instance, tea production declined by approximately 26% in 1992 compared to 1991 due to drought conditions (Central Bank of Sri Lanka, 1992). Further, a study reported that temperatures remained consistently high throughout 2016, reaching a peak of 30°C in April, which contributed to the abandonment of certain tea fields after 2016.

4.3.2 Identification of Transition Risks

Transition risks are identified by assessing how evolving regulatory, market, and technological changes associated with the shift to a low-carbon economy may affect Dilmah's operations and value chain.

Policy, legal and reputational risks

- Identified through review of:
  - SLFRS S1 and S2 disclosure requirements and CSE regulations;
  - National commitments such as Sri Lanka's NDCs; and
  - Dilmah's own SBTi-aligned targets.

- Considered alongside potential reputational implications arising from non-alignment with evolving disclosure and climate expectations.

Market risks

- Identified through evolving external pressures, including:
  - Potential future regulatory mechanisms affecting exports (e.g., CBAM, EUDR-related expectations);
  - Increasing customer inquiries on product-level carbon footprints; and
  - Demand for transparent mitigation commitments and sustainable sourcing practices.
- These signals indicate growing expectations from international markets and buyers.

Technology risks

- Identified through assessment of local and sector-level technology and infrastructure gaps, using:
  - National-level reports such as the Technology Needs Assessment (TNA); and
  - Pathways outlined in Sri Lanka's transition to clean energy and Net Zero by 2050.
- Focuses on constraints related to technology availability, affordability, and implementation capacity, which may impact transition readiness.

4.3.3 Identification of Climate-related Opportunities

Climate-related opportunities are identified through a combination of internal expertise, alignment with strategic business value and professional judgement.

4.3.4 Climate Scenarios

In this disclosure company has not conducted any climate scenario analysis- Refer the Transitional relief Note (page 78-79)

4.4 Assessment

Following the identification of Climate-related Risks and Opportunities (CRROs), the Sustainability Executive Committee undertook a structured assessment using both quantitative and qualitative criteria to determine their significance and prioritisation.

The assessment incorporated:

- Nature of the Risk, whether the identified risk is Physical/ Transitional
- Likelihood of occurrence, considering the probability and frequency of the identified climate-related events or conditions;
- Time horizon, assessing impacts across short-, medium-, and long-term planning horizons in line with the Company's strategic outlook;
- Magnitude of the risk, assessing the quantitative financial materiality the identified risk

4.4.1 Nature of the Risk

The identified climate-related risks and opportunities are assessed according to their nature. Risks are classified as either physical or transition risks. Physical risks are further categorised as chronic or acute. Transition risks are categorised by driver, including regulatory, technological, market, and reputational factors. Climate-related opportunities are assessed based on the areas in which they create value, such as energy efficiency, reputation, and products and services. Refer to the Strategy section for more details.

4.4.2 Likelihood

In determining the likelihood of the identified material Climate-related Risks and Opportunities (CRROs), the Company assesses the probability or chance that a specific event or risk will occur within the defined time horizon.

The assessment of likelihood is aligned with the existing methodology adopted in the Company's Risk Registry to ensure consistency across risk management processes. Likelihood levels are determined based on the expected recurrence pattern of the event, as set out below:

Table 3 2- Likelihood

Description	Probability of Occurrence
Very Likely	Recurrence within a 6-month cycle (Daily, Weekly, Monthly, Bi-annual)
Likely	Recurrence within 7 to 24 months
Unlikely	Recurrence beyond 24 months

4.4.3 Magnitude and the Exposure

The magnitude and exposure associated with the identified climate-related risks and opportunities are evaluated using a quantitative factor. The Company has selected Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) as the primary benchmark for determining the materiality of CRROs.

An issue is considered quantitatively material where there is a potential Impact of 10% or more of annual EBITDA, or A significant adverse effect on operating margins, capital allocation or credit indicators.

An impact of this scale would significantly affect our operating profitability, limit our ability to reinvest in the business, and weaken our financial resilience. Given these potential consequences, it requires close attention and oversight at Board level.

Cumulative impacts across the value chain are also considered, even where individual exposures fall below this threshold.

Further, in assessing the magnitude and exposure of climate-related risks and opportunities, the Company incorporates qualitative considerations alongside quantitative metrics.

Strategic and regulatory significance is evaluated to determine whether specific issues could materially influence the Company's long-term value creation. This includes assessing the extent to which such issues may affect the achievement of the Company's Net Zero by 2050 commitment, impact supplier decarbonisation efforts under the Stronger Together initiative, and influence compliance with evolving ESG, climate disclosure, and trade-related regulatory requirements. Consideration is also given to the potential implications on the long-term climate resilience of tea sourcing regions, as well as the Company's continued access to key export markets and major buyers. Accordingly, alignment with the Company's long-term sustainability objectives and value chain resilience forms a critical component of materiality determination.

In addition, where quantitative measurement is constrained by data limitations or inherent uncertainty, professional judgement is applied in determining materiality.

4.5 Prioritisation

A climate-related risk or opportunity is classified as material (prioritised) where it meets one or more of the following criteria:

1. Exceeds the defined EBITDA-based quantitative threshold,
2. Presents moderate to high likelihood with significant operational consequences,
3. Is strategically critical to long-term climate resilience and competitiveness,
4. Requires governance oversight due to regulatory or stakeholder expectations.

This approach ensures that material CRROs reflect not only immediate financial impact but also long-term value creation, resilience, and brand integrity considerations.

The Identified risks mentioned in this year assessment comes as "Moderate" in terms of the severity levels defined as per the financial materiality. However, these risks are prioritised based on the qualitative factors such as Strategic and regulatory significance and the professional judgements.

4.6 Monitoring

The identified Climate-Related Risks and Opportunities (CRROs) are subject to continuous monitoring by the Sustainability Executive Committee, under the oversight and strategic guidance of the Sustainability Board Committee , ensuring alignment with Board-level governance expectations. To further strengthen this process, the Company plans to formalise its approach through structuring and integrating CRRO monitoring within the broader Enterprise Risk and Opportunity Management (EROM) framework.

Table 3-3-EBITDA-Based Financial Impact Thresholds

Description	Financial Impact
Severe	20% impact to EBITDA
Significant	10% impact to EBITDA
Moderate	5% impact to EBITDA

Physical climate risks are monitored through the periodic assessment of publicly available climate and hazard information relevant to the Company's operations and value chain. This includes the monitoring of weather patterns, extreme weather events, climate projections, and location-specific exposure to physical climate hazards using information published by recognised national and international agencies. These assessments are complemented by the evaluation of potential operational disruptions and supply chain vulnerabilities that may arise from physical climate events. Monitoring is further strengthened through the implementation of a real-time ESG Data Tracking System, operationalised during the reporting year and to be fully integrated into reporting processes from the 2026 financial year, enabling improved recording and monitoring of climate-related events across the organisation.

Progress on supplier engagement and decarbonisation is tracked through the Stronger Together initiative, including monitoring the number of priority suppliers assessed for GHG maturity and transition risks, as well as the extent of capacity-building support required and delivered. This includes structured tracking of supplier participation in training, technical assistance, and other mitigation support mechanisms, ensuring alignment with the Company's value chain decarbonisation pathway.

Transition-related risks and opportunities are monitored through structured market intelligence and regulatory scanning processes conducted by relevant functional teams, including the assessment of evolving ESG disclosure requirements, climate-related regulations, and market expectations. These insights are systematically incorporated into risk reviews and strategic decision-making processes to ensure proactive identification and management of emerging risks and opportunities.

4.7 Changes in the Process

During the reporting period, the Company enhanced its enterprise risk management process by introducing a structured climate-related risk and opportunity assessment aligned with the requirements of SLFRS S1 and SLFRS S2. While climate-related matters had previously been considered as part of broader business risks, the current assessment established a dedicated process to identify, assess, and prioritise climate-related risks and opportunities using defined qualitative and quantitative assessment criteria.

As part of this process, a broad range of climate-related risks and opportunities was evaluated based on their potential financial impact, likelihood of occurrence, and expected time horizon. The priority climate-related risks and opportunities (CRROs) identified through this assessment were subsequently aligned with the Company's existing Business Risk Registry, enabling climate-related considerations to be incorporated into existing risk oversight and monitoring processes.

The reporting year also established a clearer linkage between climate-related risk assessment, strategic decision-making, and performance monitoring through enhanced ESG data collection and reporting processes. These improvements provide a stronger foundation for monitoring climate-related risks and opportunities and support more informed management decision-making.

Building on these enhancements, the Company is working with the Risk Management function during the current financial year to fully integrate climate-related risks and opportunities into the Enterprise Risk and Opportunity Management (EROM) framework, further strengthening the incorporation of climate-related considerations into enterprise-wide risk management processes.

5 METRICS AND TARGETS

5.1 Cross industry metrics

1) Greenhouse Gas Emissions (GHG)

Basis of Determination of Organisational Boundary and Operational Boundary

In accordance with the guidance issued under the GHG Protocol, the organisational boundary for carbon footprint measurement was defined to include all operations under Dilmah's control. Accordingly, the boundary covers Dilmah Ceylon Tea Company PLC, located at No. 111, Negombo Road, Peliyagoda, and its subsidiary, MJF Beverages (Private) Limited, located at Rilhena Estate, Pelmadulla.

The Group has adopted the operational control approach in defining this boundary, as it exercises operational control over both entities. This organisational boundary is also aligned with the Group's consolidated financial reporting boundary.

Methodology used for the measurement and disclosure of GHG Emissions

The primary greenhouse gases considered in the inventory are carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O). Carbon dioxide emissions arise mainly from electricity and fuel consumption, while methane and nitrous oxide are generated in smaller quantities during diesel and petrol combustion processes. In line

with internationally recognised accounting protocols, all greenhouse gases are converted into carbon dioxide equivalents (CO_2e) using the Global Warming Potentials (GWPs) specified in the IPCC 6th Assessment Report (CO_2 = 1, CH_4 = 29.8, N_2O = 273). Accordingly, GHG emissions are reported in terms of CO_2e, with calculations based on activity data multiplied by the relevant emission factors, primarily sourced from the IPCC unless otherwise specified.

To ensure consistency, transparency, and methodological accuracy in emissions quantification, the company has developed an internal emissions calculation manual detailing all relevant emission sources, designated focal points, data collection protocols, and calculation methodologies. Under this framework:

- Scope 1 and Scope 2 emissions are calculated using 100% primary activity data.
- Scope 3 emissions are assessed using a combination of approximately 70% primary data and 30% secondary data, applying spend-based and average-data methodologies where primary data is not available.

Dilmah's current GHG inventory covers 14 out of the 15 Scope 3 categories defined under the GHG Protocol Corporate Value Chain (Scope 3) Standard. The assessment is conducted in alignment with internationally recognised standards, namely ISO 14064-1:2018 and the GHG Protocol, and is independently verified with reasonable assurance against ISO 14064-3:2019 by the Sri Lanka Climate Fund.

Summary of GHG Emissions
Table 4 1- Summary of GHG Emissions

Scope	2025/26 (MTCO2e)
Scope 1	387.21
Indirect Emissions from Purchased Electricity (Location Based)	1,955.72
Indirect Emissions from Purchased Electricity (Market Based)	1,663.61
Scope 3	32,646.66
Total (LB)	34,989.61
Total (MB)	34,697.47

GHG Scope 1 and Scope 2 Emissions
Table 4 2- GHG Scope 01 and Scope 02 Emissions

Description	Greenhouse gas emissions (MTCO2e) 2025/26		
	Scope 1	Scope 2	Total
Consolidated accounting group (LB)	387.21	1,955.72	2,342.93
Consolidated accounting group (MB)	387.21	1,663.61	2,050.82
Other investee (investment in associate, joint ventures)	Not Applicable	Not Applicable	Not Applicable
Total (Operational control approach) (LB)	387.21	1955.72	2,342.93
Total (Operational control approach) (MB)	387.21	1,663.61	2,050.82

Scope 3 emissions

Scope 3 Category	Greenhouse gas emissions (MTCO2e) 2025/26
Category 1: Purchased Goods and Services (FLAG)	11,109.50
Category 1: Purchased Goods and Services (NON- FLAG)	13,189.08
Category 2: Capital Goods	667.70
Category 3: Fuel & Energy Related Activities	1,348.82
Category 4: Upstream Transportation and Distribution	1,703.30
Category 5: Waste Generated in Operations	21.16
Category 6: Business Travel	86.24
Category 7: Employee Commuting	729.93
Category 8: Upstream Leased Assets	0.58
Category 9: Downstream Transportation and Distribution	5.26
Category 10: Processing of Sold Products	0.70
Category 11: Use of Sold Products	-
Category 12: End-of-Life Treatment of Sold Products	2,608.34
Category 13: Downstream Leased Assets	59.24
Category 15: Investments (FLAG)	606.52
Category 15: Investments (NON-FLAG)	510.31
Total Scope 3 Emissions	32,646.66

Key Assumptions and Sources of GHG Measurement

Scope	Emission Sub-category	Activity	Data Source	Emission Factor source	Source of GWP Values
Scope 1	Stationary combustion	Diesel for standby generator LPG	Fuel records LPG purchased records	IPCC-2006	IPCC-SYR AR6
Scope 1	Mobile combustion	Off road Machinery – Petrol/ Diesel Company Own Vehicles –Petrol/ Diesel	Fuel records	IPCC-2006	IPCC-SYR AR6
Scope 1	Process Emissions	Acetylene Fumigation Mig Machines	System Generated Records	IPCC-2006	IPCC-SYR AR6

Scope	Emission Sub-category	Activity	Data Source	Emission Factor source	Source of GWP Values
Scope 1	Fugitive Emissions	Fugitive emissions from air conditioners and refrigerators Fugitive emissions from fire extinguishers Emissions from wastewater	Refilling records Wastewater Discharged records	IPCC-2006	IPCC-SYR AR6
Scope 2	Electricity Consumption	Electricity Consumption	Electricity Bills	Energy Balance Report by Sustainable Energy Authority Sri Lanka - 2022	IPCC-SYR AR6
Scope 3	Purchased goods	Purchased Good Quantity	System Generated Report	Carboncloud , Ecoinvent v3.9.1, Research Papers & Defra-2025	IPCC-SYR AR6
Scope 3	Purchased services	Expenditure	Services transaction value records	EPA GHG Emission Factor-2022	-
Scope 3	Capital Goods	Expenditure	System Generated Capex Sheet	EPA GHG Emission Factor-2022	-
Scope 3	Fuel and energy related emissions	Fuel consumption	Electricity bills & Fuel records	CEB Statistical Digest Report (2024), Energy Balance Report by Sustainable Energy Authority Sri Lanka – 2022, Defra 2025	IPCC-SYR AR6
Scope 3	Upstream transportation and distribution	Travel Distance: Local/ Air and Nautical and amount of Raw materials Transported	Purchased Tea Quantity, Total sales reports, System Generated Purchased good sheet & Shipment records	Defra 2025	IPCC-SYR AR6
Scope 3	Waste generated in operations	Waste generated under each waste stream	Manual waste tracking excels sheets	Defra 2025	IPCC-SYR AR6
Scope 3	Business travel	Air travel distance	Fuel Records & Air travel records	Defra 2025	IPCC-SYR AR6

Scope	Emission Sub-category	Activity	Data Source	Emission Factor source	Source of GWP Values
Scope 3	Employee commuting	Travel distance and mode of travel	Fuel records & Employee Survey	Defra 2025	IPCC-SYR AR6
Scope 3	Upstream leased assets	Electricity, water and LPG consumption	Electricity records	Energy Balance Report by Sustainable Energy Authority Sri Lanka - 2022	-
Scope 3	Downstream transportation Distribution	Total Amount of Sales	System generated sales records	Research Paper	-
Scope 3	Processing of sold products	Volume shipped for bottling operations (Liter)	System generated sales records	Research Paper	-
Scope 3	End of life of sold product	Number of products sold out	System generated sales records	Defra 2025	IPCC-SYR AR6
Scope 3	Downstream leased assets	Leased Floor Area	Floor Plan	Research Paper	-
Scope 3	Investments	Scope 1 & 2 GHG Emissions for Kahawatte Plantations PLC	Verified GHG Emissions Certificate for Kahawatte Plantations PLC	-	-

5.1.1 Climate-related Physical Risks
During the reporting year, the Company has not performed a quantified assessment of the percentage of assets or business activities vulnerable to climate related physical risks. The Company is planning to assess the amount and percentage of assets or business activities vulnerable to climate-related physical risks as part of strengthening Company's Business Risk Registry by assessing geographic locations and supply chain vulnerability.

Please refer to the Judgements and uncertainties in the page 78-79 of the strategy section

5.1.2 Climate-related Transition Risks
During the reporting year, the Company did not perform a quantified assessment of the amount and percentage of assets or business activities vulnerable to climate-related transition risks. The Company intends to develop this assessment as part of its ongoing climate risk management programme by leveraging the outputs of its annual greenhouse gas (GHG) emissions inventory, value chain emissions assessment, and Decarbonisation Action Plan developed in line with its approved Science Based Targets (SBTi) for near-term and net-zero emissions, including Forest, Land and Agriculture (FLAG) emissions. These initiatives will support the future identification and quantification of business activities and assets that may be exposed to climate-related transition risks. (Refer: Sustainability at Dilmah , pg. 16).

Please refer to the Judgements and uncertainties in the page 78-79 of the strategy section

5.1.3 Climate-related Opportunities
During the reporting year, the Company did not perform a quantified assessment of the amount or percentage of assets or business

activities aligned with climate-related opportunities, as a formal methodology for classifying such assets and activities has not yet been established. Nevertheless, the Company monitors and reports investments and initiatives that support climate-related opportunities.

5.1.4 Capital Deployment

The Company continued to allocate resources towards strengthening climate risk readiness, emissions management, transition planning, and climate resilience across its operations and tea value chain. Key initiatives during the year included SLFRS S1 and S2 implementation, GHG emissions assessment and verification, SBTi Near-term and Net-zero target submission and validation, and selected climate-related adaptation and supplier engagement activities. While these initiatives support the Company's long-term climate resilience and transition objectives, the related capital or operating expenditure did not exceed the defined materiality threshold for separate capital deployment disclosure during the reporting year..

5.1.5 Internal Carbon Pricing

The Company does not currently use an internal carbon pricing mechanism.

5.1.6 Remuneration

The Company does not currently link executive/executive management remuneration to climate-related considerations.

5.2 Climate-related Targets

To strengthen governance and credibility, Dilmah has aligned its climate strategy with externally validated commitments, including Science Based Targets initiative (SBTi) Net Zero targets, covering near-term, long-term, and FLAG requirements. This reinforces the Company's commitment to science-based climate action and ensures alignment with global best practices.

During FY 2025/26, the Company established SBTi-validated decarbonisation targets, as outlined in the table below.

Table 4 6-Climate-Related Target for Scope 1, Scope 2 and Scope 3 GHG Emissions Reduction

Topic	Disclosure reference and/or response
Metric/measurement/KPI	Scope 1 & 2 and 3 GHG emissions reduction
Objective	Reduce Scope 1, 2 and 3 emissions compared to the base year 2023/24 to achieve the validated SBTi near-term and net-zero targets for Non-FLAG and FLAG emissions
Scope	Dilmah Ceylon Tea Company PLC and Its subsidiary MJF Beverages Private Limited
Period	1st April 2025 -31st March 2050
Base Period	2023/24
Which greenhouse gases are covered by the target.	CO2, CH4, N2O, HFC
Gross greenhouse gas emissions target or net greenhouse gas emissions target.	Gross emission target
Derived using a sectoral decarbonisation approach	Yes- Energy & Industry

SLFRS Sustainability-Related Financial Disclosures

Topic	Disclosure reference and/or response
The entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target	Near Term:Carbon credits cannot be counted toward achieving science-based reduction targets. Dilmah's near-term and long-term targets must be met entirely through actual emission reductions within its own operations and value chain — not through purchased offsets. Net Zero Target: 2050 net-zero point, where high-quality carbon removal credits are used to neutralise the small share of residual emissions that cannot be eliminated — and any offsetting before then counts as "beyond value chain mitigation," which is additional and does not count toward the targets
Milestones and interim targets	**Overall net-zero target:** Dilmah Ceylon Tea Company PLC commits to reach net-zero greenhouse gas emissions across the value chain by FY2049. **Near-term targets:** **Energy & Industry:** Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 1 and 2 GHG emissions 46.2% by FY2031 from a FY2023 base year*. Dilmah Ceylon Tea Company PLC also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel- and energy related activities and upstream transportation and distribution 27.5% within the same timeframe*. *The target boundary includes land-related emissions and removals from bioenergy feedstocks. **FLAG:** Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 3 FLAG GHG emissions 33.3% by FY2031 from a FY2023 base year*. Dilmah Ceylon Tea Company PLC also commits to no deforestation across its primary deforestation-linked commodities, with a target date of December 31, 2025. *The target includes FLAG emissions and removals.

Topic	Disclosure reference and/or response
	Long-term targets: **Energy & Industry:** Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 1, 2 and 3 GHG emissions from purchased goods and services, capital goods, fuel- and energy-related activities, upstream and downstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream and downstream leased assets, processing of sold products and investments 90% by FY2049 from a FY2023 base year*. *The target boundary includes land-related emissions and removals from bioenergy feedstocks. **FLAG:** Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 3 FLAG GHG emissions 72% by FY2049 from a FY2023 base year*. *The target includes FLAG emissions and removals
Target type (if quantitative whether it is a absolute or intensity target)	Absolute Reduction Targets
Alignment with jurisdiction Commitment	The Company's near-term and Net Zero targets were developed and validated through the Science Based Targets initiative, aligning with the goal of the Paris Agreement to limit global warming to 1.5°C. The targets are also aligned with Sri Lanka's Nationally Determined Contributions (NDCs) and the national Net Zero transition ambition, while considering evolving international climate commitments, value chain decarbonisation expectations, transparent emissions reporting requirements, and growing demand for low-carbon products in global markets.
Validation	**GHG Inventory:** Independently validated by the Sri Lanka Climate Fund in alignment with ISO 14064-1:2018 requirements. **Targets:** Near-term and Net Zero targets validated by the Science Based Targets initiative under the Corporate Net-Zero Standard.
Review Process	Targets will be quarterly reviewed by the Sustainability Executive Committee and Board Sustainability Committee
Metrics for monitoring progress	GHG reduction by MTCO2e
Revision	No revisions during the FY 2025/26
Progress achieved during the year and status at year end	Compared to the base year, Scope 1 and Scope 2 emissions increased by 21.65 tCO_2e, while Scope 3 emissions decreased by 2,685.60 tCO_2e.

Financial Capital

FINANCIAL RESILIENCE AND SUSTAINABLE VALUE CREATION

Dilmah Ceylon has once again demonstrated a disciplined and strategic approach to financial resource management, enabling sustainable value creation and long-term growth. During the FY 2025/26, the company delivered a strong financial performance, driven by revenue growth, improved profitability, prudent cost management, and a resilient balance sheet.

The company continued to invest in strengthening operational capabilities and advancing strategic initiatives while maintaining a conservative capital structure, robust liquidity position, and effective risk management framework. These strengths position Dilmah Ceylon to navigate evolving market conditions, enhance stakeholder value, and continue its journey towards sustainable long-term growth.

OVERVIEW

Financial Capital refers to the financial resources that enable Dilmah to operate effectively, invest for long-term growth, and sustain value creation over time. It includes the Company's equity base, retained earnings, cash flows, and other financial resources that support day-to-day operations and strategic initiatives designed to deliver sustainable returns to stakeholders.

Financial Capital Footprint

Rs. 31 Bn	Rs. 24 Bn	5.6 Times
Market Cap	Net Assets	Liquidity

MANAGEMENT APPROACH GRI 3-3

Dilmah's approach to managing Financial Capital combines disciplined financial planning, robust risk management, revenue diversification, and cost optimisation alongside continued investments in efficiency and sustainability. Likewise, Dilmah is committed to expanding into new markets and diversifying its product portfolio to safeguard margins and maintain stability. These efforts are further supported by advanced forecasting tools to monitor financial KPIs in line with strategic objectives to enable Dilmah to remain agile, competitive, and well-positioned for future growth.

Impact to Strategy

- Global Market Leadership
- Operational Excellence
- Empowered Workforce
- Environment, Sustainability & Governance

Material Matters

- Sustainable growth in Earnings
- Geopolitical Conditions in Buying Markets
- Exchange Rate Fluctuations
- Brand Image and Reputation
- Innovation
- Managing our Supply Chain

Capital Trade-offs

	ST	LT
FC	↓	↑
MC	↑	↑
IC	-	↑
HC	↑	-
SC	↑	↑
NC	-	↑

Our Contribution to Global Goals

KEY PRIORITIES FOR FY 2025/26

- Enhancing Revenue
- Disciplined Cost Management
- Balance Sheet Management
- Minimal Gearing Policy

KEY HIGHLIGHTS FOR FY 2025/26

- **Rs. 22 Bn** Revenue Generated
- **Rs. 4.3 Bn** spent on Selling and Distribution expenses
- **Rs. 3.3 Bn** incurred as Administrative Expenses
- **Rs. 1.5 Bn** as Exchange Gain
- **Rs. 414 Mn** Dividend Payout
- **Rs. 900 Mn** invested in interest-bearing deposits and other short-term investment instruments

Financial Capital

Marking 40 years of Stability and Financial Resilience

Financial stability and resilience have been the foundations on which Dilmah has built its global presence over the past 40 years. The Company's continued success over four decades has been anchored in a set of closely interconnected financial priorities that work in harmony to shape how it grows, manages risk, and creates long-term value. Revenue enhancement remains at the heart of this approach, driving efforts to strengthen Dilmah's market presence, expand into higher-value segments, and deepen its engagement with customers across key global channels, thereby ensuring that growth is both sustainable and resilient.

At the same time, disciplined cost management plays an equally important role in safeguarding profitability, with the Company maintaining a consistent focus on operational efficiency, prudent resource allocation, and financial discipline to remain competitive while preserving the flexibility required to invest in future growth opportunities.

Strong balance sheet management further reinforces this foundation by enabling the Company to allocate capital prudently, maintain healthy liquidity, and support sustained investment in capability building and long-term capacity expansion without compromising financial stability. Underpinning these priorities is Dilmah's minimal gearing policy, which has consistently preserved a conservative capital structure, reduced financial risk, and ensured that the Company retains the financial independence needed to navigate external volatility with confidence.

KEY HIGHLIGHTS FOR FY 2025/26

- **38%** GP Margin
- **45%** expansion in PBT
- **8%** ROE
- **6%** ROA
- **Rs. 91.3** - EPS

WAY FORWARD

- Growth in Exports Revenue
- Improve Operational Margins
- Increase Return on Assets

REVENUE

Dilmah reported revenue of Rs. 22.1 billion for the year under review, representing a 4.6% increase over the previous year. The performance reflects the continued success of the Company's strategy to drive value-led growth through premiumisation, targeted pricing interventions and deeper penetration into higher-margin market segments. During the year, Dilmah implemented strategic repricing initiatives across selected international markets aimed at preserving brand positioning.

At the same time, the Company continued to advance its strategy of optimising product mix towards higher-value segments. Of particular significance was the strong performance of the food service channel, which caters to airlines, hotels, restaurants and other institutional customers. This segment continued to outpace the more mature retail business, driven by a combination of organic market expansion, focused customer acquisition efforts and targeted marketing campaigns undertaken during the year.

The favourable shift in product mix towards premium and value-added offerings underscores the effectiveness of Dilmah's premiumisation strategy aimed at enhancing revenue quality across international markets. Additionally, the depreciation of the Sri Lankan Rupee against key trading currencies positively impacted the translation value of export earnings, providing further support to reported revenue growth during the year.

COST OF SALES

Cost of sales increased by 2.5% to Rs. 13.8 billion. While driven largely by business growth, cost of sales increased at a slower pace than revenue, a testament to the focus on disciplined cost management and operational efficiency. Throughout

the year, management maintained a prudent approach to procurement, supported by a well-timed tea buying strategy that enabled Dilmah to effectively manage raw material costs amidst fluctuating auction prices, while careful planning, disciplined sourcing decisions and ongoing efficiency improvements across production operations helped contain cost escalation.

GROSS PROFIT

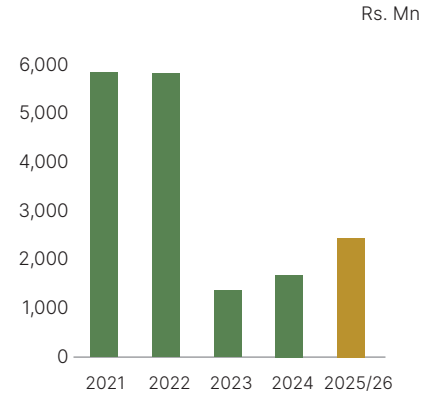
Gross profit increased by 8.4% to Rs. 8.3 billion during the year under review, outpacing revenue growth and reflecting the success of the Company's strategy to enhance value creation across its operations. The improvement highlights Dilmah's ability to strengthen earnings quality through disciplined commercial execution, portfolio optimisation and a growing presence in higher-value customer segments alongside rigorous year round cost management initiatives. Consequently, gross profit margin improved to 37.5% in FY 2025/26 from 36.2% in the previous year.

PROFIT BEFORE TAX (PBT)

Profit Before Tax increased to Rs. 2.5 billion in the year under review, up by a solid 45.1% from Rs. 1.7 billion reported in the previous year. Strong PBT performance was underpinned by a healthy expansion in gross profit, which provided a sufficient cushion to absorb higher operating expenses, particularly the increase in selling and distribution costs during the year.

Selling and distribution expenses increased by 21.2% to Rs. 4.3 billion, primarily attributed to expenditure associated with Dilmah's biennial distributor conference, which coincided with Dilmah's 40th anniversary

PBT



celebrations, as well as intensified promotional and market development activities aimed at accelerating the growth of the food service business. While these investments contributed to higher operating costs during the year, they represent targeted initiatives designed to strengthen market presence, deepen customer engagement and support the long-term growth trajectory of the business.

Administrative expenses increased by a comparatively modest 7.3% to Rs. 3.3 billion, despite annual salary revisions of approximately 12%, a testament to the disciplined cost control measures, operational efficiencies and the emphasis on lean management practices which helped to contain the overall increase in inflation-induced cost increases.

In addition, the Company also benefited from a significant increase in foreign exchange gains, which rose to Rs. 1.5 billion compared to Rs. 452 million in the previous year. The increase was primarily attributable to the depreciation of the Sri Lankan Rupee against key trading currencies, particularly the US Dollar and Australian Dollar. Given Dilmah's export-oriented business model and substantial foreign currency-denominated monetary assets, exchange rate movements generated a favourable earnings impact during the year, contributing approximately Rs. 762 million to the year-on-year increase in profit before tax.

INCOME TAX

Income tax expense declined to Rs. 558 million from Rs. 963 million in the previous year despite the significant increase in profitability.

The reduction was largely on account of the tax benefits arising from enhanced capital allowances associated with qualifying investments undertaken by the Company. Notwithstanding this reduction, Dilmah continued to maintain a prudent approach to taxation, ensuring that appropriate tax provisions were recognised where necessary in line with regulatory requirements and the underlying earnings profile of the business.

Dilmah's effective tax rate for the current year stood at 23% compared to 57% in the previous financial year.

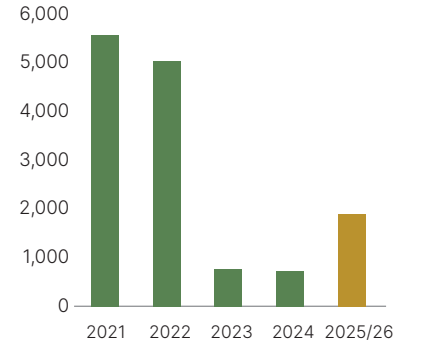
PROFIT AFTER TAX

Profit after tax increased substantially to Rs. 1.89 billion, compared to Rs. 726 million in the previous year, representing a growth of 161%.

Approximately Rs. 1 billion of the year-on-year improvement in profitability can be attributed to foreign exchange gains, while the remaining is attributed to the strong operational performance which testifies Dilmah's ability to leverage both strategic business initiatives and favourable market conditions to deliver substantial value creation for shareholders.

Financial Capital

PAT

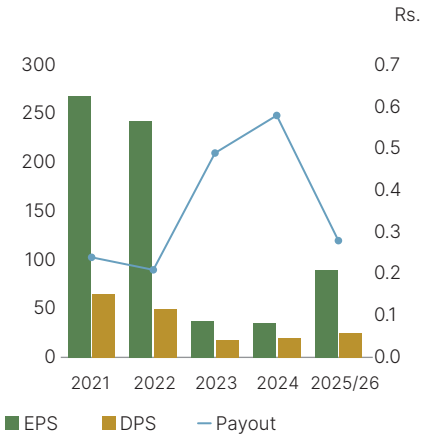


EARNINGS PER SHARE

Earnings per share increased to Rs. 91.29 compared to Rs. 35.00 in the previous year, more than two-fold increase attributed to the strong growth in profit after tax.

In line with its policy to ensure consistent returns to shareholders, the company declared and paid a final dividend of Rs. 25 per share for the financial year 2025/26.

EPS, DPS & PAYOUT



TOTAL ASSETS

Total assets increased to Rs. 30.4 billion as at 31 March 2026, representing an increase of approximately 5% over the previous year.

Growth in the asset base was driven by continued investment in property, plant and equipment, which increased to Rs. 7.4 billion as at 31 March 2026 in line with ongoing investments in operational capabilities and infrastructure.

During the year, the Group invested approximately Rs. 791 million in capital expenditure, including approximately Rs. 271 million towards new plant and machinery, most notably a new tea bagging machine designed to improve production efficiency and capacity. In addition, approximately Rs. 312 million was invested in the renovation and upgrading of two floors of the Company's office premises. Further investments were made in vehicles and supporting infrastructure, including approximately Rs. 44 million allocated towards fleet additions.

Within the Company's asset base, Trade and other receivables increased to Rs. 8.2 billion as at 31st March 2026 from Rs. 7.2 billion in the previous year. The increase was largely attributable to the depreciation of the Sri Lankan Rupee and the resulting translation effect on foreign currency-denominated receivables. Given the export-oriented nature of the business, a significant portion of outstanding customer balances are denominated in foreign currencies. Accordingly, the weaker Rupee resulted in higher translated values at the reporting date.

Cash and cash equivalents also increased by 43.5% to Rs. 4.4 billion as at 31st March 2026, supported by a combination of higher profitability, favourable foreign exchange movements and the strategic placement of surplus funds in interest-bearing deposits and other short-term investment instruments.

The strengthened liquidity position enhances the Company's financial flexibility and provides a solid platform to fund future capital investments, pursue strategic opportunities and maintain resilience amidst evolving market conditions.

EQUITY

Dilmah's total equity increased to Rs. 24.3 billion in FY 2025/26, compared to Rs. 22.9 billion recorded at the end of the previous financial year, driven by strong profitability achieved during the year.

LIABILITIES

Total liabilities increased marginally to Rs. 6.1 billion as at 31st March 2026 from Rs. 6.0 billion at end-March 2025. The most notable movement was observed in Trade and other payables, which declined in the current year following the settlement of liabilities and obligations that existed at the end of FY 2024/25. Partially offsetting this decrease was an increase in income tax payable arising from the higher taxable profits generated during the year and the associated tax provisions recognised at the reporting date.

DUPONT ANALYSIS (Figures in Rs. Bn)

Income	Expenses	Financial Assets	Non Financial Assets	Financial Liabilities	Non-Financial Liabilities
24.08	22.19	18.00	12.37	3.88	2.15
2024/25	2024/25	2024/25	2024/25	2024/25	2024/25
21.99	21.27	16.66	12.24	4.43	1.55

Net Profit	Income	Average Total Assets	Average Equity	Average Total Liabilities
1.89	24.08	29.63	23.63	6.01
2024/25	2024/25	2024/25	2024/25	2024/25
0.72	21.99	27.96	22.61	5.35

Net Profit Margin	Asset Turnover	Equity Multiplier
8.55%	0.75	1.25
2024/25	2024/25	2024/25
3.43%	0.78	1.24

Return on Equity

8%

2024/25

3.21%

Manufactured Capital

CELEBRATING 40 YEARS OF MANUFACTURING EXCELLENCE AND OPERATIONAL STRENGTH

As we mark 40 years of manufacturing excellence, Manufactured Capital continues to serve as a cornerstone of operational strength, resilience, and long-term competitiveness. Over four decades, the Company's commitment to quality, innovation, and responsible value creation has shaped a robust manufacturing foundation that continues to evolve in step with changing market expectations, sustainability priorities, and technological advancement.

During the year, the Company successfully delivered on the Manufactured Capital priorities set out in the previous Annual Report, reflecting both disciplined execution and sustained operational progress. Key achievements towards eco-efficiency included the transition of 46% of the vehicle fleet to electric mobility and the installation of a 1200 kVA Online UPS system, strengthening energy efficiency, manufacturing continuity, and infrastructure reliability. Building on this momentum, current-year efforts were directed towards accelerating the net zero asset transition, expanding renewable energy integration, and advancing infrastructure modernisation, including the ongoing shift from Industry 4.0 to 5.0 systems to support a more agile, future-ready manufacturing platform. As we look ahead, our focus remains on ensuring that our growth, and the infrastructure that powers it, remains restorative, efficient, and firmly grounded in the values that have defined us for forty years.

OVERVIEW

Manufactured Capital forms the physical heart of Dilmah Ceylon Tea Company PLC. Dilmah's commitment to this capital is two-fold: maintain operational rigour to ensure consistent excellence, while simultaneously re-engineering our physical footprint for eco-efficiency. By focusing on resource-conscious modernisation and climate-smart infrastructure, Dilmah ensures that its growth remains as sustainable as it is scalable.

Manufactured Capital Footprint

4,757 MT	158,172 SqFt	Rs. 8,054 Mn
of manufacturing capacity	of warehouse space	asset base

MANAGEMENT APPROACH GRI 3-3

Dilmah's approach to Manufactured Capital focuses on building a resilient, scalable infrastructure that supports both operational excellence and environmental stewardship. Accordingly, the Company allocates resources towards systematically modernising production facilities, operational assets and logistics infrastructure in tandem with evolving business requirements and technological advancements to improve performance and reliability, while simultaneously investing in renewable energy and resource-efficient systems technologies the company is reducing its environmental footprint while ensuring its physical infrastructure agile and secure against increasingly dynamic operational, technological, and environmental conditions including a changing climate and evolving market demands.

Impact to Strategy

- Global Market Leadership
- Operational Excellence
- Environment, Sustainability & Governance

Material Matters

- Implications of Climate Change
- Power and Energy
- Sustainable growth in Earnings
- Innovation
- Environmental & Socio-economic Compliance
- Manufacturing Capabilities
- Cost of Production and Logistics

Our Contribution to Global Goals

Key Priorities for 2025/26

- Investments in Infrastructure Modernisation
- Net Zero Asset Transition
- Waste Reduction and Resource Optimisation
- Renewable Energy Expansion
- Technological Evolution (Industry 4.0 to 5.0)
- Business Resilience

KEY OUTPUTS

97.2%
Overall highest performing equipment efficiency ratio (95% - 2024/25)

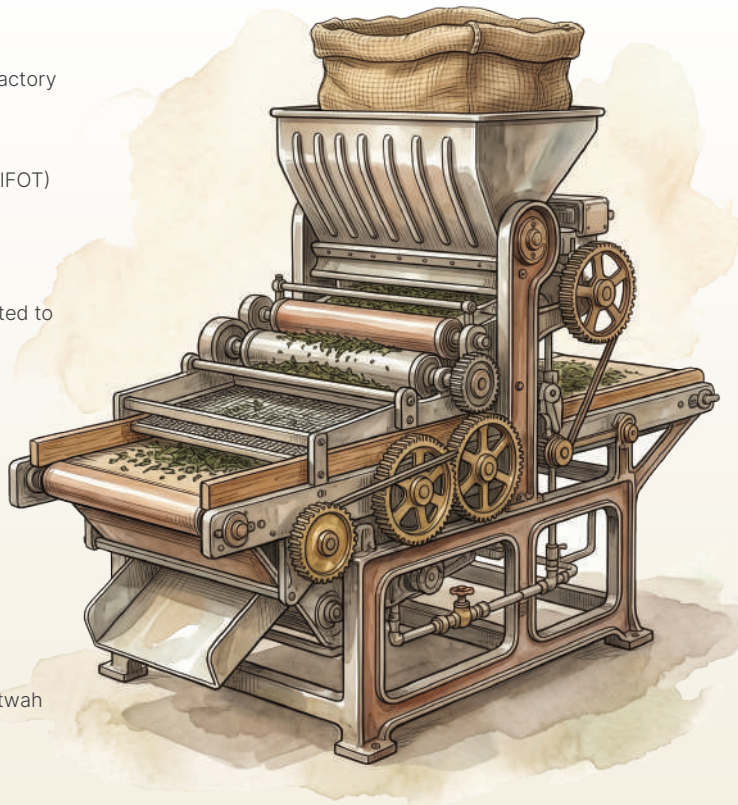
57%
Capacity utilisation (59% - 2024/25)

84.5% Overall Equipment Efficiency (OEE) (82.90% - 2024/25)

01% Production wastage at the factory (1.4% - 2024/25)

100% Delivery In Full On Time (DIFOT) (100% - 2024/25)

328 MtCO2e /year
decrease in carbon footprint attributed to investments in renewable energy



KEY HIGHLIGHTS FOR FY 2025/26

- **Rs. 307.3 million** invested towards infrastructure upgrades and modernisation to drive scalability and production efficiency
- **Rs. 44.7 million** allocated to expand renewable energy capacity to minimise carbon footprint in manufacturing
- **Rs. 45.8 million** allocated for the construction of an Effluent Treatment Plant (ETP)
- Activated the Code Red Protocol to minimise disruptions linked to Cyclone Ditwah

Manufactured Capital

WAY FORWARD

Key Priority	Short Term	Medium - Long Term
Net Zero Asset Transition	Development of a microgrid system integrating multiple energy sources to enable optimised energy utilisation and minimise wastage	Installation of a 400 kWp rooftop solar system at a downstream leased asset, expanding the renewable energy footprint
	Installation of a 5 MW Battery Energy Storage System (BESS) and 2 MW power control systems to enhance energy reliability and efficiency	Planned installation of rooftop solar systems across three additional estate factories
Investment in Infrastructure Modernisation		Upgrading Variable Bag Unit (VBU) machines (end-line automation): expected to achieve 80% of Automation
Waste Reduction and Resource Optimisation	Investment of approximately EUR 4 million to expand biodegradable packaging machinery to support Dilmah's transition towards sustainable packaging	
Technological Evolution (Industry 4.0 to 5.0)		Quality and capacity improvements in tea cleaning and blending processes, along with revamping of flavouring operations, with an investment of approximately USD 0.5 million, including USD 150,000 allocated for flavouring enhancements

STAKEHOLDER OUTCOMES

Customers - Consistent high-quality products

Employees - Safer and more efficient work environments

Shareholders - Increased return on investment due to operational efficiencies

Community & Environment- Reduced environmental impact through sustainable practices

FULLY INTEGRATED MANUFACTURING INFRASTRUCTURE

Dilmah Ceylon Tea Company PLC's state-of-the-art primary manufacturing facility in Peliyagoda forms the industrial backbone that defines the Company's status as the market leader in the global value-added tea segment. Purpose-built with advanced tea processing, precision cleaning, high-capacity blending systems, and

Capital Trade-offs

	ST	LT
FC	↓	↑
IC	↑	↑
HC	↓	↑
SC	-	↑
NC	-	↑

world-class packaging technology, the facility constitutes the critical manufacturing infrastructure that enables Dilmah to deliver superior quality, product consistency, and innovation at scale to discerning global markets.

The integrated manufacturing ecosystem enables the Company to maintain end-to-end control over quality, traceability, and freshness, while ensuring that every stage of production reflects Dilmah's uncompromising commitment to ethics, integrity and sustainability.

Investment on CAPEX	Additions Rs.000's
Land & Building	47,188
Plant & Machinery	271,497
Factory Equipment	3,167
Furniture & Fittings	95,877
Office and store equipment	312,217
Computer Hardware	44,790
Computer Software	16,518
Motor Vehicle	44,405
Others/ WIP	304,761
Total CAPEX	1,140,420

Dilmah's deliberate approach to building an integrated, future-ready industrial infrastructure is underpinned by a disciplined, Board-approved capital expenditure plan, which focuses on systematically upgrading, expanding, and modernising to ensure manufacturing infrastructure continues to evolve in line with changing market expectations, technological advancements, and sustainability expectations.

Capital Expenditure (CAPEX) Process Flow

Preparation of CAPEX Wishlist
Prior to the start of the financial year, Heads of Departments (HODs) and technical experts identify CAPEX needs and prepare formally documented "Wishlists" with budget estimates.

Selection of Original Equipment Manufacturers (OEMs)
Machinery is procured exclusively from globally reputed OEMs known for access to cutting-edge technology and innovations.

Review and Approval by the Board
The Wishlists are submitted for review and included in the Board approved annual CAPEX plan and budget, ensuring strategic alignment and financial discipline.

Supplier Evaluation
Prospective suppliers undergo thorough evaluation, including assessment of their track record, compliance with international quality standards, and technological capabilities.

Recording in ERP System
Approved CAPEX budgets are recorded in the Company's ERP system for tracking and transparency.

Trial Runs and Validation (if required)
In some cases, trial runs and validation processes are conducted to assess operational efficiency, safety, and reliability of the proposed machinery.

Procurement Workflow Activation
Procurement processes are initiated through structured workflows in the ERP system, requiring approvals from relevant stakeholders.

Final Procurement and Implementation
Upon successful evaluation, procurement is completed, and the equipment is deployed in alignment with the Company's focus on manufacturing excellence and long-term success.

Supplier Identification and Market Research
The New Product Development (NPD) department monitors market trends and, in collaboration with engineering and production teams, identifies potential new suppliers offering advanced technological solutions.

Manufactured Capital

INVESTMENT IN PPE - FY 2025/26

NET ZERO ASSET TRANSITION

Rs. 0.4 million

Installed solar film in warehouse (WH) 06 to reduce heat gain

Key Outcomes / Impact

- 80% reduction in solar radiation; 5% reduction in building energy consumption

Rs. 18.8 million

Adopted airtight packaging technology replacing polyethylene

Key Outcomes / Impact

- 100% removal of polythene from product range

Rs. 7.6 million

Established Enterprise-wide Energy Monitoring System (including solar integration)

Key Outcomes / Impact

- 5% baseline power optimisation; improved load balancing, power factor correction, and machine-level monitoring through real-time energy visibility

Rs. 12.7 million

Transitioned electric and hybrid fleet + installation of EV charging infrastructure

Key Outcomes / Impact

- Replaced 23 rented vehicles + 2 owned vehicles; 7 charging stations installed to reduce Scope 1 emissions and support net-zero pathway

TECHNOLOGICAL EVOLUTION (INDUSTRY 4.0 TO 5.0)

Rs. 77.3 million

Established ISO 9001 Quality Management System certified Innovation Lab consisting of CNC machines, five-axis EDM machines, and 3D scanners (for reverse engineering to obtain design information)

Key Outcomes / Impact

- 15% reduction in import-related expenditure; LKR 80Mn cost savings; improved spare part manufacturing capability

BUSINESS RESILIENCE

Rs. 96.7 million

Installed 1200 kVA Online UPS system, providing backup power across the entire production facility

Key Outcomes / Impact

- Eliminated downtime from outages; improved equipment protection; reduced production losses (Rs. 2 Mn monthly cost saving)

Rs. 3.7 million

Fire safety upgrades (Addressable fire detection system + fire walls in WH06)

Key Outcomes / Impact

- Improved response time and enhanced workplace safety standards

WASTE REDUCTION AND RESOURCE OPTIMISATION

Rs. 45.8 million

Constructed Effluent Treatment Plant (ETP) with recycling system - Downstream asset

Key Outcomes / Impact

- Reduced environmental impact; recycled water repurposed for non-production applications; improved regulatory compliance

RENEWABLE ENERGY EXPANSION

Rs. 44.3 million

Expanded and optimised rooftop solar systems + ground-mounted solar project

Key Outcomes / Impact

- WH02 & WH04 capacity upgrades; 4MW solar project completed (grid pending) which has expanded clean energy generation

OPERATIONAL EXCELLENCE

Dilmah's Peliyagoda facility sets the a benchmark of operational excellence within Sri Lanka's value-added tea industry. The framework, built upon a bedrock of international certifications does more than ensure compliance; it provides the rigorous, disciplined structure necessary to strengthen our culture of continuous improvement Therein, it is aligned with internationally accepted quality, safety, environmental, and ethical standards, including ISO 9001:2015 for quality management, ISO 14001:2015 for environmental management, FSSC 22000 and BRC Global Standards for food safety, alongside SMETA requirements for ethical trade practices. Moreover, adherence to Rainforest Alliance principles and leading global organic certifications, further ensure strong governance, operational discipline and end-to-end traceability across all stages of the manufacturing process.

This year, that operational framework empowered our teams to deliver 242 engineering and process improvements. From expanding machining capabilities and sharpening maintenance innovation to optimising energy efficiency. These initiatives translate Dilmah's commitment to quality into tangible operational gains.

Engineering Improvement Projects

Engineering Improvement Projects	Number of Improvements
Process and Production Capability Improvements	45
Improve Maintenance, Innovation	38
Machining Capability	150
Product Development	3
Packing Quality Improvement	2
Energy Efficiency	4

Total Engineering Improvements

242

Manufactured Capital

ENHANCING STRUCTURAL INTEGRITY OF ASSETS

Given Dilmah's manufacturing intensive operations, the Company considers enhancing the structural integrity of assets essential to extend the overall lifespan of equipment and optimise performance while reducing unplanned downtime. A robust preventive maintenance programme comprising weekly, monthly, and annual servicing schedules is undertaken as per the recommendation of the original equipment manufacturers. These efforts are further complemented by digital monitoring tools that enable real-time asset tracking and support predictive maintenance decisions. Meanwhile scheduled servicing, regular inspections, emission testing along with regular in-house maintenance ensure both Company-owned heavy vehicles as well as vehicles of contracted external service providers continue to perform optimally.

CASE STUDY: DRIVING OPERATIONAL EFFICIENCY AND SUSTAINABLE PACKAGING INNOVATION THROUGH IN-HOUSE ENGINEERING

Overview

Dilmah's Engineering team successfully designed and manufactured in-house a new "Cotton Tea Bag Machine". This accelerates our transition towards fully biodegradable and micro-plastic-free tea bag packaging, marking a definitive step in our journey to eliminate synthetic materials from our value chain.

While industry peers largely depend on manual constrained production methods, Dilmah has pioneered a hybrid model integrating 60% automation with 40% human intervention to achieve a superior balance of scale and artisanal precision. The automated components improve throughput, consistency, and operational efficiency, while the retained manual processes enable critical quality inspection, sensory evaluation, product handling oversight, and process monitoring where human expertise remains essential. This integrated approach ensures the preservation of product authenticity and the high-quality standards associated with Pure Ceylon Tea.

Sustainability Impact

A key feature of the innovation is its strong alignment with sustainability objectives. The machine enables the production of tea bags that are completely free from micro-plastics, using 100% fully biodegradable cotton material sourced from Italy. This marks a significant step in reducing environmental impact and supporting the Company's broader packaging sustainability agenda.

Operational Efficiency and Quality Enhancement

The semi-automated system significantly reduces the hygiene risks typically associated with fully manual production systems, while also improving operational consistency and reducing variability in output quality. The integration of automation enhances production efficiency, while human oversight ensures strict adherence to quality and hygiene protocols.

Market Positioning and Value Creation

The resulting product is strategically positioned within the premium and luxury tea segment to reinforce Dilmah's competitive positioning in high-value global markets.

NET ZERO ASSET TRANSITION

46% Fleet Electrification

Dilmah's commitment to Net Zero asset transition forms an integral part of the commitment to Science Based Targets initiative (SBTi)-validated near-term and long-term net zero ambitions. The fundamental approach is based on continuous investment in energy-efficient machinery and modernised production technologies to reduce greenhouse gas (GHG) emissions associated with physical infrastructure. To that end, the Company strives to replace legacy systems with advanced, lower-emission equipment that improves energy performance while reducing overall operational footprint. Likewise, fleet and mobility emissions are being addressed via efforts to

improve logistics efficiency and gradual exploration of electrification pathways, collectively aimed at reducing reliance on fossil fuels within the Company's transportation systems. Renewable energy integration remains another key pillar, with ongoing scaling of rooftop solar capacity to systematically increase the share of clean energy within operations.

The success of Dilmah Tea's Net Zero asset transition is further underpinned by continuous monitoring to track greenhouse gas (GHG) emissions' performance across operations to support data-driven decision-making to ensure emissions insights are integrated into operational discipline and investment planning.

BUSINESS CONTINUITY PLANNING (BCP)

A dedicated Business Continuity Plan (BCP) has been implemented to safeguard Dilmah's physical infrastructure and ensure operational resilience during disruptions, emergencies, or unforeseen events. The BCP framework covers key operational and support functions including production operations, sourcing of raw materials and tea, infrastructure and engineering, security operations, retail and food services, local marketing, customer services, digital marketing and brand management, e-commerce operations, brand communications, shipping and logistics, finance and information technology (IT).

The framework consists of dedicated and function-specific BCPs developed for each operational area, considering the unique operational risks and dependencies associated with each function. These plans identify critical threats and disruption scenarios relevant to the respective functions, covering supply chain interruptions, utility failures, cyber threats, fire incidents, infrastructure breakdowns, pandemics, security incidents, and logistics disruptions.

Key Features of function-specific BCP's include:

- Identifying potential threats and root causes
- Assessing operational impacts
- Preventive and mitigation measures
- Step-by-step response and recovery actions
- Roles and responsibilities of relevant personnel
- Escalation and decision-making procedures
- Recovery priorities and operational restoration mechanisms

The framework also incorporates a detailed communication plan clearly defining communication intent, roles and responsibilities, target stakeholders or audiences, and delivery channels, ranging from digital platforms and direct engagement to internal coordination mechanisms. Periodic fire safety training programmes and unannounced fire drills were conducted across relevant operational locations during FY 2025/26 to strengthen emergency preparedness and response capabilities. In addition, first aid training programmes were conducted during the year to enhance employee awareness and readiness in responding to workplace emergencies and incidents.

Another key component of the BCP is the Crisis Management Procedure to support an immediate and effective response to Code Red emergencies through a coordinated approach to ensure the safety of personnel, protection of products, continuity of operations, and recovery of critical business functions.

Manufactured Capital

The Crisis Management Procedure for Code Red emergencies establishes governance and oversight mechanisms relating to:

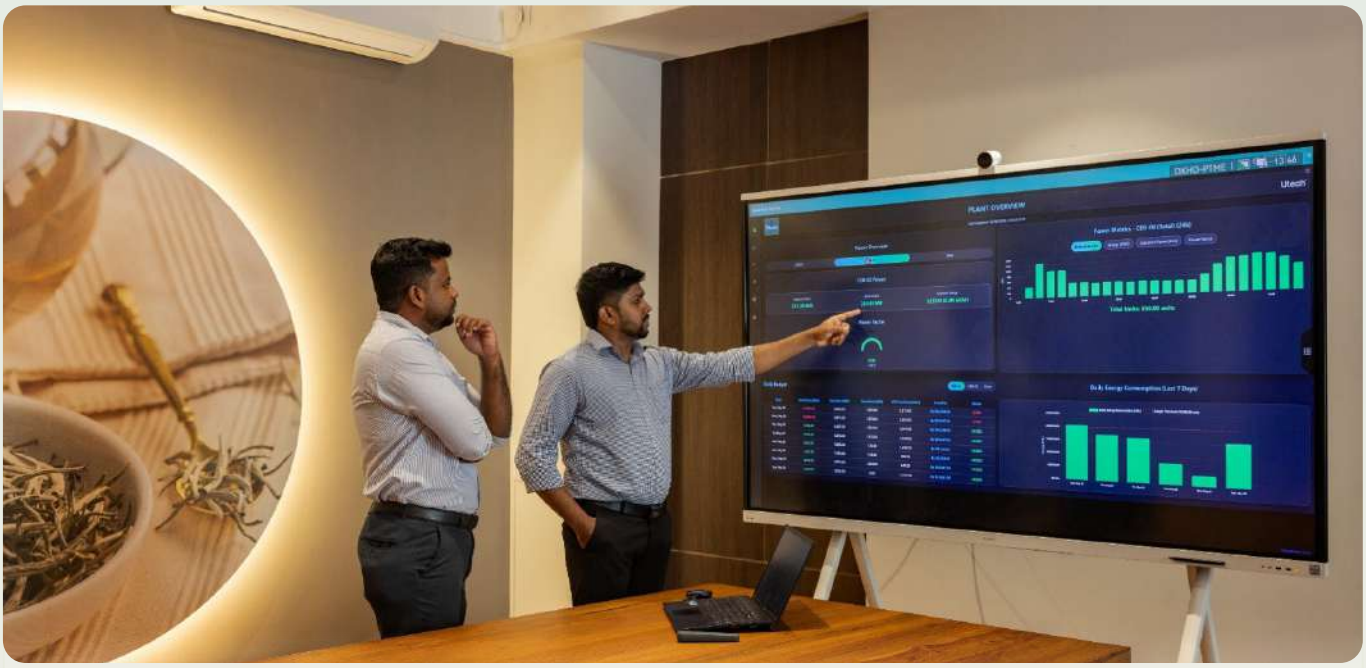
- Crisis Management Team structure and responsibilities
- Crisis identification and activation protocols
- Emergency response procedures
- Business continuity and operational recovery planning
- Communication and escalation procedures
- Product safety and product disposition processes
- Documentation and reporting requirements
- Training and drill requirements
- Review and maintenance of the BCP framework
- Integration with risk assessment processes and corrective actions

DILMAH'S RESPONSE DURING THE CYCLONE DITWAH CRISIS

In response to disruptions caused by cyclone Ditwah in November 2025, the Company activated several business continuity and operational resilience measures to minimise disruptions to operations and maintain continuity across critical business functions.

- **Raw Material Continuity:** Buffer stocks were maintained for critical raw materials including filter paper, tea, and other key production inputs, enabling continuity of manufacturing operations during supply chain disruptions.
- **Workforce Continuity:** Employee accommodation facilities, including Company-operated hostels and factory worker accommodation arrangements, supported workforce availability and operational continuity during the crisis period.
- **Fuel Security and Logistics:** The Company maintained fuel storage capacity and utilised its transport fleet to support uninterrupted logistics and operational mobility during fuel supply disruptions.
- **Emergency Preparedness:** Dry ration packs and essential supplies were maintained to support employees and operational continuity during the crisis period.
- **Financial Resilience:** The Company's financial position and no dependency on external borrowings supported the management of working capital requirements using internally available funds during the disruption period.
- **IT and Systems Continuity:** In-house ERP and IT support capabilities enabled the Company to maintain continuity of critical digital systems and operational support functions during the crisis.

Digital Capital



CELEBRATING 40 YEARS OF DIGITAL TRANSFORMATION AND BUSINESS ENABLEMENT

As the world evolves, Dilmah is embracing digital tools to move with greater purpose and agility. This evolution is about more than technology; it is a way to listen more closely to consumers, creating more personal, tailored experiences. By refining services and efficiency, the organisation is better equipped to seize new opportunities. This digital foundation also strengthens traceability from garden to cup, providing the data-driven insights needed to make smarter decisions for the Dilmah family. Ultimately, these advancements bridge a forty-year heritage with the modern world, ensuring that the connection to the global family remains as warm and human as ever.

This year, Dilmah is harnessing the power of workflow automation, custom in-house application development, purpose-built integrations, live operational dashboards, data-first decision making tools, and digital simulations to elevate every dimension of the business. In a global landscape where most organisations are still building their digital foundations, Dilmah is already building with what those foundations make possible. The ambition is not incremental. It is transformational.

OVERVIEW

Digital Capital encompasses the integrated digital capabilities, including enterprise systems, data infrastructure, automation technologies, AI technologies, IoTs, digital platforms, and analytics-driven decision-making tools, that together provide the foundation for Dilmah to scale its operations efficiently, enhance productivity across the value chain, and strengthen enterprise-wide risk management through improved visibility, control, and data-driven governance.

Digital Capital Footprint

223%	AI Policy	100%
Growth in social media reach	AI & Emerging Tech Governance	Employees awareness on Cyber Security

Digital Capital

MANAGEMENT APPROACH GRI 3-3

The Company's guiding conviction is this: digital technology is not an investment category. It is a competitive posture. One that compounds over time, demands disciplined governance, and is ultimately measured not in systems deployed but in value created for every stakeholder the Company serves. This conviction shapes every decision in this section of the report.

Impact to Strategy

- Global Market Leadership
- Operational Excellence
- Empowered Workforce
- Environment, Sustainability & Governance

Material Matters

- Sustainable growth in Earnings
- Innovation
- Manufacturing Capabilities
- Information System & Cybersecurity

Our Contribution to Global Goals

Key Priorities for 2025/26

Enterprise Intelligence Acceleration	Connected & Resilient Operations	Direct-to-Consumer & Market Expansion	Trust, Security & Sustainable Digital Foundation

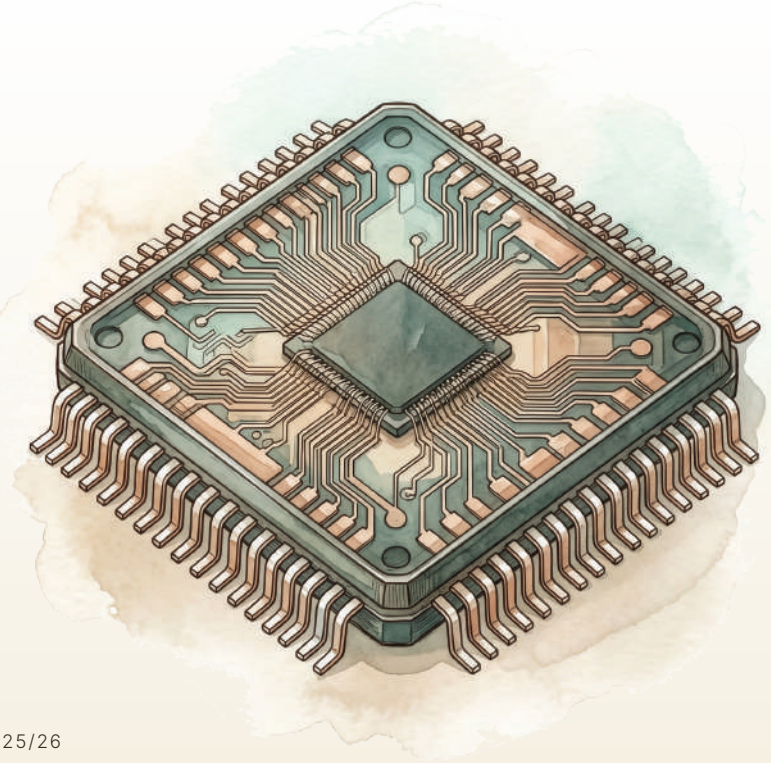
KEY OUTPUTS

268,224
Monthly average active sessions

86%
Customer Response Rate

223% Growth
In social media reach

166% Growth
In social media impressions



KEY HIGHLIGHTS FOR FY 2025/26

- Creating a Data First Company enabling decision making at fingertips from 50+ Live Dashboards
- Enhancing custom solutions with Gen-AI capabilities leveraging in-house knowledge
- Elevating the data richness integrating the machine IoTs with central Data Warehouse
- Expanding digital marketing channels with the launch of Dilmah Tea Subscription Service / Loyalty Service, Corporate Gifting eCommerce Portal, Dilmah TikTok Shop Storefront, etc.

WAY FORWARD

Key Priority	Short Term	Medium - Long Term
Enterprise Intelligence Acceleration	♣ Establish enterprise data foundation ♣ Standardise reporting and dashboards across business units ♣ Identify and digitise critical decision points (where decisions are currently manual) ♣ Launch AI literacy and adoption programs	AI-assisted decision-making in supply chain and commercial functions Implement blockchain-based traceability solution to allow end consumers to scan and verify the farm-to-cup journey of every Dilmah tea product Invest in predictive analytics and AI-driven demand forecasting to optimise inventory levels and reduce working capital tied in e-commerce stock.
Connected & Resilient Operations	Digitise core operational processes Map end-to-end supply chain visibility gaps	Self-optimising production systems Fully connected digital twin of operations
Direct-to-Consumer & Market Expansion	Deploy AI-powered chatbot on the eCommerce website for 24/7 customer support, product recommendations, and live order tracking.	Build a Dilmah Tea digital experience hub – a branded metaverse / immersive digital space combining virtual tea ceremonies, sustainability storytelling, and shoppable content
Trust, Security & Sustainable Digital Foundation		Strengthen Zero Trust security initiatives of our digital landscape against evolving risks, protecting the trust and transparency

STAKEHOLDER OUTCOMES

Customers - Faster delivery, personalised engagement, and improved product traceability across all D2C channels.

Employees - Automation shifts focus from repetitive tasks to higher-value analytical and customer-facing work.

Shareholders - Modernised infrastructure and automation improve efficiency and deliver measurable financial gains.

Community - Traceability and data governance reinforce transparency, ethics, and responsible sourcing.

Capital Trade-offs

	ST	LT
FC	↓	↑
MC	↑	↑
IC	-	↑
HC	↑	-
SC	↑	↑
NC	-	↑

ENTERPRISE INTELLIGENCE ACCELERATION

Information technology has become a key enabler of Dilmah's day-to-day operations, particularly in supporting critical functions across the organisation. Dilmah currently operates through a hybrid IT infrastructure model that combines the agility, real-time data access, and scalable business applications linked to the cloud environment that works alongside critical on-premises systems for identity management and data protection to ensure operational continuity, security, and scalability across core business operations, while supporting compliance with internal control frameworks and external regulatory requirements.

Operational continuity of Dilmah's IT infrastructure is underpinned by a robust Disaster Recovery (DR) architecture designed to ensure uninterrupted business operations, data integrity, and system resilience across critical enterprise functions. A key component of the Company's DR framework is the real-

time synchronisation between Dilmah's production environment and its disaster recovery infrastructure hosted on the cloud. Core ERP systems are continuously mirrored on a real-time basis, ensuring rapid failover to the DR environment, thereby safeguarding continuity of mission-critical processes such as finance, supply chain, manufacturing, and distribution operations.

The Company further enhanced DR infrastructure efficiency during the year under review by migrating the Core system backend from a traditional Virtual Machine (VM)-based architecture to a Platform-as-a-Service (PaaS) model. This strategic shift has delivered dual benefits: significantly reduced operating costs through optimised resource utilisation and infrastructure management, and improved system performance, achieving approximately two times higher efficiency in processing and application responsiveness.

IT GOVERNANCE

IT governance at an operational level is overseen by the IT Management Committee, chaired by an Executive Director to ensure Board-level oversight and strategic alignment. The Committee comprises cross-functional representatives from key business functions, including the Head of IT and functional leads responsible for digital infrastructure, enterprise applications, and cybersecurity.

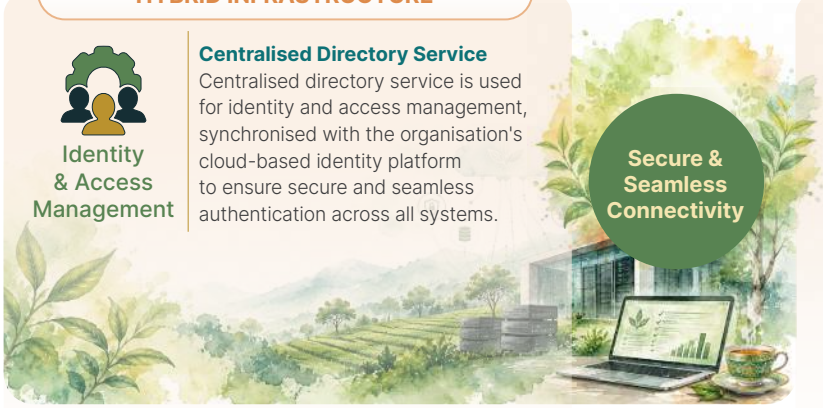
The IT Management Committee provides oversight on day-to-day IT activities, monitors system performance and emerging technology-related risks, reviews the progress of major IT initiatives and digital transformation projects are in line with broader business objectives and organisational requirements.

DILMAH IT INFRASTRUCTURE
Secure. Resilient. Integrated.

HYBRID INFRASTRUCTURE

Identity & Access Management

Centralised Directory Service
Centralised directory service is used for identity and access management, synchronised with the organisation's cloud-based identity platform to ensure secure and seamless authentication across all systems.



CLOUD-HOSTED INFRASTRUCTURE

ERP

ERP & Application Workloads
ERP and other application workloads are deployed on enterprise-grade cloud infrastructure to support end-to-end business processes, including manufacturing, finance, and supply chain operations.

Cloud-Hosted Infrastructure
Disaster recovery infrastructure ensures business continuity, resilience, backup, and recovery readiness across environments, delivering high availability and rapid recovery when needed

VISIBILITY & MONITORING

Unified visibility and monitoring across hybrid and clouwd-nosted envirónments - ensuring real-time oversight, rapid incident response, and continuous compliance.

- 24/7 **Monitoring**
- Real-Time **Alerting**
- Unified **Dashboard**

BUILT FOR BUSINESS CONTINUITY. ENABLED FOR GROWTH

SECURE
Strong identity management and data protection across all

RESILIENT
Hybrid architecture with offsite redundancy and disaster recovery readiness.

SCALABLE
Cloud flexibility to scale with business needs and innovation.

EFFICIENT
Optimised operations across systems and business processes.

CONNECTED
Seamless integration and secure access anywhere, anytime.

INFORMATION SECURITY SYSTEMS

As digital integration across operations continues to expand, information security has emerged as a strategic priority for Dilmah, promoting the Company to institutionalise a robust governance information security governance framework aligned with internationally recognised ISO 27001 Information Security Standard certification.

Within this framework, Dilmah's security architecture is built on a layered defence model designed to protect both on-premises and cloud-based environments. On-premises network perimeters are secured through next-generation firewalls operating in a high-availability configuration. Cloud-hosted workloads are similarly protected through virtualised firewall solutions deployed at cloud gateways, strengthening security controls and safeguarding critical digital assets from evolving external threats. Cyber resilience is further reinforced through the deployment of an AI-driven Endpoint Detection and Response (EDR) platform across all endpoint devices to enable continuous threat monitoring, intelligent behavioural analysis, real-time detection of suspicious activities, and automated containment of potential incidents, significantly improving response capability and reducing exposure to cyber risks. We formulate all internal policy documents based on ISO 27001 standards covering access management, incident response, backup management, security monitoring, and enterprise-wide risk assessments help to strengthen governance and improve control maturity for managing emerging cybersecurity risks.

The Company's IT Security Policy provides the overarching framework governing key areas such as acceptable use, remote access, cloud adoption, and data classification, ensuring disciplined security practices and alignment with international standards. During 2025/26, the cybersecurity landscape continued to evolve rapidly, with heightened phishing and email-based threats, increasing cloud security complexities and distributed user environments presenting key operational challenges. In response, Dilmah undertook extensive internal reviews and monitoring initiatives were undertaken across firewall and access controls, endpoint security, user access governance, vulnerability management, backup and recovery readiness, and broader network infrastructure monitoring.

At the same time, email threat handling capabilities were further strengthened, while enhanced user awareness programmes were implemented to improve cyber vigilance and reinforce a stronger security culture across the organisation. The policy framework was also further strengthened with the implementation of the AI Policy and The DLP (Data Loss Prevention) Policy during the latter part of the current financial year.

Governance

- ISO 27001 alignment
- IT Security Policy
- AI Policy and DLP Policy

Endpoint Security

- AI-driven EDR
- Continuous threat monitoring
- Automated incident containment

People & Culture

- User awareness programmes
- Email threat handling
- Cyber-vigilance

Network & Cloud Protection

- Next-generation firewalls
- Cloud gateway firewall controls
- High-availability configuration

Monitoring & Assurance

- Internal reviews
- Access governance
- Vulnerability management
- Backup and recovery readiness

Digital Capital

ARTIFICIAL INTELLIGENCE GOVERNANCE

Governing Intelligence Before It Governs You

Dilmah made a deliberate choice. Before expanding its use of artificial intelligence across the enterprise, the Company established the governance framework to support it. In an era where many organisations are deploying AI at pace and constructing the guardrails afterwards, Dilmah took the opposite position. Governance first. Deployment with intent.

This is not caution for its own sake. It is what responsible leadership looks like in the age of intelligent systems.

During 2025/26, the Company formally institutionalised its AI Governance Policy, a framework that defines how artificial intelligence tools are evaluated, adopted, and monitored across the organisation. The policy addresses accountability at the point of decision, the standards by which AI-generated outputs are validated before they inform action, and the boundaries within which automated intelligence may operate without human review. These are not compliance instruments. They are the architecture of a company that takes seriously its responsibility to its people, its customers, and its partners.

While many organisations are still striving to establish effective AI governance, Dilmah has taken proactive steps to embed AI governance within its broader information security framework

The result is an enterprise that can deploy AI capability with speed and confidence, because the boundaries are clear, the accountability is assigned, and the oversight is active. AI-driven tools now support customer personalisation, endpoint security, demand intelligence, and operational monitoring across the business. Each deployment operates within the parameters the governance framework defines. This layered approach, where policy enables rather than restricts technology adoption, is what gives Dilmah the confidence to move further and faster than its peers in the responsible integration of intelligent systems.

As AI becomes more deeply embedded in how Dilmah operates and competes, the governance infrastructure surrounding it will be treated as a strategic asset in its own right. An organisation trusted to use intelligence well has an advantage that is difficult to replicate and impossible to shortcut.

DIGITISATION, AUTOMATION AND OPERATIONAL EXCELLENCE

Dilmah is building something distinct in its industry. An enterprise where digital technology is not layered on top of existing practices but woven into them, where automation, custom applications, and real-time intelligence compound the quality and precision that have always defined the brand.

During 2025/26, the Company executed a structured programme of digitisation across eCommerce, Finance, Supply Chain, Logistics, and Customer Experience. What distinguishes this programme from conventional IT investment is its character. Each initiative was custom-designed for Dilmah's specific operational context, not adapted from generic software templates. The organisation developed purpose-built applications in-house, engineered robust integrations between previously siloed systems, and deployed live operational dashboards that deliver decision-relevant intelligence directly to the teams that need it, in real time.

Built for Dilmah. Built by Dilmah.

The integration of the core ERP system with the Shopify Plus eCommerce platform eliminated manual data entry across the order-to-cash cycle, enabling real-time inventory synchronisation and automated invoicing at scale. Beyond connectivity, the Company's in-house development capability delivered custom applications built specifically for Dilmah's operational requirements. No commercial off-the-shelf product could have addressed these requirements with the same precision or fit. That is the point of building in-house. Ownership of capability is ownership of advantage.

CRM automation centralised the management of customer data, distributor contracts, event registrations, and multi-channel communications into a single integrated platform. An AI-powered personalisation engine now dynamically tailors product recommendations and marketing communications based on individual customer behaviour. These are not incremental improvements to how Dilmah works. They represent a fundamental shift in the precision and intelligence with which the organisation operates.

PRECISION AT SCALE

A defining feature of this year's programme was the systematic migration of a significant number of activities from manual to automated workflows. Processes that once required intensive human administration, including order routing and fulfilment, inter-system data reconciliation, customer inquiry handling, contract lifecycle management, and field data capture across sales and marketing, have been redesigned around automated pipelines. Processing times have been compressed. Error rates have fallen. Organisational capacity has been released and redeployed toward analytical and commercial work of greater value. What automation takes away from routine, it returns in relevance.

THE DISTANCE BETWEEN DATA & DECISION

A data-first culture is not declared. It is built, tool by tool, decision by decision. Dilmah deployed integrated analytics toolsets across digital marketing, eCommerce attribution, customer experience, and social media performance during the year, creating live dashboards that surface operational and commercial intelligence on demand. Automation of data cleansing workflows significantly reduced the time teams spend on data preparation, compressing the distance between raw data and actionable insight.

Leaders across the organisation are now equipped to make evidence-based decisions faster, with greater confidence, and with a clearer view of consequence. That is what a data-first enterprise looks like from the inside.

Automated Order Management & Fulfilment System (OMS)

Business Unit / Department
eCommerce & Logistics / Supply Chain

Key Features

- End-to-end automated order routing
- Automated third-party logistics (3PL) dispatch integration
- Real-time shipment tracking updates to customers
- Centralised fulfilment management system

Value Added

- Reduced average fulfilment time
- Improved order accuracy and delivery coordination
- Enhanced customer visibility and tracking experience
- Greater logistics efficiency and scalability

AI-Powered Personalisation Engine

Business Unit / Department
Digital Marketing & eCommerce

Key Features

- Dynamic product recommendation engine
- Behaviour-based customer engagement triggers
- Personalised website and email marketing integration
- AI-driven customer preference analysis

Value Added

- Increased average order value
- Improved repeat purchase rates
- Enhanced customer engagement and shopping experience
- More targeted and effective digital marketing campaigns

Digital Capital

CRM Automation to create a centralised system to manage all events, from registration to feedback

Business Unit / Department
Digital Marketing & Customer Experience

Key Features	Value Added
♣ Mobile application to capture leads and integrate data directly with the CRM ♣ Centralised system to capture and manage leads and opportunities from multiple channels (email, scanners, etc.)	♣ Streamlined end-to-end event lifecycle management ♣ Improved tracking of attendee engagement and feedback ♣ Reduced administrative workload through automation
♣ Centralised system to manage distributor contracts and trademark schedules.	♣ Improved governance and visibility over contractual obligations ♣ Reduced risk of missed renewals or compliance gaps ♣ Streamlined tracking of distributor agreements and trademarks ♣ Enhanced control and coordination across distributor networks

Data Cleansing Automation

Business Unit / Department
Analytics / Finance

Key Features	Value Added
♣ Dramatic reduction in time spent on data preparation and slicing/dicing	♣ Significant reduction in time spent on data preparation and data manipulation (“slicing and dicing”) ♣ Faster access to actionable insights for decision-making ♣ Improved efficiency in reporting and analytics workflows ♣ Enables teams to focus more on analysis and strategy rather than manual data handling

DIGITAL MARKET PRESENCE AND ECOMMERCE

The digital marketplace is where Dilmah's competitive positioning is tested every day, in real time, across dozens of countries and channels simultaneously. The Company has built a commercial digital ecosystem that is not merely functional but deliberate, one where intelligence, personalisation, and reach operate in concert to extend the brand into every market it serves with greater precision than any physical presence alone could achieve.

The Dilmah eCommerce website and B2B Bulk Tea Portal serve as the Company's primary owned digital channels, connecting consumers and trade customers directly to the source. During the year, both platforms benefited materially from the automation and AI-driven personalisation investments described in the preceding section, resulting in measurable improvements across new customer acquisition, returning shopper retention, and international reach.

Dilmah's global marketplace presence continued to expand, supported by programmatic advertising capabilities and a unified social media ecosystem spanning Meta, Google, YouTube, LinkedIn, Pinterest, Spotify, and TikTok. Integrated analytics infrastructure provides the organisation with a real-time, cross-channel view of marketing performance, enabling rapid reallocation of investment toward highest-return channels. Data does not inform marketing decisions here. It drives them.

Three new commercial channels were launched during the year: the Dilmah Tea Subscription and Loyalty Service, the Corporate Gifting eCommerce Portal, and the Dilmah TikTok Shop Storefront. Each addresses a distinct commercial opportunity, recurrent revenue, B2B gifting, and social commerce respectively. Together they demonstrate something more important than channel count. They demonstrate the agility of an organisation that sees digital markets clearly and moves into them decisively.

Strengthening & Diversifying Digital Platforms to Drive Growth

Dilmah eCommerce Website (shop.dilmahtea.com)

Connecting tea lovers directly to the source through a seamless, personalised digital storefront.

- New Shoppers - **46%**
- Returning Shoppers - **44%**
- International Shoppers - **95%**

Social Media Platforms (Meta, Google, YouTube, Linkedin, Pinterest, Spotify & Tiktok)

Fostering a vibrant global community where we share our purpose and engage in meaningful conversations with our extended family.

- Total Digital Reach - **42Mn**
- Total digital engagements - **1.7Mn**

New Channels launched in FY 2025/26

Continuously innovating our digital footprint to offer more convenience, loyalty, and transparency to our consumers.

- Dilmah Tea Subscription Service / Loyalty Service
- Corporate Gifting eCommerce Portal
- Dilmah TikTok Shop Storefront
- Traceability App

LOOKING AHEAD

Dilmah enters the next phase of its digital journey from a position of earned strength. The governance structures are operational. The infrastructure is modernised. The automation programme is yielding returns. And the culture, critically, is shifting. Teams that once managed processes now manage outcomes. Leaders who once waited for reports now read live dashboards. This is the compound effect of sustained, purposeful digital investment.

The Company will deepen its investment across the five pillars that have defined this year's programme: workflow automation, custom application development, robust system integrations, live intelligence infrastructure, and digital simulation capabilities. These are not independent workstreams. They are a compounding system, and Dilmah intends to extend their reach across every function of the business.

The priorities below reflect where the Company sees the greatest opportunity to extend its lead and translate digital capability into durable competitive advantage.

Strategic Priority	Direction of Travel
Intelligence and Foresight	AI-driven demand forecasting, digital simulations for scenario planning, and a unified Customer Data Platform will give the organisation the foresight to act ahead of the market rather than in response to it. Decisions will be made with predictive intelligence, not historical assumption.
Traceability and Trust	The Company will deepen its digital traceability infrastructure, ultimately connecting every product to a verifiable chain of custody from estate to consumer. This reinforces the most fundamental promise the Dilmah brand makes: that what is in the cup is exactly what it claims to be.
Automation at Scale	The automation programme will continue to expand across business functions not yet fully covered, with emphasis on higher-complexity workflows that require adaptive logic. Custom in-house development will remain central to this effort. Dilmah builds what it cannot buy.
Security and Resilience	Dilmah will advance its Zero Trust security architecture and sustain its ISO 27001 certification as the digital estate grows. Security is not a constraint on digital ambition. It is what makes that ambition sustainable.
Digital Experience	The organisation will invest in immersive and intelligent digital experiences that bring the Dilmah story to life in new formats. The objective is not technological novelty. It is deeper, more meaningful engagement with the global community the brand serves.

Digital technology is not an investment category at Dilmah. It is a competitive posture. The foundations are built. The culture is shifting. What follows is acceleration, and the Company is ready for it.

Intellectual Capital

FOUR DECADES OF DISRUPTIVE INNOVATION

At the heart of Dilmah's enduring success—built upon four decades of disruptive innovation—lies our Intellectual Capital, with Research and Development serving as the strategic bedrock of the Company. Born forty years ago from the necessity to challenge a colonially exploited system, Dilmah was founded on the radical idea of bringing tea directly from origin to the consumer. This spirit of disruption remains our guiding philosophy, as we continue to leverage R&D to explore differentiated, premium, and value-added experiences that elevate tea from a mere commodity to a curated, high-value journey.

This anniversary year, we honoured our heritage while accelerating our future. We celebrated four decades of progress with a revitalised brand emblem and a limited-edition Ruby Anniversary tea, strengthening our focus on experience-led offerings. Simultaneously, we sharpened our operational excellence by integrating AI-enabled defect detection and Six Sigma DMAIC methods to minimise waste. Through value stream mapping, packaging automation, and process optimisation, we have successfully eliminated non-value-added activities and improved efficiency. These advancements ensure that our manufacturing platform remains as agile, sustainable, and pioneering today as it was at our inception, staying firmly aligned with our founding promise of quality and integrity.

OVERVIEW

Intellectual Capital comprise the intangible assets, including the Dilmah brand, knowledge, innovation, relationships and systems that form a mutually reinforcing ecosystem to allow Dilmah to evolve and grow, while remaining true to the Company's heritage and founding philosophy.

Strengths of intellectual Capital

Dedicated R&D team, Hub and accredited inhouse Lab	Iconic **Global brand**	**12** Compliance with standards

Intellectual Capital

MANAGEMENT APPROACH GRI 3-3

Recognising the interdependence of intangible assets, Dilmah's approach to managing Intellectual Capital seeks to integrate and align these elements so in a manner that ensures they operate as a unified and mutually reinforcing system rather than isolated components. As such, Intellectual Capital is actively nurtured, strengthened, and continuously developed to enhance the collective capability, coherence, and resilience of the broader ecosystem, enabling sustained value creation across the organisation.

Impact to Strategy

- Global Market Leadership
- Operational Excellence
- Empowered Workforce

Material Matters

- Brand Image and Reputation
- Product Responsibility
- Innovation

Our Contribution to Global Goals

Key Priorities for 2025/26

- Reinforcing Global Brand Visibility
- 360-degree Innovation and Continuous Improvement
- Developing Tacit Knowledge
- Strengthening Strategic Partnerships

KEY OUTPUTS

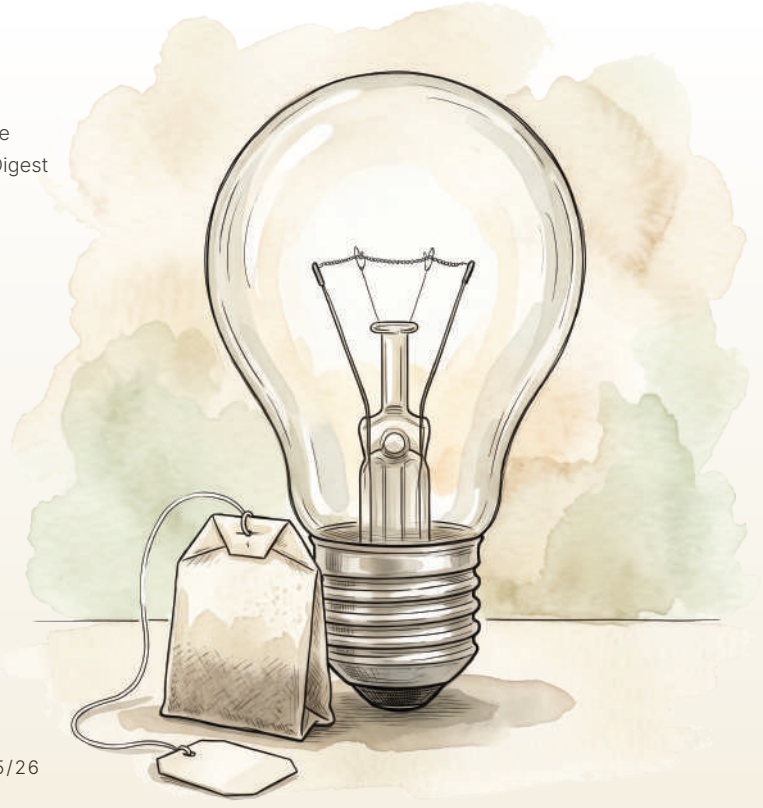
5,114 MT
Revenue volumes

49
new innovative products

02
Export recognition awards

Dilmah Voted New Zealand's **Most Trusted Tea Brand** for the 10th Consecutive year by Reader's Digest

07
Sustainability Awards



KEY HIGHLIGHTS FOR FY 2025/26

- **Rs. 139 Mn** spent on branding
- Dilmah's **40th year anniversary** celebration programmes
- **150 Mn** allocated to sustainable packaging innovation

WAY FORWARD

Key Priority	Short Term	Medium - Long Term
Reinforcing Global Brand Visibility	Strengthen brand consistency across markets through centralised guidelines and regional reviews.	Position Dilmah as a global leader in premium, ethical and wellness-focused tea.
360-Degree Innovation and Continuous Improvement	Expand premium tea, wellness product and sustainable packaging innovations.	Establish an innovation accelerator with research institutions and startups.
Developing Tacit Knowledge	Strengthen the capture and sharing of market, product and regulatory knowledge.	Build specialised expertise in tea, wellness, sustainability and global compliance.
Strengthening Strategic Partnerships	Expand partnerships across the culinary, hospitality and wellness sectors.	Co-develop new products and sustainable packaging solutions with strategic partners.

STAKEHOLDER OUTCOMES

Shareholders - Stronger competitive advantage and market position to boost financial performance and profitability

Customers - Consistent high-quality products coupled with the guarantee of ethically produced tea

Employees - Opportunities for innovation and knowledge enhancement

Capital Trade-offs

	ST	LT
FC	↓	↑
IC	-	↑
HC	↑	-
SC	↑	-
NC	-	↑

At a Glance

Heritage
Single-Origin Pure Ceylon Tea

Innovation
Elixir, RTD tea and packaging solutions

Knowledge
Tea education, publications and gastronomy

Brand Influence
Premium international market positioning

Purpose
15% of pre-tax profits channelled to impact

Sustainability Leadership
SBTi-validated near-term, Net Zero and FLAG targets

Recognitions & Accolades
Awards and accolades reinforcing brand credibility

Intellectual Capital

HERITAGE

Single-Origin Pure Ceylon Tea

Embodying the vision of the Company's founding father, Merrill J. Fernando, to offer the world tea that is "picked, perfected, and packed at origin," Dilmah stands as the architect responsible for crafting a new identity for Single Origin Pure Ceylon Tea. Having carried the story of authenticity, heritage, and uncompromised quality Ceylon Tea to consumers across international markets, Dilmah today occupies a premium position as Sri Lanka's flagship tea brand.

At a time when blending teas from multiple origins was widely adopted for commercial gain, Dilmah chose to remain unblended, preserving the distinctive identity, quality, and integrity of Ceylon Tea.

This pioneering vision was realised in 1988, when Dilmah became the first local brand to offer tea that was grown, picked, perfected, and packed at source in Sri Lanka.

Dilmah's vertically integrated model, extending from tea cultivation and manufacture to product development, packaging, and international marketing, enables the Company to maintain quality, traceability, and value addition throughout the supply chain.

INNOVATION

Elixir, RTD Tea and Packaging Solutions

Continuous investment in product innovation has enabled the Company to diversify its portfolio through pioneering value-added beverages such as Elixir: a range of liquid tea extracts and Ready-to-Drink (RTD) tea products that resonate with changing consumer preferences towards convenience, wellness-oriented consumption, premium experiences, and lifestyle-driven beverage choices. These ongoing investments in research, product development, packaging innovation, and market expansion have helped Dilmah to extend the reach of Pure Ceylon Tea into new consumption occasions, customer segments, and international retail channels.

A key pillar of this innovation agenda is sustainable packaging, with ongoing efforts to reduce non-recyclable content and progress towards 100% biodegradable solutions through minimalist, food-safe designs that improve material efficiency, lower costs, and minimise environmental impact.

49
new products covering
7 product range

KNOWLEDGE

Tea Education, Publications and Gastronomy

Dilmah is also known for positioning Sri Lanka prominently on the global stage through literary and educational publications that celebrate tea, wellness, biodiversity, Sri Lankan culture, and heritage, helping to showcase the country's unique identity and natural richness to global audiences.

Initiatives such as the Dilmah School of Tea, Tea Gastronomy programme, and Seasonal Flush collections further strengthen consumer and professional knowledge of tea while promoting appreciation of its complexity, heritage, and versatility.

Scan to visit our Publications

BRAND INFLUENCE

Premium International Market Positioning

Given the increasing structural challenges faced by the local tea industry, including ageing tea fields and declining productivity levels, Dilmah continues to prioritise the development of value-added tea exports that preserve the dignity, authenticity, and global respect associated with Ceylon Tea, while enhancing export revenue to the Country and supporting the long-term economic resilience of Sri Lanka's tea sector.

In doing so, the Company is not only enhancing the competitive positioning of Ceylon Tea in international markets, but also leading the transition of Sri Lanka's tea sector from a predominantly commodity-driven industry towards a more resilient, value-added export model capable of generating stronger foreign exchange earnings.

Through its emphasis on provenance, craftsmanship, quality, and innovation, Dilmah has continued to shape global consumer perceptions of tea and reinforce the value of authentic, origin-grown Ceylon Tea.

PURPOSE

A minimum of 15% of Pre-Tax Profits Channelled to Impact

Dilmah's identity as a truly Sri Lankan brand is further underscored by its deep-rooted commitment to sustainability and social responsibility, guided by its philosophy of "Making the Business a Matter of Human Service." Reflecting this enduring promise, the Company allocates a minimum of 15% of pre-tax profits towards the MJF Charitable Foundation and Dilmah Conservation, both dedicated to supporting vulnerable communities including differently abled individuals, low-income families, estate sector communities, healthcare-related causes, and individuals affected by natural disasters and conflict situations, while also advancing environmental conservation, climate action, and biodiversity protection.

This philosophy is reflected in Dilmah's core values of Taste, Goodness, and Purpose, which connect product excellence and authenticity with ethical business and positive social and environmental impact.

15%

Minimum of pre-tax profits channelled to social and environmental impact

SUSTAINABILITY LEADERSHIP

SBTi-Validated Near-Term, Net Zero and FLAG Targets

Further reinforcing its sustainability leadership, Dilmah became the first Sri Lankan food and beverage company to obtain validation from the Science Based Targets initiative (SBTi) for near-term, Net Zero, and FLAG targets, thereby reaffirming its commitment to support Sri Lanka's broader transition towards achieving Net Zero emissions by 2050.

These sustainability and social commitments strengthen Dilmah's brand reputation, organisational knowledge, innovation culture, and differentiation in increasingly purpose-driven international markets.

First in Sri Lanka

Food and beverage company with SBTi-validated near-term, Net Zero and FLAG targets

RECOGNITIONS & ACCOLADES

Dilmah's commitment to quality, innovation, sustainability, and human service continues to be recognised across prestigious national and international platforms, reflecting the strength of our intellectual capital and its impact.

27th Presidential Export Awards - 2024/2025

- Overall Award – Market Diversified Exporter of the Year,
- Sectoral Merit Award in the Tea – Large Category.
- Overall Award - Contribution to Sustainable Development in Exports

Best Corporate Citizen Sustainability Awards 2025

- Winner - Top 10 Corporate Citizen 2025
- Winner – Best Project Sustainability Awards for MJF Charitable Foundation's Empower culinary and hospitality school (ECHS)
- Winner – Award for Resilient Practices

Sustainability Tracker Awards 2025

- Winner - Most Influential Award

Global Sustainability Awards 2025

- Among the Top 10 Finalists – Net Zero: Supply Chain Decarbonisation

TAGS Awards 2025

- Bronze Award – Food and Beverage Sector – Turnover above LKR 15 BN

Intellectual Capital

ETHICS AND VALUES

Protecting Dilmah's Intellectual Property

Safeguarding this intellectual property is fundamental to preserving the integrity, authenticity, and distinctiveness of the Dilmah brand. Accordingly, Dilmah's Code of Ethics, stipulates that no employee, contractor, or agent is permitted to reproduce, distribute, alter, or authorise the external use of Dilmah materials without prior approval. This includes, but is not limited to, sharing internal content on social media, using Company logos in personal presentations, forwarding confidential or internal documents, or creating materials that imitate or replicate official Dilmah branding.

Ethics and values are central to Dilmah's culture and identity. The Dilmah Code of Ethics sets out the standards expected of everyone representing Dilmah Ceylon Tea Company PLC, while the Company's core values, expressed through the acronym "DILMAH", provide a practical guide for how employees are expected to uphold and represent the brand.(Refer pg 12)

Dilmah's Intellectual Capital is grounded in the values, systems, knowledge, and governance practices that safeguard brand integrity while supporting innovation, trust, and long-term value creation. Policies including the Dilmah Business Conduct and Ethics Policy, Anti-Bribery and Corruption Policy, and Whistleblower Policy reinforce accountability, discipline, and responsible decision-making across the value chain. During the reporting period, no incidents of bribery or corruption were reported, and no whistleblower complaints were received, underscoring the strength of Dilmah's ethical culture and internal controls.

MAKING A STAND FOR QUALITY, INTEGRITY, PEOPLE & NATURE

With faith in Jesus Christ, passion & commitment, our Founder, Merrill J. Fernando devoted his life to Tea. He wanted to make the world a better Tea, and he did this by making a stand.

He made a stand for Quality, the taste and goodness in good quality, pure origin tea, packed fresh at source. For Integrity, honesty in ensuring the safety, sustainability, and manufacturing standards in our product. For People, sharing our earnings with the artisans who handpick and handmake our teas, and the wider community, especially those who are less fortunate. He made a stand for Nature, reciprocating the enduring connection we have with Nature, which crafts the Taste and Goodness in our Teas, by conserving and restoring vulnerable ecosystems, promoting sustainable agriculture and nature based solutions.

INSTITUTIONAL KNOWLEDGE

Dilmah's institutional knowledge is deeply rooted in the founding vision of Merrill J. Fernando, whose philosophy has been carefully cultivated over decades through hands-on involvement and direct engagement at the foundational level to create a living body of knowledge that continues to be strengthened and transmitted through deliberate mentoring and close intergenerational knowledge sharing. Senior leadership and experienced tea professionals have played a central role in embedding this tacit knowledge into everyday practice to preserve Dilmah's founding philosophy.

This deep reservoir of knowledge is further disseminated through the Dilmah School of Tea, the world's first consumer and hospitality tea school, accredited by the World Association of Chefs' Societies. Established in 2009 at the Institut Paul Bocuse in France, the School represents a natural extension of Dilmah's knowledge ecosystem, through which internal institutional know-how is translated into structured, globally accessible learning.

DILMAH SCHOOL OF TEA

KNOWLEDGE INSPIRES PASSION

Dilmah

SCHOOL OF TEA

The School of Tea goes beyond traditional product education by immersing participants in the artistry and science of tea. Its programmes are designed to inspire a deeper appreciation of "Real Tea" while highlighting its versatility as a natural ingredient in contemporary culinary and hospitality applications. With a strong emphasis on Tea Gastronomy, Food Pairing, and Tea Mixology, the curriculum elevates tea from a beverage to a creative medium, enabling chefs, hospitality professionals, and enthusiasts to explore its full sensory and functional potential.

In honour of Dilmah's 40th Anniversary, the 90th session of the School of Tea brought together 204 participants from 50 countries, who collectively brewed and tasted over 5,000 cups of tea. This milestone event further expanded the global community, bringing the total number of School of Tea alumni to 6,379 members.

The Dilmah School of Tea further offers an online training platform designed to inspire a passion for tea and build professional-grade expertise among hospitality industry professionals, tea aficionados, and tea enthusiasts worldwide.

In doing so, the Dilmah School of Tea acts as a powerful knowledge multiplier in ensuring that Dilmah's institutional wisdom is not only preserved internally but also shared as a living, evolving body of expertise across international markets.

Scan to visit the website

PRODUCT DIVERSITY GRI 2-6

	Product Ranges
1.	Dilmah Premium Tea Selection
2.	Dilmah Ceylon Gold Selection
3.	Ceylon Golden Pekoe
4.	Dilmah Ceylon Green Tea
5.	Flavoured Green Tea
6.	Exquisitely Flavoured Tea
7.	Dilmah Infusions
8.	Arana Natural Herbal Infusion
9.	Dilmah Organic Selection
10.	Dilmah Gourmet Tea Selection
11.	Yum Tea & Herb Inspired Deliciousness
12.	4g Family Leaf Tea Bag
13.	Dilmah Finest
14.	Dilmah Exceptional Selection
15.	Dilmah Silver Jubilee Gourmet
16.	Dilmah Watte Boutique Tea
17.	t-Series Designer Gourmet Teas by Dilmah
18.	Dilmah 85 Reserve
19.	The Teamaker's Private Reserve
20.	Very Special Rare Tea
21.	Dilmah Windsor Forest
22.	Dilmah Gift of Tea
23.	Dilmah Iced Tea
24.	Dilmah Elixire of Ceylon Tea
25.	Wild Island
26.	Gourmet Discovery
27.	Paradise Gourmet
28.	Ceylon Cinnamon

Dilmah offers a diverse, carefully curated product range designed to suit different tastes and lifestyles across global markets. From traditional Ceylon black tea to green tea, herbal infusions, artisanal teas, and wellness blends, its portfolio appeals to everyone from single-estate tea connoisseurs to casual consumers seeking flavoured or functional options.

Innovations

Innovation at Dilmah is fuelled by an ongoing, intimate dialogue with our consumers. Through rigorous market research, category analysis, and proactive trend monitoring, we remain deeply attuned to the shifting preferences across diverse geographies and generations. This continuous engagement allows us to identify emerging opportunities that align with our heritage, ensuring that every new product is not merely a response to market trends, but a meaningful reflection of our commitment to quality, goodness, and the evolving needs of our global family.

As a pioneer that fundamentally reshaped the global tea industry through the introduction of Single Origin Pure Ceylon Tea, innovation has always been embedded in Dilmah's DNA. From challenging conventional industry practices and redefining how tea is sourced, packed, and marketed, Dilmah continues to explore new concepts from wellness-oriented infusions and ready-to-drink beverages to luxury tea collections and premium gifting solutions, innovation is leveraged to expand the reach and relevance of the brand while remaining firmly anchored to the Dilmah promise of authenticity and quality.

Intellectual Capital

Notably, over the years, the focus has evolved beyond product innovation into a comprehensive 360-degree innovation model that permeates across every aspect of the business. Today process innovation plays a vital role in refined manufacturing processes and quality assurance systems to eliminate variability, strengthen consistency, and elevate product performance.

Sustainability has also become a powerful catalyst for innovation against the backdrop of the growing demand for responsibly produced products, prompting more emphasis on sustainable packaging innovations that aim to systematically reduce environmental impacts.

Innovating the Island's Iconic Elements and Heritage into Taste: New product Development

To remain aligned with the evolving tastes and expectations of its international customer base, Dilmah continuously refreshes its portfolio through the introduction of new offerings. These innovations are often shaped by consumer insights, emerging health and wellness trends, and culinary developments, and are supported by Dilmah's own expertise in tea gastronomy and mixology. New flavours, organic tea, gourmet tea selections, wellness-oriented offerings, and sustainable packaging solutions are among the ways in which Dilmah keeps its portfolio relevant, distinctive, and responsive to contemporary consumer preferences.

In 2025/26 **49**
new products covering
a 7 product range

NEW PRODUCT DEVELOPMENT PROCESS

"PARADISE BREAKFAST" AND "SUNSET IN PARADISE"

Dilmah strengthened its focus on specialty and premium offerings through expansion into distinctive, luxury-led categories such as Discovery Gourmet, which reinterprets the traditional English Breakfast segment with a more differentiated and elevated consumer proposition. While English Breakfast has become increasingly commoditised over time, it was once regarded as a benchmark of pure, high-quality tea enjoyed for its simplicity and balance. In response, Dilmah has sought to meaningfully reimagine this space through the introduction of "Paradise Breakfast" and "Sunset in Paradise," offering consumers a more expressive and refined tea experience. This curated range has also been extended to selected international markets, reinforcing the Company's commitment to innovation, premiumisation, and global brand differentiation.

Ceylon Tea Journey in 8 Variants

Windsor Forest in 18 Variants- his is the cotton tea bag

Elixir of Ceylon in 2 Variants

Dilmah Arana in 5 Variants

Ruby Anniversary Full Leaf Green Tea in 1 Variant

Luxury Gifting in 7 Variants

RESEARCH AND DEVELOPMENT (R&D) AS A DRIVER OF VALUE CREATION

Research and Development is a critical component of Dilmah's Intellectual Capital. R&D is embedded within Dilmah's strategic architecture, anchored in a dual focus on product innovation and process innovation. The Company leverages its internal R&D capability to explore differentiated, premium, and value-added tea experiences that align with global consumer trends increasingly shaped by wellness, authenticity, convenience, and experiential consumption and also consistently elevates tea from a commodity to a curated experience. As part of the overall approach to R&D, the Company often leverages secondary research and market intelligence from external sources, including Euromonitor International, to gain insights into global market trends, category performance, consumer behaviour, and brand positioning, thereby informing strategic decision-making and strengthening international competitiveness. Meanwhile internal R&D serves as a critical tool in strengthening operational excellence through continuous improvement in manufacturing systems and value chain efficiency.

Intellectual Capital

2000

Initiated eliminating the plastic of our tea packs by introducing a tear-strip design

2007

Packaging Breakthrough: pyramid tea bags changed to PLA, a plant-based material

2010

Packaging that contains 10 tea envelopes (10E) was changed to include a window to reduce material usage

2011

Continuous material reduction measures in tea tags, bags and packs

2018

Eliminating the plastic overwrap in 80% of tea packs using tear-strip design

2019

75% of inner cartons are now reusable corrugated versions, replacing kraft paper-wrapped ones, with a supplier return system in place

2020

Eliminated 421,052 kg of plastic by converting all packaging lines to 100% PLA-based filter paper in 2020

2021

Switched from tin tea caddies to paper canisters in 3 SKUs of Dilmah Inspirations Range - launched in Australia

Switched from foil to paper envelopes for 8 variants in the Café range of tea bags

2022

2nd ECOVATION Awards - Merrill J Fernando Innovation Awards: identifying, empowering and rewarding sustainable inventors with a focus on sustainable packaging, resource efficiency and waste management

2023

Sustainable Premium Ceylon Black Tea 80 Pack (pilot project)

Switched to tag-free sustainable plant-based tea bags

A tree will be planted with every pack sold in the Australian market

2024

Innovations: biodegradable trials for both sachet and T4 envelope products

Launched Supplier Code of Conduct for Packaging suppliers

2025

Certified for Home Compostable Pot Tea Bags

2026

100% Cotton Tea bag which is Plastic free

Process Innovation Highlights - FY 2025/26

Operational Wastage Reduction Across Production Lines

Through structured root cause analysis and continuous process monitoring, wastage-intensive areas across production lines were identified and further evaluated using statistical process control and analytical methodologies aligned with Six Sigma DMAIC principles (Define, Measure, Analyse, Improve, Control). These interventions enabled the targeted refinement of process parameters, simplification of workflows, and optimisation of packaging material usage, resulting in a measurable reduction in overall wastage and an improvement in Sigma performance across selected production lines.

AI-Enabled Vision Systems for Defect Detection and Wastage Reduction

Advanced camera systems integrating Artificial Intelligence were deployed across selected production lines to detect defect-generating points in real time. AI models were structured using labelled production datasets and validated through confusion matrix analysis, enabling continuous refinement of detection accuracy. This real-time monitoring capability significantly reduced defect-related wastage and strengthened overall production quality assurance.

Value Stream Mapping for Motion and Process Efficiency

Value stream mapping was applied to identify and eliminate non-value-added activities contributing to excessive motion, time delays, and process inefficiencies. Process optimisation initiatives were implemented to streamline workflows, enhance labour productivity, and improve infrastructure utilisation. This approach delivered significant time savings, particularly in container loading operations and pre-production activities, while improving overall operational flow and efficiency.

Ink Usage Optimisation and Process Standardisation

Ink consumption in internal printing processes were optimised through structured process reviews and calibration of printing machinery parameters to ensure greater standardisation, resulting in reduced ink usage.

Continuous Product Quality Enhancement and Market Intelligence Integration

Continuous qualitative studies were conducted across Dilmah's blending, flavouring, transfer, and packaging processes to continuously enhance product freshness, taste, and overall quality, underscoring the commitment to maintaining and progressively improving quality standards across production and packing through ongoing process optimisation.

Inventory and Resource Optimisation Through Packaging Automation

Initiatives to optimise material usage focused on integrating products with automated packaging machinery, resulting in reduced material consumption, lower inventory overheads, and improved logistics space utilisation. These improvements supported leaner operations across packaging and distribution functions while simultaneously contributing to environmental sustainability objectives through reduced resource intensity.

Filter Paper Related	Envelop Related	Other Material Related	Waste Reduction Related	Quality and Efficiency improvement
02 Projects	01 Projects	01 Projects	03 Projects	02 Projects

PACKAGING SUSTAINABILITY – HIGHLIGHT 2025/26

Windsor Forest: Luxury Elevated through Sustainable Packaging

Inspired by the natural beauty and tranquillity of Sri Lanka's Windsor Forest Estate, this luxury collection brings together carefully crafted teas and tisanes that reflect the estate's distinctive aromas, textures and flavours. Value addition extends beyond the product itself, with targeted investment in new machinery enabling a more sustainable packaging solution across the range.

The collection features **home-compostable cotton tea bags (100% cotton) that are plastic-free, home-compostable envelopes and sachets, and inner and outer cartons made from FSC-certified recyclable paperboard.** Through this integrated approach, Windsor Forest combines a premium tea experience with responsible packaging, strengthening both product differentiation and environmental performance.

INNOVATION LAB (CNC MACHINE LAB):

The investment in its state-of-the-art Innovation Lab in the current year represents a significant step forward in strengthening in-house technical capability and operational innovation. Equipped with five CNC machines, five-axis EDM machines, and advanced 3D scanning technology for reverse engineering and design replication, the facility augments Dilmah's ability to locally manufacture high-precision engineering components with greater speed and accuracy, thereby reduces dependence on costly imported spare parts and components.

Going forward, the CNC Unit is set to play a critical role in supporting broader Industry 4.0 transformation initiatives, including the implementation of advanced automation and digital monitoring systems, such as automated downtime monitoring for factory machinery, enabling more data-driven maintenance and performance optimisation.

Further reinforcing its commitment to quality and process excellence, the CNC Innovation Laboratory obtained ISO 9001:2015 certification, covering end to end processes from:

- Design and drawing preparation and approval
- CNC machining, turning, milling, drilling, and surface finishing
- Inspection (Incoming / In process / Final Product), calibration, and quality control
- Receiving, inspection and inventory control of CNC items
- Maintenance of customer property and tooling
- Packaging and dispatch of finished products

Culinary Innovations

Dilmah continues to challenge the commoditisation of tea by demonstrating its versatility beyond the traditional cup. Through tea gastronomy, mixology, sensory experiences and tea-and-food pairing, the Company transforms premium, single-origin Ceylon Tea into distinctive culinary and hospitality experiences.

Concepts such as Tea Appreciations and Masterclasses, Camellia Epicurean, The Chefs & the Teamaker, Tea in the Five Senses and Omakase by Dilmah deepen professional and consumer understanding of tea while encouraging chefs, mixologists and hospitality professionals to explore its creative potential. These platforms combine Dilmah's tea expertise with external culinary talent, enabling knowledge exchange, experimentation and the co-creation of innovative food and beverage experiences.

By supporting emerging and established culinary professionals in Sri Lanka and internationally, Dilmah strengthens its role as a centre for tea knowledge, collaboration and experiential innovation. This approach enhances brand differentiation, expands the relevance of tea within modern lifestyles and contributes to a more dynamic and sustainable culinary ecosystem. The following section presents the key culinary innovations undertaken during 2025/26.

Yellow Tail Kingfish Tartare, Dilmah Green Tea & Jasmine Cream, Nahm Jim, Salmon Caviar, Crispy Rice Paper

Sri Lankan Tuna Croquettes, Dilmah Elixir of Ceylon Black Tea & Peach Aioli

Queensberry Tea Garden at No.2 - Homegrown black wagyu roast sauce from Madilla wine Parmigiano grilled young corn

Azia 2.0 paired with Dilmah Pedro Single Garden Tea

Jasmine Light Milk Green Tea / Jasmine Oreo Milk Green Tea

Chocotea paired with Dilmah Nilagama Single Garden Tea

STRATEGIC PARTNERSHIPS

Strategic partnerships and joint venture collaborations make a significant contribution towards strengthening Dilmah's Intellectual Capital by combining external expertise, market knowledge, and innovation with the Company's own heritage, craftsmanship, and brand equity, collectively providing a distinctive competitive advantage.

Partnerships with leading retailers enhance market access and distribution reach, making Dilmah's premium tea portfolio accessible to a broader and more diverse consumer base. At the same time, these alliances create valuable opportunities for collaborative marketing, customer engagement, and brand visibility, generating insights that further strengthen Dilmah's commercial and strategic capabilities.

Global expansion of Dilmah's Ready-To-Drink (RTD) range is supported through partnerships with specialised beverage companies possessing the technical expertise, innovation capability, and distribution infrastructure required within this rapidly evolving segment. Beyond market expansion, these partnerships facilitate valuable knowledge exchange in areas such as beverage innovation, product development, consumer trends, and route-to-market strategies.

Similarly, collaborations with luxury hotel chains and international airlines further elevate Dilmah's premium brand positioning by embedding curated

Intellectual Capital

tea experiences within world-class hospitality environments. These relationships reinforce consumer perceptions of quality, authenticity, and excellence, while also enhancing the experiential value associated with the Dilmah brand across global markets.

MEMBERSHIPS AND AFFILIATIONS GRI 2-28

Memberships and affiliations serve as a strategic engine for Dilmah, transforming its commitment to quality, innovation and sustainability into validated, global impact. By engaging in professional networks and collaborative platforms, the company aligns its operations with global best practices and gains early insight into evolving regulatory and market trends. More than just a seal of credibility, these partnerships foster innovation and collective action, allowing Dilmah to pool resources and expertise to scale its operations and strategic growth. Ultimately, these alliances ensure that the company's growth remains grounded in transparency and ethics, increasing its ability to drive industry-wide change while upholding the high standards stakeholders expect.

- WORLD ASSOCIATION OF CHEF'S SOCIETIES (WACS)
- INTERNATIONAL CHAMBER OF COMMERCE SRI LANKA
- THE CEYLON CHAMBER OF COMMERCE
- COLOMBO TEA TRADERS ASSOCIATION
- SRI LANKA INDONESIA BUSINESS COUNCIL
- SRI LANKA RETAILERS' ASSOCIATION
- EXPORT DEVELOPMENT BOARD
- SRI LANKA TEA BOARD
- BOARD OF INVESTMENT OF SRI LANKA
- ECOVADIS CORPORATE
- SMETA SEDEX

STANDARDS AND CERTIFICATIONS

Our standards and certifications are the bedrock of our operational integrity, transforming our promise of quality into verifiable reality. By upholding these rigorous frameworks, we provide stakeholders with transparent proof of our ethics and efficiency. More than just a gateway to global markets, these credentials reinforce the trust that has defined Dilmah for forty years, ensuring our commitment to improvement is as authentic as our tea.

To this end, we maintain a Quality and Food Safety Policy aligned with the requirements of ISO 9001 (Quality Management System), BRCGS, and FSSC 22000 (Food Safety Management System), alongside a separate Environmental Policy aligned with ISO 14001 (Environmental Management System). Together, these policies provide the framework for achieving our quality, food safety, and environmental objectives ensuring compliance with applicable statutory and regulatory requirements, and driving continual improvement across our operations.

FSSC 22000

an internationally recognised food safety certification that focuses on identifying and controlling biological, chemical, and physical food safety hazards through structured systems such as HACCP, prerequisite programmes, and continuous monitoring, underlining Dilmah's commitment to producing safe, high-quality tea products while ensuring compliance with global food safety standards and customer expectations.

BRCGS
emphasises strong site standards, hygiene controls, supplier management, traceability, and recall systems to maintain product integrity throughout the value chain. Achieving this certification reinforces Dilmah's ability to consistently deliver safe and high-quality products that meet stringent international retail and consumer requirements.

ISO 9001
Quality Management System - a globally recognised quality management standard that adopts a process-based and risk-based approach focused on operational efficiency, continual improvement, customer satisfaction, and evidence-based decision-making, thereby strengthening organisational accountability and supports the maintenance of consistent quality standards across its operations.

Organic Certifications (EU, NOP, JAS)
require strict controls over sourcing, traceability, segregation, contamination prevention, and the restricted use of chemicals or additives. For Dilmah, these certifications strengthen consumer trust in the authenticity and integrity of its organic tea offerings while supporting access to international organic markets.

Kosher Certification
requires strict controls to prevent cross-contamination, ensure traceability, and maintain compliance with approved sourcing and handling practices. For Dilmah, Kosher certification enhances product credibility and enables the brand to cater to diverse consumer and market requirements globally.

Refer NC page 212.

Standards and Certifications obtained by Dilmah

Quality Management Certification
ISO 9001:2015 Quality Management System Certification

Food Safety Management Certification
FSSC 22000 Food Safety System Certification
BRC Global Standard for Food Safety

Laboratory Accreditation Certification
ISO 17025 Chemical and Microbiological Laboratory Certification of Accreditation

Environmental related Certification
ISO 14001:2015 Environmental Management System, ISO 14046:2014 Water Footprint Verification, ISO 14064-1:2018 Greenhouse Gas Verification

Ethical Sourcing and Responsible Operations Related Certifications
Rainforest Alliance Chain of Custody Certification
SMETA SEDEX Members Ethical Trade Audit

Product Certification
Organic Certifications
USDA, AMS 7 CFR Part 205, National Organic Programme
Regulation (EC) No 834/2007 and Regulation (EC) No 889/2008
Japanese Agricultural Standard of Organic Agricultural Products (JAS)
Kosher Certification
Halal Certification

ISO RISK ASSESSMENT

The company implements a structured ISO Risk Management Framework to identify, assess, and manage risks across its operations and supply chain. The risk assessment covers an integrated requirements of multiple management system requirements, including ISO 9001 (Quality Management System), FSSC 22000 and BRC (Food Safety Management Systems), ISO 14001 (Environmental Management System), as well as Rainforest Alliance and SMETA audit requirements.

Risks are evaluated using a standardised likelihood-consequence matrix and are subject to periodic review, monitoring, and continuous improvement.

Risk Evaluation Matrix		Likelihood		
		Low	Medium	High
Consequence	Minor	Low (1)	Low (2)	Medium (3)
	Moderate	Low (2)	Medium (4)	High (6)
	Significant	Medium (3)	High (6)	Extreme (9)

As the ISO risk assessment is comprehensive, selected key risk areas are summarised below, including climate change, ethical business conduct, human rights and labour practices, information security and data protection, responsible marketing and regulatory compliance, environmental management, and sustainable procurement.

Existing policies, management systems, supplier due diligence processes, internal controls, awareness programmes, and monitoring mechanisms contribute to maintaining the summarised risks at a low residual level. However, climate-related physical risks, as well as certain information security and financial integrity risks, remain subject to enhanced monitoring and ongoing management attention.

Risk Area	Key Risk / Opportunity	Key Existing Controls	Risk level
Ethics & Anti-Corruption – Own Operations & Supplier Operations	Bribery, corruption, conflicts of interest and unethical conduct	♣ Business Ethics Policy ♣ Dilmah Sustainable Procurement Policy ♣ Anti-Bribery and Anti-Corruption Policy ♣ Employee Handbook ♣ Supplier Selection & Approval Procedure ♣ Whistleblowing and Grievance Reporting Mechanisms ♣ New Product development Manual ♣ New Product development Meetings ♣ Supply Chain Partner Code of Conduct ♣ Contractual Clauses Requiring Compliance ♣ Supplier Audits	L
Human Rights – Own Operations & Supplier Operations	Child labour, forced labour, human trafficking, any form of modern slavery discrimination and labour rights violations	♣ Human Rights Policy ♣ Dilmah Sustainable Procurement Policy ♣ Employee Handbook ♣ Recruitment Procedure ♣ Whistleblowing and Grievance Reporting Mechanisms ♣ Supply Chain Partner Code of Conduct ♣ Onboarding Assessments ♣ Supplier Evaluations ♣ Contractual Clauses Requiring Compliance ♣ Supplier Audits	L

Risk Area	Key Risk / Opportunity	Key Existing Controls	Risk level
Accurate financial records	Financial manipulation, false invoicing and payment irregularities	♣ Business Ethics Policy ♣ Dilmah Sustainable Procurement Policy ♣ Anti-Bribery and Anti-Corruption Policy ♣ Employee Handbook ♣ Internal Financial Controls ♣ Financial Internal Audits ♣ System-Based Controls ♣ Whistleblowing and Grievance Reporting Mechanisms	M
Information Security	Unauthorised access, disclosure or misuse of information	♣ Information Technology & Security Policy ♣ Access control ♣ Restricted areas ♣ Access log review ♣ Third-party contracts ♣ Software change controls ♣ Backup systems, ♣ Problem management procedures ♣ Geo-redundancy	L
	Unauthorised or accidental destruction of data/systems		M
Climate Change	Extreme weather events affecting operations, employees and assets	♣ Emergency preparedness ♣ Business continuity plans ♣ Employee support measures ♣ Contingency planning	M
	Supply disruptions and quality impacts due to climate variability	♣ Supplier monitoring and procurement strategies ♣ SBTi Net Zero commitment ♣ Decarbonisation initiatives ♣ R&D	L
	Increased emissions reporting obligations and transition costs		L
Responsible Information	Unsubstantiated environmental or sustainability claims	♣ Artwork Approval Procedure ♣ Awareness Training for Related Staff ♣ New Product development Meetings ♣ Regulatory Adaptation Procedure ♣ Updating checklists used for artwork review.	L
Sustainable Procurement	Non-compliant packaging materials , availability of PPWR-compliant and sustainable packaging materials	♣ Dilmah Sustainable Procurement Policy ♣ Supply Chain Partner Code of Conduct ♣ Technical Specification Requirements and Evaluation of Compliance During New Material Approval Process ♣ Raising Awareness within the Procurement Team on New Sustainability Compliance Requirements to Support the Introduction of Alternative Solutions ♣ New Product Development Projects	L
Environmental Compliance	Pollution incidents, environmental complaints and regulatory non-compliance	♣ Environmental monitoring programme and compliance controls	L

Human Capital

40 YEARS OF STEWARDING AN AUTHENTIC BRAND

Dilmah's strength lies in its people, who serve as the true custodians of its forty-year heritage. Beyond their deep expertise in tea, the team is driven by a shared sense of purpose and a culture rooted in kindness and family. This ethos is so deeply embedded in the operations that it has become second nature; it is a legacy that new recruits naturally embrace and internalise. This shared commitment ensures that Dilmah's dedication to quality and integrity remains consistent, anchoring its work in the values that have defined the brand since its inception.

During the financial year, the company prioritised organisational excellence by deploying an AI-enabled recruitment platform to enhance hiring efficiency and implementing a balanced scorecard methodology to strengthen performance management. Concurrently, the organisation optimised its remuneration and benefits framework and strengthened its commitment to employee safety. Notably, it provided dedicated support to the workforce in the aftermath of the Ditwah Cyclone, ensuring the wellbeing of those impacted by the extreme weather event.

OVERVIEW

Human Capital comprising the knowledge, expertise, craftsmanship, and commitment of Dilmah's 871 strong workforce represents a strategic asset that underpins Dilmah's ability to sustain its competitive advantage, preserve the authenticity of its brand, and deliver long-term value creation.

Strengths of Human Capital

71.4 Hours	Rs. 90 Mn	Rs. 2,816 Mn
of Average Training per employee	Employee Training	Payment to employees

MANAGEMENT APPROACH GRI 3-3

Dilmah regards its people as central to its long-term success and is committed to creating a work environment where employees are empowered to grow, perform, and contribute meaningfully to organisational objectives. The Company adopts a fully integrated approach to human capital development, encompassing the end-to-end employee journey, from attracting and retaining the right talent, to continuously strengthening workforce capability, ensuring a safe and supportive working environment, and fostering strong levels of motivation, engagement, and satisfaction across the organisation.

Impact to Strategy

- Global Market Leadership
- Operational Excellence
- Empowered Workforce

Material Matters

- Managing our People
- Occupational Health & Safety

Our Contribution to Global Goals

Key Priorities for 2025/26

- Talent Acquisition and Retention
- Building a Skilled and Competent Workforce
- Safe and Conducive Workplace
- Employee Motivation and Satisfaction

KEY OUTPUTS

88.5% employee retention rate

300 employees serving Company over 10 years

1.22: 1 overall gender balance

41% females in leadership roles

Over 51% of total employees serving the company for over 5 years.

KEY HIGHLIGHTS FOR FY 2025/26

- **112** new recruits
- **75** promotions
- Introduction of the AI-enabled recruitment platform implemented to enhance recruitment efficiency
- **62,192** training hours
- Collaboration with UNFPA on Coalition for reproductive Justice in Business (CRJB)
- Significant resources allocated to support employees affected by Cyclone Ditwah

Human Capital

WAY FORWARD

Key Priority	Short Term	Medium - Long Term
Performance Management	Introduce a 360-degree evaluation process for management employees to strengthen leadership assessment, structured feedback and individual development planning	Integrate the outcomes of the 360-degree feedback process into leadership development plans, succession planning, and the performance management framework.
Training and Development	Expand role-based, technical, leadership, compliance, and digital learning programmes through MJF Academy.	Launch of MJF Academy 2.0 to transition from a primarily virtual learning model to a more practical, real-world training approach

STAKEHOLDER OUTCOMES

Employees - Enhanced skills, career progression, job satisfaction, and a safe working environment, fosters loyalty and high morale leading to improved productivity and brand leadership

Customers - Enhanced customer experience due to the expertise and commitment of a well-trained and motivated workforce

Community - Employment opportunities and economic development for local communities

Capital Trade-offs

	ST	LT
FC	↓	↑
MC	↑	-
IC	-	↑
DC	-	↓
SC	↑	↑

HUMAN CAPITAL GOVERNANCE GRI 2-23, 2-24, 2-27, 205-3

Human Capital governance at Dilmah is led by the Board, ensuring that people-related priorities are firmly anchored in the Company's overarching strategy, values, and long-term vision. This top-down approach provides clear direction and oversight, enabling consistency, accountability, and strategic alignment across all Human Capital practices.

The Board's commitment is anchored in compliance with applicable regulatory requirements and the adoption of global best practices, which are formalised through a comprehensive set of Board-approved policies which provide a structured framework for ensuring all Human Capital practices are conducted in a responsible manner in line with both legal obligations and internationally recognised standards.

During the reporting year, no significant incidents of non-compliance with applicable laws and regulations were identified, and no related monetary fines or non-monetary sanctions were imposed on the Company.

Human Capital Governance Framework

Board of Directors

Sets the strategic direction for human capital development in alignment with corporate objectives.

Board Remuneration Committee

Oversees the establishment of remuneration structures and policy frameworks and ensures alignment with labour laws and global best practices.

Decentralised Management Committee (DMC)

Takes key human capital decisions at the operational level.

HR Department

Implements the Board-approved HR policy framework and oversees day-to-day HR operations and ensures alignment with strategic HR objectives.

Regulatory Requirements and Best Practices

- Shop and Office Employees (regulation of employment and remuneration) Act
- Wages Boards Ordinance
- Maternity Benefits Ordinance
- Workmen's Compensation Ordinance
- Protection of the Rights of Persons with Disabilities Act
- International Labour Organisation (ILO) Convention
- United Nations Global Compact (UNGC) principles on Human Rights and Labour
- Factories Ordinance
- Industrial Disputes Act
- Termination of Employment of Workmen (Special Provisions) Act
- Employees' Provident Fund Act
- Employees' Trust Fund Act
- Payment of Gratuity Act
- National Minimum Wage of Workers Act
- Trade Unions Ordinance
- Employment of Women, Young Persons and Children Act
- Applicable ILO Conventions ratified by Sri Lanka

Core Human Capital Policy Areas

- Recruitment and Selection
- Performance Management and 360-Degree Evaluation
- Learning, Talent and Succession Management
- Remuneration, Benefits and Recognition
- Employee Engagement and Wellbeing
- Workplace Conduct, Dignity and Grievance Management
- Occupational Health and Safety
- Diversity, Equity and Equal Opportunity

Policies, Procedures Manuals and Handbooks

- Workplace Conduct & Dignity Policy
- Business Conduct & Ethics Policy
- Whistle Blower Policy
- Living Wage Policy
- Anti-Bribery and Corruption Policy
- T&D and Career Management Policy
- Employee Handbook
- Joint Consultative Committee Procedure
- Data Protection and Confidential Policy

Human Capital

EMPLOYEE STATISTICS - PROGRESS 3 YEAR UPDATE GRI 2-7, 405-1

Employees by Type and Gender (2025/2026) (%)

100% 0%	59% 41%	65% 35%	40% 60%	86% 14%	44% 56%
Executive Directors (Level 1)*	Senior Managers (Level 2)	Middle Managers (Levels 3 & 4)	Executives (Levels 5 & 6)	Clerical and Allied	Workers - Permanent

STATUS	FY 2024/25		FY 2023/24	
	MALE	FEMALE	MALE	FEMALE
Executive Directors (Level 1)*	100	0	100	0
Senior Managers (Level 2)	57	43	69	31
Middle Managers (Levels 3 & 4)	64	36	62	38
Executives (Levels 5 & 6)	40	60	40	60
Clerical and Allied	83	17	76	24
Worker - Permanent	42	57	43	57

**The highest governing body of the company*

Employees by Age and Gender

103 (39%) 161 (61%)	254 (62%) 157(38%)	121 (62%) 75 (38%)
Total 264	Total 411	Total 196
18 - 30 Years	31 – 50 Years	51 and above

STATUS	FY 2024/25			FY 2023/24		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
18 - 30 Years	80	155	235	83	141	224
31 – 50 Years	244	160	404	239	146	385
51 and above	119	64	183	59	49	108

Employees by Region and Gender (2025/2026)

Western Province	Southern Province	Central Province	North Western Province	North Central Province
299 / 240	19 / 12	28 / 31	19 / 7	15 / 14
Total 539	Total 31	Total 59	Total 26	Total 29

Eastern Province	Northern Province	Uva Province	Sabaragamuwa Province
11 / 4	1 / 0	34 / 44	52 / 41
Total 15	Total 1	Total 78	Total 93

STATUS	FY 2024/25			FY 2023/24		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Western Province	293	231	524	237	227	464
Southern Province	17	13	30	13	12	25
Central Province	31	21	52	20	21	41
North Western Province	12	11	23	11	9	20
North Central Province	16	13	29	10	15	25
Eastern Province	4	9	13	10	3	13
Northern Province	1	0	1	1	0	1
Uva Province	35	32	67	21	32	53
Sabaragamuwa Province	34	49	83	45	30	75

Employee by Category and Age (%)

	FY 2025/26			FY 2024/25			FY 2023/24		
	18 – 30 years	31 - 50 years	51 and above	18 – 30 years	31 - 50 years	51 and above	18 – 30 years	31 - 50 years	51 and above
Directors (1)*	0	20	80	0	20	80	0	20	80
Senior Managers (2)	0	41	59	0	33	67	0	27	73
Middle Managers (3,4)	12	68	20	10	69	21	10	73	17
Executives (5,6)	52	30	18	42	39	19	68	20	12
Clerical and Allied	29	57	14	27	57	16	30	60	10
Worker - Permanent	33	43	25	32	45	23	35	50	15

**The highest governing body of the company*

Human Capital

STRATEGIC RECRUITMENT

GRI 2-8, 202-2

Dilmah adopts a forward-looking approach to recruitment guided by a comprehensive framework designed to ensure that talent acquisition decisions are aligned with the Company's strategic priorities, workforce requirements, and organisational values. Within this framework, and Dilmah "Workplace Conduct and Dignity Policy" the Company seeks to attract the best-fit candidates by endorsing equal opportunity and non-discriminatory employment. To ensure our team continues to grow with the right talent, we prioritise internal promotion by notifying existing employees of all vacancies. Externally, we utilise online job posting platforms and professional recruitment channels alongside more traditional approaches such as newspaper advertisements. This blended approach enables us to access a broader more diverse talent pool who aligns with our values and long-term vision.

The Company's Recruitment Policy establishes clear guidelines governing the recruitment process while reinforcing Dilmah's commitment to equal opportunity, fairness, and non-discriminatory employment practices. The policy also stipulates that all new recruits be subject to mandatory age verification to determine their eligibility for employment in line with the statutory minimum employable age in Sri Lanka. To maintain the integrity of its workforce, Dilmah recruits on a permanent, full time basis. The Company does not engage the services of third party labour service providers. Among Dilmah's senior management 95% are locally recruited.

AI- ENABLED RECRUITMENT

To strengthen the existing recruitment process, a new AI-enabled recruitment tool was introduced to enhance the efficiency, transparency, and effectiveness of talent acquisition activities. The platform streamlines candidate sourcing, application tracking, and communication processes, significantly reducing the time spent on recruitment cycles while improving accuracy in candidate screening and selection.

Through its AI-driven capabilities, this supports more informed and data-based decision-making by identifying suitable candidates more effectively and reducing manual effort in the evaluation process. The system is primarily utilised for Executive and above-level recruitments, enabling a more targeted, structured, and professional approach to senior talent acquisition.

For non-executive staff recruitments, beyond the conventional employee sourcing methods, company resorts to web-based recruitment platforms. These initiatives collectively improved coordination among hiring managers and HR teams, enhanced the candidate's experience, and supported better monitoring and reporting of recruitment activities.

NEW HIRES DEMOGRAPHIC OVERVIEW: RECRUITMENT POLICY IMPLEMENTATION

Employee Movement (2025/26)

79 | 33 | Total 112

Employee Movement	FY 2024/25			FY 2023/24		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
New Hires by Gender	55	21	76	47	40	87

New Hires by Age and Gender (2025/26)

18 - 30 Years	31 – 50 Years	51 and above
55 (M) 21 (F)	22 (M) 12 (F)	02 (M) 00 (F)
Total 76	Total 34	Total 02

STATUS	FY 2024/25			FY 2023/24		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
18 - 30 Years	18	12	30	21	26	47
31 – 50 Years	27	09	36	22	14	36
51 and above	10	00	10	4	00	04

Employee Turnover (2025/26)

50 | 50 | Total 100

Employee Movement	FY 2024/25			FY 2023/24		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Employee Turnover by Gender	45	50	95	39	38	77

New Hires by Region and Gender (2025/2026)

Western Province	Southern Province	Central Province	North Western Province	North Central Province
53 / 28	02 / 01	07 / 03	04 / 00	00 / 00
Total 81	Total 03	Total 10	Total 04	Total 00

Eastern Province	Northern Province	Uva Province	Sabaragamuwa Province
02 / 00	00 / 00	07 / 00	04 / 01
Total 02	Total 00	Total 07	Total 05

STATUS	FY 2024/25			FY 2023/24		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Western Province	36	13	49	38	33	71
Southern Province	04	01	05	02	02	04
Central Province	04	02	06	01	01	02
North Western Province	02	00	02	00	00	00
North Central Province	01	00	01	01	03	04
Eastern Province	01	00	01	00	00	00
Northern Province	00	00	00	00	00	00
Uva Province	05	02	07	01	00	01
Sabaragamuwa Province	02	03	05	04	01	05

Employee Turnover by Age and Gender (2025/26)

18 - 30 Years	31 – 50 Years	51 and above
18 / 28	29 / 22	03 / 00
Total 46	Total 51	Total 03

Employee Movement	FY 2024/25			FY 2023/24		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
18 - 30 Years	15	26	41	14	17	31
31 – 50 Years	28	21	49	23	20	43
51 and above	02	03	05	01	02	03

Employee Turnover by Region and Gender (2025/2026)

Western Province	Southern Province	Central Province	North Western Province	North Central Province
34 / 23	02 / 02	05 / 05	01 / 01	01 / 03
Total 57	Total 04	Total 10	Total 02	Total 04

Eastern Province	Northern Province	Uva Province	Sabaragamuwa Province
01 / 02	00 / 00	03 / 06	03 / 08
Total 03	Total 00	Total 09	Total 11

	FY 2024/25			FY 2023/24		
STATUS	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Western Province	28	35	63	26	29	55
Southern Province	02	02	04	01	03	04
Central Province	02	02	04	01	04	05
North Western Province	01	01	02	05	00	05
North Central Province	05	02	07	00	00	00
Eastern Province	00	00	00	00	00	00
Northern Province	00	00	00	00	00	00
Uva Province	03	02	05	01	01	02
Sabaragamuwa Province	04	06	10	04	02	06

ONBOARDING

Creating a Positive First Impression

The Company recognises that a positive onboarding experience not only helps new employees integrate more effectively into the workplace but also strengthens their connection to Dilmah's culture, values, and purpose from the outset. Striving to create a strong first impression, significant importance is assigned to ensuring that new recruits feel welcomed, informed, and supported as they transition into their roles. As part of this process, all new employees participate in a structured orientation programme conducted by the Human Resources Department. It provides a comprehensive introduction to Dilmah's organisational structure, key functions, policies, and workplace culture, while also familiarising new employees with the requirements of all departments and Group entities. This ensures that they develop a broader understanding of the organisation and how their individual roles contribute to the Company's overall objectives.

Digital Learning through MJF Academy

To further enrich the onboarding experience, employees are granted access to the MJF Academy, the Company's digital knowledge platform, which features a welcome message from the Chairman, pre-recorded induction sessions, information on key Company initiatives, and access to relevant policies, procedures, and reference materials, enabling employees to familiarise themselves with the organisation at their own pace.

Departmental Familiarisation and Leadership Engagement

Beyond corporate-level orientation, departmental familiarisation programmes are conducted to introduce employees to key personnel, workflows, and responsibilities

specific to their respective functions, supporting a seamless transition into their teams. Newly appointed Heads of Department are formally introduced to the wider organisation by the Chairman during Town Hall meetings.

Onboarding Enhancements During the Year

Several initiatives were introduced during the year under review to further strengthen the onboarding experience:

- Pre-joining communication, documentation requirements, and orientation activities were standardised to ensure a consistent experience across all departments
- Employee introductory email is shared with employees prior to the arrival of new recruits, encouraging colleagues to extend a warm welcome and support their smooth integration into the workplace
- Personalised welcome message is shared with each new recruit to create a positive and inclusive first impression
- Featured a Digital display board with a customised welcome messages for new employees
- The MJF Academy platform was enhanced with new resources and features, including an amenities guide, updated HR policies and procedures, and a dedicated ESG section to improve awareness of the Company's sustainability commitments
- The Company event & working calendar was integrated into the MJF Academy platform to help new recruits stay informed and engaged with organisational activities from the outset

Competitive Remuneration and Benefits GRI 202-1, 401-2, 403-6, 405-2

Living Wage and Minimum Wage Benchmark

Company salaries and annual salary increments are determined and finalised each year in accordance with the Living Wage Policy. The company's minimum wage is established through a comprehensive salary survey combined with a living wage cost analysis. This analysis is based on the methodology of the IDH Sustainable Trade Initiative and the Wage Indicator Benchmark Methodology, together with living wage calculations derived from CCPI publications. While the company originally targeted achieving the IDH living wage benchmark by 2030, it successfully reached this milestone ahead of schedule, with 100% of employees earning above the minimum living wage benchmark by 2026.

Housing Loan Facilities

During the last Annual General Meeting (AGM) of the Housing Development Society, the loan amounts available to each category of employees were increased in response to the rising cost of building materials in the country. This decision was made to ensure that employees continue to have access to adequate financial support for housing construction and improvement. The enhancement of the loan scheme also reflects the Company's continued commitment to fulfilling the vision of its Founder Chairman of enabling every employee to achieve their housing aspirations and ultimately own a home.

Health Insurance and Medical Benefits

To further strengthen the existing Benefits and Remuneration structures, the company enhanced employee welfare initiatives by increasing health insurance entitlements to provide broader medical coverage and improved healthcare support for employees. Also, the insurance coverage is 100% for all eligible employees this FY as well as last 2 financial years.

The company also continued to provide OPD medical cover & excess hospitalisation coverage to employees, ensuring additional financial protection and access to quality healthcare during medical emergencies and specialised treatments.

Fair and Merit-Based Remuneration

The company ensures that all remuneration-related decisions, including salary payments, promotions, and increments, are strictly based on job performance and merit. Personal factors are not considered in determining compensation outcomes, this practice ensures salary ratio 1:1 between men and women in all employee categories. This approach promotes fairness, transparency, and consistency across the organisation, ensuring that employees are rewarded objectively based on their contributions, performance outcomes, and role requirements.

In addition, employees were granted salary increments in line with individual performance and prevailing market conditions. Also, bonus payments were provided in recognition of employee contributions and overall organisational performance. These initiatives reflect the company's continued commitment to maintaining competitive remuneration practices and recognising employee dedication and performance.

Employee Welfare Services and Benefits

The Company targets to ensure that at least 85% of employees utilise welfare services offered, including the MJF Mini Mart (Welfare Shop), Vitalitea Gym,

Yoga Programmes, Loan Facilities, School Uniforms, Books, and Scholarships for Employees' Children. This target was exceeded, with 100% employee participation achieved for the third consecutive financial year, including FY 2025/26. In addition, tea quotas were provided to all eligible employees, achieving 100% coverage during FY2025/26. Also, The Company introduced a nutritious morning snack in place of the regular morning snack. The evening snacks were also provided to all factory staff throughout the year.

Furthermore, internship allowances were increased to provide better financial support for interns and enhance their overall learning and working experience within the organisation.

Statutory and Other Employee Benefits

In addition to providing competitive remuneration, the Company fully complies with all statutory employment benefit obligations. These include contributions to the Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF) in accordance with applicable legislation, as well as gratuity payments for eligible employees under the provisions of the Payment of Gratuity Act.

Benefits Offered to Permanent Employees

FRINGE BENEFITS

- Bonus payments
- Production incentives
- Attendance allowance
- MJF Mini mart Facility - Offering essentials at concessionary rates
- Welfare loan schemes, housing loans, and special grants from the Empathy Fund
- Death donation scheme and thrift society membership
- Scholarships, school books, and uniform distribution for employees' children
- In-house hostel and kitchen facilities for staff convenience
- Nutritious breakfast meals and snacks
- Free tea quota and staff tea sales
- Staff transport facilities
- Laundry services, uniforms, and overcoats for operational staff
- Recognition and Rewards Programs
- Educational Scholarship Program for children of non-executive employees to support academic achievements.
- Newborn Baby Savings Book initiative to support employees' families from the birth of a child
- Substantial Employee discount given to the staff by t-lounges'

MINDFULNESS & WELL-BEING

- Yoga Sessions – guided sessions to enhance mental clarity and relaxation
- Badminton, table Tennis & Cricket – recreational sports to promote teamwork and active living
- Vitalitea Fitness Centre – a state-of-the-art facility to support individual fitness goals
- Well-being awareness sessions – conducted with external experts on stress management, mental health, and lifestyle tips

HEALTHCARE

- Free medical clinics - conducted periodically within the premises for early detection and treatment
- Medical leave - provided in accordance with government regulations, supporting employee recovery and family needs
- Hospitalisation Insurance Coverage - comprehensive coverage for inpatient medical expenses for employees and their families
- OPD Reimbursement - support for outpatient medical expenses, ensuring access to regular healthcare
- Health Awareness Campaigns - awareness programmes on noncommunicable diseases, nutrition, and overall health

MATERNITY LEAVE GRI 401-3

The company ensures full compliance with all employee leave entitlements and related statutory requirements. 100% of leave requirements have been fulfilled, and all eligible leave payments have been processed and paid accordingly. This includes maternity and other applicable statutory and company-provided leave benefits, ensuring that employees receive their entitlements in a timely and accurate manner. The organisation's approach reflects its commitment to fair labour practices, employee well-being, and strict adherence to policy and regulatory requirements.

Maternity Leave	FY 2025/26	FY 2024/25	FY 2023/24
Total number of employees that were entitled to parental leave	393	379	349
Total number of employees that took parental leave	08	07	14
Total number of employees that returned to work in the reporting period after parental leave ended	06	03	11

PERFORMANCE MANAGEMENT GRI 404-3

Performance management provides a clear framework to evaluate individual performance against organisational objectives and serves as the primary enabler in institutionalising the meritocracy culture across the organisation. Beyond evaluating performance, the process enables employees to clearly understand expectations, monitor progress, receive constructive feedback, and contribute more effectively towards the achievement of strategic priorities, thereby fostering accountability and continuous improvement.

Seeking to benchmark Dilmah's performance management practices inline with globally recognised standards, the existing performance management framework was further enhanced during the year through the introduction of the Balanced Scorecard (BSC) methodology. This transition to BSC aims to establish a more structured, objective, and strategy-driven approach to performance evaluation, strengthening the alignment between individual, departmental, and organisational goals while improving the measurement and monitoring of performance outcomes. To support the successful implementation of the BSC framework, dedicated training programmes were conducted to enhance employee understanding of the Balanced Scorecard methodology, performance metrics, and evaluation processes. These learning resources were also made available through the MJF Academy platform, enabling employees to access the materials on demand and reinforce their understanding through continuous learning.

MANAGING PERFORMANCE OF ALL EMPLOYEE CATEGORIES

Executives

The performance of executives is evaluated through the Employee Performance Management System integrated within the Human Resource Information System (HRIS), which has been further strengthened through the adoption of the Balanced Scorecard (BSC) methodology to enhance strategic alignment and performance transparency. Assessments are based on clearly defined Key Performance Indicators (KPIs) and Key Behavioural Indicators (KBIs), structured within the Balanced Scorecard framework to ensure a balanced evaluation across performance dimensions, with emphasis placed on managerial competencies and alignment with Dilmah's core values and strategic objectives.

The process is further supported by structured one-on-one performance discussions between employees and reporting managers, enabling continuous feedback, recognition of achievements, identification of development opportunities, and the setting of future performance objectives in a more objective and strategy-aligned manner.

Clerical, Allied & Skilled

Non-executive employees in clerical and allied roles participate in a formal appraisal process focused on assessing role-specific technical competencies. The process incorporates individual review discussions that facilitate constructive feedback, identify development needs, and support career progression within their respective functional areas.

The company ensures that all employees are subject to a structured performance and development evaluation process. 100% of employees are covered by the Employee Performance Management System (EPMS), skills assessments, and probation reviews, enabling consistent monitoring of performance, competency development, and career progression. We have been continuously achieving this consecutively for last 3 years.

As further improvements to the performance evaluation mechanism 360 degree evaluation will be introduced to the manager and above category employees to get a holistic evaluation approach.

75
employees were promoted during the last financial year.

Training and Development

GRI 404-1, 404-2

Given the rapidly evolving nature of the global markets in which Dilmah operates, training and development serve as a critical differentiator in strengthening organisational capability, sustaining competitiveness, and enabling long-term business agility. As such, the Company adopts a structured and forward-looking approach to training and development. In-line with this approach, training needs identified through the annual performance appraisal process are formalised through the annual training plan and budget to ensure learning initiatives are strategically aligned and effectively resourced. A blended learning model is applied, combining internal knowledge-sharing with external expertise to deliver targeted capability-building programmes across the organisation.

This is complemented by a network of external training partnerships with reputable public and private institutions, enabling employees to access specialised technical and professional development opportunities. To further encourage continuous professional growth, Dilmah supports its employees in pursuing recognised professional and vocational qualifications through scholarships, study loans, and course fee reimbursement schemes, thereby strengthening both individual capability and overall organisational capacity.

The company sets annual training hours target of **60,000** hours while the annual training target was more than 60 hours per employee.

Deepening the Continuous Learning Environment

Strengthening e-learning and digital learning initiatives by expanding access to training programs delivered through blended and online-supported formats, including Microsoft Teams & Copilot training to improve digital collaboration skills. Launch of the "Empower IT" course to strengthen employees' IT skills and improve overall digital literacy across the organisation.

The MJF Academy platform was enhanced with updated training modules including bite-sized video content, particularly focused on core product knowledge to enable employees to revisit content at any time. Each module was also accompanied a short questionnaire to capture post training feedback.

	2025/26	2024/25	2023/24
Training hours	62,192	351,963	66,084
Per employee training hours	71.4	428.2	92.2

During the year under review, Dilmah strengthened its collaboration with vocational and technical training institutes to enhance the capabilities of employees in technical and engineering roles. As part of this initiative, the existing competency gaps of the technical teams, particularly the engineering team, were assessed against emerging technologies and current industry requirements. Based on the findings, a customised technical skills development curriculum was developed in collaboration with Korea Tech and relevant vocational training institutions. The programme covered key areas including automation and robotics, pneumatics, industrial electrical systems, and occupational health and safety standards.

To evaluate the effectiveness of the programme, participants will undergo practical assessments and competency-based evaluations conducted by qualified resource persons from the technical institutions. The assessment results will be used to measure learning outcomes, identify remaining competency gaps, and determine further training and development requirements. In addition, specialised competency development initiatives to facilitate knowledge transfer, exposure to global best practices, and continuous upskilling of employees across key functional areas was facilitated through selective engagement with external subject matter experts and institutions.

Human Capital

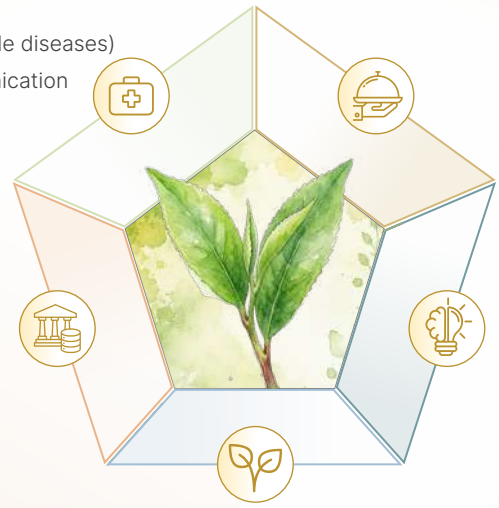
Training Priorities 2025/26

Occupational Health & Safety

- Occupational health and safety standards and safety signage
- Personal Protective Equipment (PPE) usage
- Forklift operation safety
- Defensive driving training
- Fire safety, fire crew training and refresher programmes
- First aid and emergency medical response
- Workplace injury response and safety awareness (walking/working surfaces)
- Occupational health awareness (hearing loss, hygiene, communicable diseases)
- Safety symbols and hazard communication

Food Safety, Quality & Compliance

- Food safety requirements and pest identification
- Allergen management and allergen control systems
- HACCP, TACCP and VACCP implementation
- SMETA and ETI Base Code compliance
- Rainforest Alliance (RA) audit requirements (including organic and allergen management)
- Herbs handling, pest control and process hygiene management



Ethics, Governance & Workplace Conduct

- Anti-Bribery and Anti-Corruption (ABC) policy awareness
- Grievance handling procedures
- Security awareness
- Business Conduct & Ethics Policy
- Workplace Conduct & Dignity Policy
- JCC Procedure
- T&D and Career Management Policy
- Awareness of Employee Handbook

Skill Development Group Trainings:

- Empower IT Course
- Technical Skill Development Training

Environmental & Sustainability Practices

- Environmental compliance and protection practices
- ESG and sustainability in ethical tea production
- Sustainable packaging and ARC compliance

Training Hours by Training Cluster (2025/26)

Training Cluster	Number of Hours
Sustainability & manufacturing excellence	693.67
Health & nutrition	506
On-the-job technical training	52,657.25
Food hygiene & safety/ occupational health & safety	575.67
Professional development	2,462.5
Leadership & management	223
Information technology	682.5
Regulatory compliance and system requirements	3647
Induction	744.17

Average Training hours by Gender (2025/26)

Male Training Hours	Female Training Hours	Average Employee Training Hours
51.5	90.6	71.4

Average Training Hours by employee category (2025/26)

Employee Category	Number of Hours trained	Average Training hours
Directors (Level 1)	14.5	2.9
Senior Managers (Level 2)	156.9	7.1
Middle Managers (Levels 3,4)	1,251.7	10.6
Executives (Levels 5,6)	1,242.7	12.7
Clerical and Allied	12,804.7	76.2
Worker - Permanent	46,721.3	101.6

LEADERSHIP DEVELOPMENT

Leadership development at Dilmah is focused on building a sustainable talent pipeline to meet future organisational and succession needs. Performance management insights are used to identify high-potential employees, assess development needs and support career progression through "Individual Development Plans" (IDP), strengthening succession readiness for critical roles.

To further enhance leadership capability, the Company will introduce a Leadership Competency Framework to support its upcoming 360-degree evaluation process. The framework establishes a consistent standard for leadership behaviours aligned with Dilmah's values, strategic objectives and business priorities, ensuring leaders are assessed not only on what they achieve, but also on how they achieve results.

The outcomes of the 360-degree evaluation will inform IDP, leadership development programmes and succession planning, enabling a more consistent, evidence-based approach to developing capable, ethical and future-ready leaders.

Developing Young Leaders through the Dilmah Internship Programme (DIP) and collaborations

At the same time, Dilmah's Internship Programme (DIP), serves as an important platform for identifying and nurturing young talent. The programme provides young professionals with structured exposure to real business operations and meaningful learning opportunities across a range of functional areas. Throughout their internship, participants receive guidance, mentoring, and practical learning experiences designed to accelerate their professional development. To further enrich the experience, interns are provided opportunities to present their key learnings and project outcomes to the Board of Directors, offering valuable exposure to senior leadership, enhancing confidence, and strengthening their overall leadership and professional capabilities.

Scan to watch the Video

Dilmah formalised strategic academic–industry collaborations with universities in Sri Lanka to promote applied learning, industry-informed teaching, internships, field visits, case studies, research, career development and exposure to real business environments.

Through these university and campus partnerships, students are provided with meaningful, supervised and hands-on internship opportunities across relevant business functions, supported by workplace mentors, practical assignments and structured performance feedback. These collaborations help bridge the gap between academic learning and industry practice while strengthening students' employability, professional confidence and readiness for future leadership roles.

The collaboration also creates opportunities for guest lectures, business case studies, student

projects, innovation challenges, research initiatives and work-integrated learning, helping to strengthen students' employability, industry readiness and future leadership potential.

Dilmah continued to strengthen its collaboration with K-TEC and the Sri Lanka–Korea National Vocational Training Authority to enhance the technical capabilities of employees and trainees.

Representatives of Dilmah met with representatives from the Jeonbuk National University together with representatives of the vocational training authority, to review the progress of the technical training programmes and engage with trainees who have secured employment with the Company.

The collaboration has enabled employees and trainees to acquire valuable, industry-relevant technical skills while supporting their transition from vocational education to meaningful employment. K-TEC has also contributed to strengthening the capabilities of Dilmah's technical employees through exposure to modern technologies and practical training. The Company looks forward to further expanding this partnership to create additional opportunities for technology.

Through these initiatives, Dilmah seeks to develop a future-ready pool of young professionals who possess not only technical and academic knowledge, but also the leadership behaviours, adaptability and practical experience required to contribute meaningfully to industry and society.

LEADERSHIP DEVELOPMENT HIGHLIGHTS

Professional Development and Leadership Capacity Building
A series of programmes covering areas such as performance management, disciplinary procedures, grievance handling, customer service excellence, communication and personal effectiveness, as well as specialised topics relating to human resources, international trade, and insurance, all aimed at enhancing leadership readiness, strengthening managerial capability of identified future leaders

Cross-functional learning and leadership exposure
Employees participated in a range of initiatives covering sustainability, international business, corporate responsibility, performance management, and compliance, enabling greater understanding of the Company's operations, strategic priorities, and purpose-driven business model. These programmes were designed to enhance organisational awareness, encouraged collaboration across functions, and strengthened alignment with the Company's leadership and sustainability objectives.

Diversity, Equality and Inclusion (DEI)
Diversity, Equality and Inclusion (DEI) is deeply embedded across Dilmah's operations, with DEI principles integrated into all Human Capital practices, underscoring the Company's non-discriminatory approach across every stage of the employment lifecycle. The Company endorses equal opportunities for all employees regardless of race, gender, religion, marital status, or disability and continues to maintain a zero-tolerance approach towards harassment, discrimination, and workplace misconduct, reinforcing a safe, respectful, and inclusive work environment.

The company is committed to promoting gender diversity and maintaining a workforce that exceeds national benchmarks for female employment participation. According to the Department of Census and Statistics (2025), female participation in the national workforce stands at 32.3%, compared to 68.1% for males. Against this backdrop, the company has set a target of maintaining over 40% female representation among its direct employees. The organisation has consistently surpassed this target.

During 2025/26, discussions were initiated with UNFPA Sri Lanka regarding joining the Coalition for Reproductive Justice in Business (CRJB). The objective of the Coalition for Reproductive Justice in Business, established by UNFPA and its partners, is to advance and mainstream the women and girls' reproductive health agenda within the private sector. The Coalition aims to build a multi-stakeholder platform to define measurable indicators that integrate sexual and reproductive health and rights (SRHR) to Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) goals. This initiative reflects the company's commitment to promoting women's reproductive health, gender equality, safer workplaces, and women's empowerment within the organisation.

The company is committed to maintaining strong female representation at the top management level, with a target of at least 40% women representation in leadership positions.

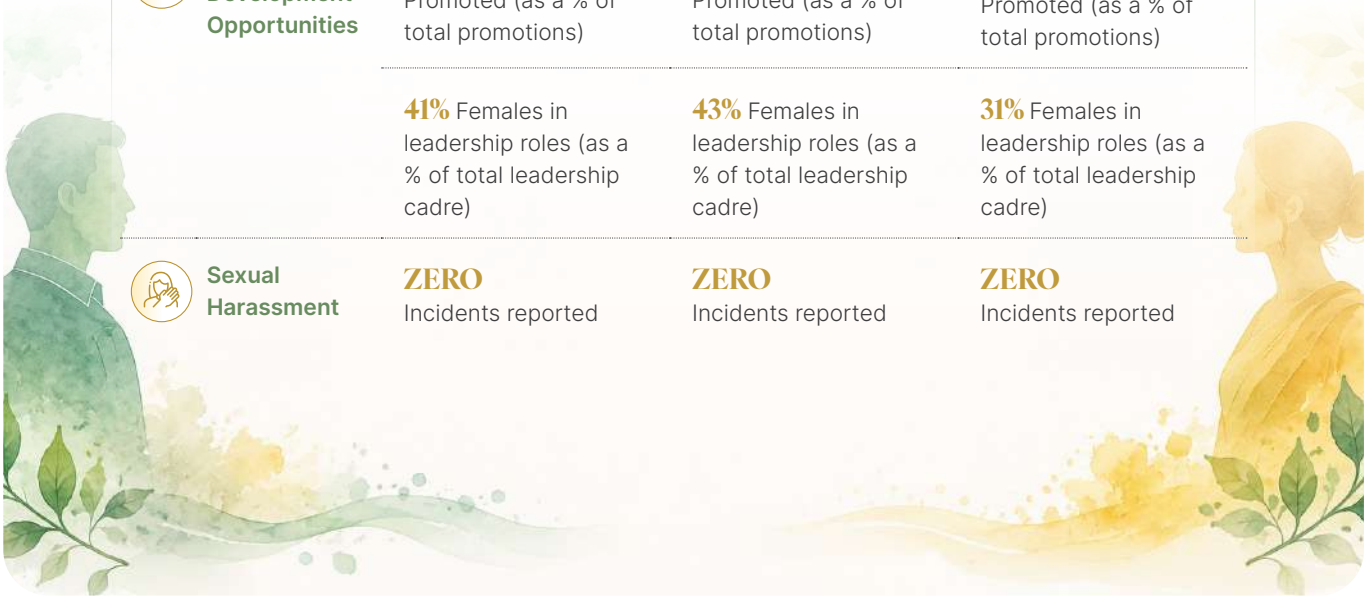
Several initiatives focused on creating a safer, healthier, and more supportive workplace environment for female employees

- A Women's Day healthy lifestyle awareness program was conducted for factory employees to promote health education, encourage preventive care practices, and enhance awareness on women's overall wellbeing
- On-site counselling and healthcare support was provided through the OHS Nurse, who is also a certified counsellor, to ensure accessible mental health support, early intervention, and timely guidance for employees
- Awareness and support initiatives related to reproductive, menstrual, and menopausal health were introduced to improve understanding, reduce stigma, and support employees through different stages of life
- Reusable sanitary napkins were made available at MJF Mini Mart, offered at 50% discount for factory staff and at a reasonable price for other staff, to improve accessibility and promote sustainable menstrual hygiene solutions
- A dedicated girls' hostel facility is available to ensure safe, secure, and supportive accommodation for female employees, with the capacity further increased during the year to accommodate a growing number of employees and support workforce welfare
- In collaboration with the MOH, baby care items and other essential requirements were provided to pregnant mothers to support maternal health, ensure better prenatal and postnatal care, and enhance overall wellbeing during pregnancy
- Discussions were initiated with UNFPA Sri Lanka regarding joining the Coalition for Reproductive Justice in Business (CRJB)

Human Capital

Gender Parity Dashboard

	2025/26	2024/25	2023/24
Recruitment	**29%** Female Recruits (as a % of total recruits)	**40%** Female Recruits (as a % of total recruits)	**46%** Female Recruits (as a % of total recruits)
Remuneration	**1:1** Ratio of basic salary between men and women	**1:1** Ratio of basic salary between men and women	**1:1** Ratio of basic salary between men and women
Training Opportunities	**1:1.29** Training hours per person (M:F)	**1:1.17** Training hours per person (M:F)	Not Reported
Career Development Opportunities	**35%** Females Promoted (as a % of total promotions)	**33%** Females Promoted (as a % of total promotions)	**38%** Females Promoted (as a % of total promotions)
	41% Females in leadership roles (as a % of total leadership cadre)	**43%** Females in leadership roles (as a % of total leadership cadre)	**31%** Females in leadership roles (as a % of total leadership cadre)
Sexual Harassment	**ZERO** Incidents reported	**ZERO** Incidents reported	**ZERO** Incidents reported



Human Rights and Fair Labour GRI 406-1, 407-1, 408-1, 409-1

Respect for human rights is a fundamental component of Dilmah's commitment to conducting business with integrity, fairness, and respect for human dignity. This commitment is embedded within the Company's policies, employment practices, and workplace culture, and is reinforced through ongoing oversight and compliance with applicable labour laws and recognised standards.

Deriving from this stance the company has taken steps to upgrade its policies and Procedures. Its employment practices are guided by applicable Sri Lankan laws and recognised international principles, including the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights and the same policies were communicated to all employees through internal communication channels including digital noticeboards, MJF Academy platform, ensuring easy access and reference for all employees at any time. Also, the awareness sessions were carried out during monthly meetings.

As a result of these structured training mechanisms, 100% of employees were covered by policy awareness and training programmes in last two years. This represents a significant improvement from 70.71% coverage in FY 2023/24. The achievement of full coverage in the last two reporting periods demonstrates the organisation's commitment to embedding ethical conduct, compliance, employee rights, and responsible business practices throughout the workforce.

Freedom of Association and Employee Representation

Dilmah respects employees' rights to freedom of association, lawful assembly and collective dialogue in accordance with applicable Sri Lankan laws. Employees may join or form lawful organisations of their choice and participate in permitted activities without discrimination, intimidation or retaliation.

The Company promotes employee voice through structured communication and consultation mechanisms, including employee forums, workplace committees, grievance channels and opportunities for dialogue with management. These mechanisms enable employees to raise matters relating to working conditions, welfare, workplace safety, organisational development and other employment-related concerns.

The Company continued to maintain channels for employee representation, consultation and constructive engagement.

The Company is committed to maintaining an open and transparent dialogue with employees through the Joint Consultative Committee (JCC), an employee task force nominated and elected by employees themselves. Representing a broad cross-section of the workforce, the JCC serves as an important platform for employees to present suggestions, raise concerns, and voice grievances directly to the board of directors.

Targeted to conduct at least one JCC meeting per quarter.

Employee participation in the JCC remained strong, with JCC representatives maintaining a 100% attendance rate at all meetings held during the reporting year, demonstrating their continued commitment to employee engagement and constructive dialogue with management.

Prevention of Forced , Compulsory Labour & Child Labour

Dilmah maintains a strict prohibition against all forms of forced, compulsory, bonded, trafficked, involuntary labour and child labour. This commitment has been published through Dilmah's "Workplace Conduct & Dignity Policy" Employment within the Company is based entirely on voluntary engagement, with employees free to enter into and terminate employment in accordance with the terms and conditions of their employment contracts and applicable legal requirements. Accordingly, the Company's operations are not considered to be at risk of forced or compulsory labour practices.

The Company maintains a zero-tolerance approach to child labour, forced labour, human trafficking, discrimination, and all forms of workplace abuse. No incidents of child labour, forced or compulsory labour, or human trafficking were reported within Dilmah's operations during FY 2025/26. This reflects the Company's continued record of zero incidents of child labour and forced labour across its operations during the reporting year and the preceding two financial years.

The below trainings were carried out to reinforce awareness and promote a safe and inclusive workplace, employees are regularly trained on the prevention of discrimination and physical, psychological, and verbal abuse. The company targets to train over 70% employees per year.

	2025/2026	2024/2025	2023/2024
No. of Employees trained	648	984	268
Achievement	74%	120%	37%

Non-Discrimination and Equal Opportunity

Dilmah is committed to maintaining a workplace founded on fairness, respect, and equal opportunity. All employment-related decisions, including recruitment, remuneration, training, development, and career progression, are based on merit, capability, qualifications, and performance. The Company maintains a zero-tolerance approach towards discrimination, harassment, bullying, victimisation, or unfair treatment of any kind. Established grievance reporting mechanisms are in place to enable employees to raise concerns confidentially and without fear of retaliation. Formal investigation procedures are in place to ensure impartial assessment, timely resolution, and appropriate corrective action where required, while maintaining strict confidentiality throughout the process. During the year under review, no incidents relating to discrimination were reported during the reporting year.

Employee Relations and Social Dialogue GRI 2-16, 2-25, 2-26, 2-30, 402-1

Grievance Procedure

Dilmah is committed to fostering a workplace built on trust, integrity, and transparency by providing employees and external stakeholders with accessible and confidential channels to raise concerns. Our grievance mechanism is designed to encourage the early reporting of workplace, ethical, legal, compliance, and human rights concerns without fear of retaliation.

Employees and third parties may report concerns through multiple confidential channels, including Human Resources, Legal and Compliance, the Audit Committee, or directly to the Chairman. Anonymous reporting is also available, ensuring accessibility for all stakeholders.

Reporting Channels

To the Group Head of HR
For workplace-related concerns such as harassment or discrimination.

To Compliance / Legal
For concerns relating to legal breaches, regulatory non-compliance, bribery, or corruption.

Directly to the Audit Committee
Via a direct email to the Chairman of the BAC.

Directly to the Chairman
By direct mail to the Chairman.

Anonymous Reporting
Reports may be made anonymously. Although anonymous reports can limit investigation options, Dilmah will act on all information available.

All channels route into a formal, confidential review and escalation process.

Process

Initial Assessment
The Human Resource Department conducts an Initial review to assess seriousness, potential impact, and whether immediate action is required.

Referral to the Audit Committee
Serious concerns - including financial irregularities, bribery, regulatory breaches, or senior-level misconduct - will be escalated without delay.

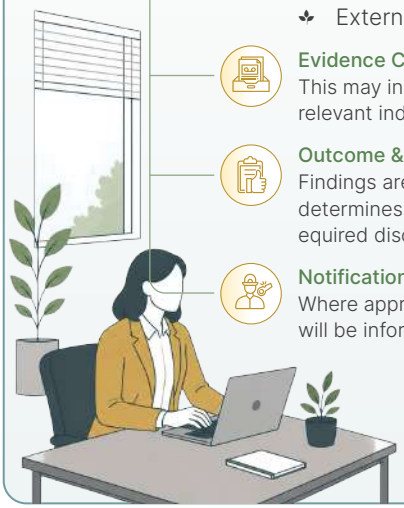
Appointment of Investigators
Investigations may be carried out by:

- Internal Audit
- Legal / Compliance
- HR
- External specialists (where required)

Evidence Collection
This may include reviewing documents, Interviewing relevant individuals, and gathering supporting materials.

Outcome & Recommendations
Findings are submitted to the Audit Committee, which determines corrective actions, disciplinary measures, or equired disclosures to regulators.

Notification to the Whistleblower
Where appropriate and legally permissible, the whistleblower will be informed that the investigation has been completed.



"INSPIRE INCLUSION"

Advancing Women's Empowerment and Inclusion

In collaboration with the National Committee on Women under the Ministry of Women and Child Affairs, the Company conducted a series of workshops and awareness sessions for factory employees and hostel residents in recognition of International Women's Day. Aligned with the theme "Inspire Inclusion," the sessions promoted dialogue, awareness, empowerment and inclusivity, reinforcing the importance of creating a workplace where women from all backgrounds feel valued, heard and supported. The initiative reflected the Company's continued commitment to gender equality, women's development and the creation of an inclusive workplace in which women can thrive, lead and contribute meaningfully.

All grievances are assessed promptly and investigated independently based on their nature and severity. Matters involving significant ethical, financial, legal, or regulatory concerns are escalated to the Audit Committee for independent oversight. Appropriate corrective, disciplinary, or remedial actions are implemented where necessary, while maintaining strict confidentiality throughout the process.

A formal grievance process is in place to enable employees to raise concerns confidentially and without fear of retaliation. All internal grievances are escalated to the Head of HR who is responsible for handling relevant matters in accordance with established procedures to ensure timely investigation, fair resolution, and appropriate corrective action where required. In the current year, suggestion boxes were made more accessible to all employees, encouraging them to confidentially communicate grievances, suggestions, and workplace concerns. Grievances are handled through the company's "Whistleblower policy".

No human rights grievances were reported by Internal and external stakeholders in relation to the company's operations during the reporting year.

Social Dialogue

Structured employee consultation is supported through monthly employee forums, quarterly meetings of the Joint Consultative Committee, welfare committees, departmental meetings, worker forums and suggestion mechanisms. These platforms enable employees and their representatives to discuss working conditions, employee welfare, workplace safety, operational matters and organisational developments, while providing management with valuable employee feedback and opportunities for early issue resolution. The Employee Handbook also recognises employees' lawful rights to freedom of association, representation and participation in consultative forums without discrimination, intimidation or retaliation.

Significant organisational and operational developments are communicated through appropriate channels based on employee category and work location. These include email communications, MJF Academy, HRIS platforms, digital and conventional notice boards, departmental briefings and employee meetings. Wherever practicable, employees are provided with reasonable notice and relevant information to support understanding and adaptation to operational changes. The applicable notice period may vary depending on the nature, urgency and impact of the change.

The MJF Academy and related digital platforms serve as central communication and knowledge-sharing channels for Human Resources updates, policy announcements, learning resources and Company-wide information. These platforms support consistent access to information and reinforce employee awareness of workplace policies, responsibilities and available support mechanisms.

Human Capital

Joint Consultative Committee
A platform to facilitate ongoing dialogue between management and employee representatives, JCC meetings held every 3 months aim to empower employees to raise concerns, propose ideas, and participate in collaborative problem-solving efforts.

While Dilmah fully supports the employees right to freedom of association and collective bargaining, strong relations built between employees and Dilmah management have prevented the need for a formal collective bargaining agreement. Hence Dilmah's operations are not at risk for collective bargaining.

Professional Counselling Service
A nominated senior counsellor is assigned to attend to any issues related to employee personal or professional health.

Monthly Town Hall Meetings
Provide a broader forum for executive-level employees to engage with senior leadership including the Chairman and Executive Management. These sessions serve multiple purposes: communicating strategic priorities, providing business performance updates, recognising employee achievements, and introducing key leadership personnel.

Measuring Employee Satisfaction
Employee satisfaction is measured regularly through Joint Consultative Committee (JCC) meetings, where representatives of the factory staff are given the opportunity to openly share their feedback, concerns, and suggestions.

Rewards and Recognition
Rewards and recognition schemes acknowledge operational achievements, most notably the Long Service Awards are presented annually to recognise and appreciate employees for their loyalty, dedication, and long-standing contributions to the organisation. In the year under review, 54 employees were awarded in recognition of their long service and commitment to the Company.

Scan to watch the video

Occupational Health and Safety

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

As a manufacturing organisation where employees are exposed to a degree of occupational risks associated with factory operations, Dilmah has established a comprehensive Occupational Health and Safety (OHS) Management System. The framework is aligned with the Occupational Health and Safety pillar of the SMETA standard and is guided by internationally recognised principles, including the International Labour Organisation (ILO) Occupational Safety and Health Convention, 1981 (No. 155) and Recommendation No. 164, integrating all applicable regulatory requirements and aligned best industrial practices. The OHS Management System provides the foundational architecture for identifying, assessing, and managing workplace hazards including the potential for workplace injuries, exposure to hazardous substances and excessive noise, equipment-related incidents, and ergonomic risks.

The OHS System covers all employees, including contract workers, visitors and any third parties present at company at any given time. A dedicated full-time Occupational Health and Safety (OHS) Manager was appointed.

The established safety protocols are regularly reviewed and updated to reflect evolving regulatory requirements, industry best practices, and feedback from internal and external safety audits and employee observations. Safety training is also embedded as part of the orientation program for new recruits.

Emergency Preparedness Plan

The Emergency Preparedness Plan is established to ensure an effective and coordinated response to major emergencies that may occur within the company premises. Such emergencies may result in serious injuries, loss of life, damage to property, disruption of business operations, and adverse environmental impacts. The plan aims to protect employees and visitors, minimize damage to assets, safeguard the environment, maintain business continuity, and reduce the consequences of emergency incidents.

A major emergency may be declared in the event of a fire, arc flash or arc blast, explosion, collapse of a building or civil structure, natural calamities such as earthquakes and floods, or bomb threats and acts of terrorism. The plan provides a structured framework for responding to these situations in a timely and effective manner.

Key elements of the plan include the assignment of specific responsibilities to designated personnel, effective communication of emergency situations throughout the organisation, coordination with government authorities, the public, and the media to prevent panic, and the implementation of actions necessary to control and terminate the emergency. Through these measures, the company seeks to ensure the safety of people, protect property and the environment, and facilitate a swift recovery from emergency situations.

Work Permit System

The Work Permit System is established to ensure that all non-routine and high-risk work activities carried out within MJF premises are performed safely, protecting people, property, and the environment. The system applies to employees and non-employees undertaking activities that present higher risks than routine operations, which are managed through standard procedures and work instructions.

The permit process ensures that work activities are properly planned, coordinated, and authorised before commencement. It requires the identification of actual and potential hazards, verification that equipment is fit for purpose, implementation of necessary safety precautions, and confirmation that personnel involved are competent to perform the work. The system also assigns clear responsibilities to permit applicants and authorisers, ensuring accountability for safe execution and completion of work.

Work permits are required for activities such as electrical work, hot work, cold work, work at height, and confined space entry. Upon completion, the work area must be inspected and left in a safe condition to prevent risks to personnel, operations, and the environment.

Key Risk Area	Key Hazards and Potential Impacts	Key Control Measures
Manual Handling and Ergonomic Risks	Manual lifting, repetitive movements and poor posture may result in musculoskeletal disorders, strains, sprains and fatigue.	Ergonomic risk assessments, safe lifting procedures, manual handling training, provision of ergonomic aids, workplace design improvements, job rotation and periodic rest breaks.
Machinery and Equipment Safety	Exposure to moving machinery, conveyors, automated equipment and maintenance activities may result in cuts, entanglement, crushing injuries and other physical harm.	Machine guarding, safety interlocks, emergency stop mechanisms, preventive maintenance programmes, lockout-tagout (LOTO) procedures, competency-based operator training and routine safety inspections.
Vehicle and Material Movement Risks	Forklift operations, pallet truck movement and loading activities may result in collisions, struck-by incidents and workplace injuries.	Segregated pedestrian walkways, designated traffic routes, speed restrictions, operator certification programmes, warning signage, routine vehicle inspections and supervision of loading operations.
Fire and Emergency Risks	Electrical faults, combustible materials and equipment failures may lead to fires, injuries, operational disruption and property damage.	Fire detection and alarm systems, emergency response plans, fire crew training, regular fire drills, firefighting equipment inspections and emergency preparedness programmes.
Chemical and Hazardous Substance Exposure	Exposure to chemicals, flavouring agents and maintenance-related substances may result in burns, skin irritation, respiratory issues, eye injuries and environmental impacts.	Chemical risk assessments, safe handling procedures, Safety Data Sheet (SDS) management, PPE requirements, employee awareness programmes and controlled storage arrangements.
Food Safety and Product Integrity Risks	Allergen exposure, contamination risks and pest activity may compromise product integrity and consumer safety.	HACCP-based controls, allergen management programmes, pest management systems, hygiene standards, quality inspections and employee training on food safety requirements.
Dust, Vapour and Air Quality Risks	Exposure to tea dust, vapours and airborne particulates may cause respiratory irritation and occupational health concerns.	Local exhaust ventilation systems, dust extraction mechanisms, respiratory protective equipment, air quality monitoring and routine workplace inspections.
Electrical and Maintenance Risks	Electrical installations, wiring systems and maintenance activities may result in electric shock, burns, equipment damage and operational interruptions.	Electrical safety procedures, preventive maintenance schedules, authorised personnel controls, contractor management procedures and routine equipment inspections.
Working at Height and Slip, Trip and Fall Risks	Elevated work areas, spillages and poor housekeeping may result in falls, fractures, sprains and other workplace injuries.	Housekeeping programmes, fall prevention measures, access controls, safety barriers, routine inspections and employee awareness programmes.
Occupational Health and Employee Well-being Risks	Noise exposure, communicable diseases and workplace injuries may affect employee health, well-being and productivity.	Occupational health monitoring, hearing conservation programmes, first aid training, health awareness programmes, hygiene controls and access to medical support.

Safety Governance Structure

CEO Reporting

Receives regular safety finding reports

Manager (Health and Safety)

Serves as the main authoritative body enforcing the safety policy in daily operations.

- Supervises the cross-functional OHS team.
- Conducts monthly safety meetings with the OHS team to:
  - Identify potential hazards.
  - Review employee feedback.
  - Update safety procedures.
- Performs broader hazard identification based on:
  - New compliance requirements.
  - Industry best practices.
- Investigates all accidents, incidents, and near misses.
- Reports findings directly to the CEO on a regular basis.

Cross-Functional OHS Team

Comprises of representatives from Engineering, Production, HR, Stores, Security, Transport, Food Technology, Onsite Nurse, and Designated Worker Representatives

- Carries out routine patrols and spot checks to ensure compliance with OHS policies and procedures.
- Participates in scheduled monthly safety meetings to assess and improve workplace safety.
- Supports preventive maintenance related to health and safety.
- Facilitates scheduled OHS audits, including:
  - Periodic audits by SMETA.
- Conducts safety training programmes on:
  - Emergency preparedness.
  - Workshop safety.
  - Work permit procedures.
  - Electrical safety.
  - And other critical safety topics

Compliance with SMETA Dilmah has complied with SMETA since 2019. OSH is one of the four key pillars of the SMETA audit framework. The SMETA OSH pillar is grounded in International Labour Organisation (ILO) principles, particularly: ILO Occupational Safety and Health Convention, 1981 (No. 155) ILO Recommendation No. 164

Hazard Identification and Risk Evaluation

Within the Occupational Health and Safety (OHS) system, hazard identification and risk evaluation is a core preventive mechanism designed to systematically identify, assess, and control workplace risks before they result in incidents. Hazard identification is embedded into daily operations through active employee participation, with employees encouraged to report safety concerns or hazards encountered during their work. Additionally, monthly meetings conducted with the participation of Production and Engineering teams also provide a structured forum for operational teams to collectively identify and discuss safety-related issues.

All reported hazards are reviewed by the cross functional OHS team, , which evaluate the level of risk and updates the risk assessment where changes in the working environment are identified In parallel, the Manager – Health and Safety conducts periodic structured hazard identification exercises by benchmarking against industry best practices, applicable occupational health and safety standards, and regulatory requirements. Outputs from these reviews are incorporated into the Hazard Assessment Register and used to guide continuous improvements. Key improvements introduced in the current year include:

Procedure for Service, Repair, and Calibration Activities by External Service Providers

Establishment of a standardised operating procedure for the safe handover of machinery and equipment, ensuring that all safety requirements as well as the roles and responsibilities of all stakeholders involved are clearly defined, communicated, and adhered to prior to the commencement of any work. The procedure applies to all maintenance-related activities carried out by external parties, including Original Equipment Manufacturers (OEMs) and their authorised agents, across all relevant operational areas.

Engineering Innovation Laboratory Safety Procedure

The procedure establishes clear safety practices, operational controls, and defined responsibilities to safeguarding all personnel working in or entering the Engineering Innovation Laboratory. The sets out mandatory safety requirements governing high-tech machine operation and reinforces a disciplined approach to risk management in innovation and engineering-related workspaces and applies to all employees, trainees, interns, contractors, and visitors accessing or working within the laboratory.

Fire Protection Measures for UPS Systems

To mitigate the risk of fire associated with lithium-ion battery thermal runaway in the UPS system, an F-500 fire extinguishing system has been installed. F-500 is specifically designed to suppress lithium-ion battery fires by rapidly cooling the battery cells, reducing heat release, and limiting the propagation of thermal runaway to adjacent cells.

In addition to the fire suppression system, the UPS is equipped with a Battery Management System (BMS). The BMS continuously monitors critical battery parameters such as voltage, current, temperature, and state of charge. It provides early detection of abnormal operating conditions and initiates protective actions, including alarms and system shutdowns, when necessary, thereby reducing the likelihood of battery failure and thermal runaway events.

The combination of the F-500 extinguishing system and the Battery Management System provides both preventive and protective controls, significantly enhancing the safety of the UPS installation and minimising the potential impact of lithium-ion battery-related fire incidents.

Manager – Health and Safety, together with the cross-functional OHS team with worker representation conduct quarterly OHS team meetings where potential hazards are reviewed based on direct observations and employee feedback. Four meetings held in FY2025/26 and five meetings in FY2024/25 and committed to continuous employee engagement and consultation on workplace health and safety matters.

Incident Reporting

Incident reporting forms an integral part of the Company's occupational health and safety framework, enabling the timely recording of workplace accidents, incidents, or near misses. A clearly defined Accident, Incident and Near Miss Reporting and Investigation Procedure has been established, setting out the steps for prompt reporting, investigation, and response. The Manager – Health and Safety leads all investigations and is responsible for presenting findings and proposed corrective actions to the respective managers for implementation. Insights from these investigations are used to support continuous improvement and enable enhancements to safety protocols to help prevent the recurrence of similar incidents.

Dilmah recorded nine accidents during the last financial year. All incidents were classified as first-aid cases and did not fall under the recordable injury category, which includes injuries requiring more than one day of recovery time. Company's Lost Time Injury Frequency Rate (LTIFR) remained at 0 during two consecutive financial years and the target is set LTIFR to be maintained at zero while reduce first-aid accidents by 10% compared to the previous year. No fatalities during the reporting year as a result of work-related injuries or ill-health.

Safety Awareness Culture

A strong awareness safety culture is promoted throughout the organisation, with all employees expected to understand and comply with established safety procedures, guidelines, and workplace controls. Safety awareness and training programmes, including regular refreshers, and role-specific instruction are conducted to ensure employees remain equipped to identify risks, apply correct safety practices, and contribute to maintaining a safe and responsible working environment.

The Target is set to complete 100% of health and safety training requirements identified in the annual training plan, thereby enhancing competency, promoting a strong safety culture, and ensuring compliance with organisational and regulatory requirements.

Workplace Safety Fundamentals & Hazard Prevention

04	2,218	1,230.5
Programmes	Participants	Training hours

- Training on Personal Protective Equipment (PPE)
- Training on Lock out, Tag out (LOTO) procedures
- Training on Safety signs and symbols awareness
- Awareness session on walking-working surfaces

Occupational Health & Employee Well-being

02	511	255.5
Programmes	Participants	Training hours

- Training on Occupational hearing loss prevention
- Training on First Aid, Personal Hygiene, Communicable diseases, First Aid for work related injury

Transport & Equipment Safety

02	21	91
Programmes	Participants	Training hours

- Defensive driving training
- Forklift operation safety training

Fire Safety & Emergency Preparedness

03	117	738
Programmes	Participants	Training hours

- Training on Fire Refresher Training
- Training on Emergency response readiness and evacuation preparedness

Chemical, Food Safety & Process Risk Management

08	907	669.2
Programmes	Participants	Training hours

- Training on Chemical Handling
- Training on Food Safety: Tea unloading, QC Sampling
- Training on Session on Handling herbs & its control, Pest Control
- Training on Basics on Food Safety Requirements & Pest Sign Identification
- Training on RA Audit Requirement(Organic/Allegen Management)

EMPLOYEE WELLBEING AND WELLNESS

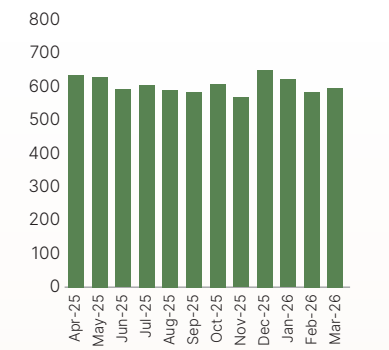
Based on the belief that a motivated and well-supported workforce is fundamental to long-term organisational success, employee well-being at Dilmah extends beyond the workplace and encompasses the physical, emotional, social, and financial aspects of employees' lives. As part of its commitment to fostering a supportive and rewarding work environment, the Company continues to implement a broad range of initiatives designed to enhance employee welfare, strengthen resilience, promote healthy lifestyles, and support employees and their families during times of need.

MJF Minimart

Since its launch in 2023, the MJF Minimart has continued to support employees by providing essential household goods and daily necessities at discounted prices. Trade discounts received by the Company are fully passed on to employees, helping them manage cost-of-living pressures.

As the facility is operated in-house, it also enables the Company to respond quickly during emergencies, adverse weather conditions, and pandemic-related situations by arranging and distributing essential grocery and ration packs to employees.

BENEFICIARIES - MJF MINI MART 2025/26



Human Capital

Sustainable Living Support

Dilmah continues to encourage employees to adopt environmentally responsible lifestyles through initiatives that promote sustainability beyond the workplace. A notable example is the rooftop home gardening project led by factory hostel residents in partnership with Dilmah Conservation, which has enhanced employee nutrition, self-sufficiency, and overall well-being while fostering greater appreciation for sustainable living practices. Most recently, electric vehicle charging facilities were introduced at Company premises to support employees who are transitioning towards more sustainable modes of transport.

MJF Fitness Club

Through the MJF Fitness Club, employees are provided with opportunities to participate in recreational and wellness activities including yoga, badminton, and indoor cricket, while the Vitalitea Fitness Centre provides employees with convenient access to modern fitness facilities and resources. A dedicated fitness community has also been established to encourage peer support along with monthly awareness sessions on nutrition, healthy living, and sustainable wellness practices helped employees make informed lifestyle choices.

"Fitness Friday" sessions

Introduced during the year under review, to promote a culture of health, wellness, and active living among Dilmah employees.

Healthy Breakfast Initiative

Introduced herbal rice porridge for factory staff to encourage healthier eating habits and support a healthier lifestyle among employees.

Annual Health Screening

The Company conducts an annual health screening programme for employees aged 45 and above to promote preventive healthcare and employee wellbeing. The programme places particular emphasis on the early identification of non-communicable diseases and related health risks, enabling employees to seek timely medical advice, follow-up care and appropriate lifestyle guidance.

Counselling and Employee Support Services

Recognising the importance of emotional and psychological wellbeing, Dilmah continues to provide employees with access to confidential counselling and support services. A certified counsellor, who also serves as the Company nurse, is available to provide guidance, emotional support and initial assistance to employees experiencing personal, family or workplace-related concerns. Where specialised support is required, employees are referred to qualified external and independent professionals, facilitators or relevant authorities, including for matters such as family planning, mental wellbeing and other personal support needs. These services are provided free of charge and are designed to ensure that employees receive appropriate assistance, professional guidance and referral support when required

Support During Cyclone Ditwah

During the cyclone-related adverse weather events experienced during the year, Dilmah prioritised the safety and welfare of affected employees through continuous communication, emergency support, and the provision of essential necessities. Food supplies were arranged for impacted employees, while dry ration packs were distributed to assist families during the emergency period. Immediate financial assistance was also provided based on the extent of damages incurred. Following the immediate relief efforts, additional support was extended to affected employees through financial assistance programmes, housing repair and renovation support, and the provision of essential household items to help employees and their families recover and return to normalcy.

Further reinforcing its commitment to community solidarity during challenging times, the Company also participated in blood donation campaigns organised to support healthcare requirements arising from the emergency situation.

Employee Engagement

Key employee engagement initiatives conducted during 2025/26 included:

- "Dilmah Night" celebratory event organised in line with the company's 40th Anniversary, fostering employee appreciation, unity, and organisational pride.
- Annual Pirith Ceremony conducted to promote spiritual wellbeing and cultural harmony among employees.
- Introduction and continuous implementation of the "Culture Excellence Program" to strengthen organisational values, employee engagement, and workplace culture.
- The Talent Show provided a platform for team members to showcase talents beyond their day-to-day responsibilities.
- New Year celebrations.
- Annual Christmas party for the children of employees
- Kindness Day programs conducted to promote compassion, teamwork, positivity, and a caring workplace environment, including dry ration distribution and volunteer programmes that support community welfare and encourage employee engagement in social responsibility initiatives.

Social and Relationship Capital

FOUR DECADES OF SHARED PURPOSE AND ENDURING RELATIONSHIPS

As Dilmah marks forty years of adding value, the company recognises that its greatest strength lies in the relationships built along the way. More than mere business connections, Dilmah operates as a family with its customers, suppliers, distributors, communities, and other stakeholders form the foundation of its work, shaped by four decades of mutual trust and shared purpose. The legacy of kindness remains at the heart of every operation and drives the belief that growth is only meaningful when it contributes to the well-being of the people involved. By staying true to the values that have guided it since the beginning, the company continues to nurture these bonds.

Over the past year, these bonds were further strengthened by bringing our global distributors home to the heart of Dilmah in Peliyagoda to revisit the core pillars of taste, goodness, and purpose. For our local suppliers, we organised 'Stronger Together' capacity-building sessions to cultivate business resilience through a more sustainable supply chain. We continued to drive global market leadership by launching 49 new product variants across seven ranges, while remaining steadfast in our commitment to our mission by investing Rs. 216 Mn toward community empowerment through MJF Charitable Foundation. This legacy of kindness remains at the heart of every operation, ensuring that our growth is always a reflection of the well-being of our wider family circle.

OVERVIEW

Social and Relationship Capital represents the relationships built with customers, consumers, suppliers, distributors, communities, and other stakeholders that embody Dilmah's values, purpose, and commitment to creating shared value.

Social and Relationship Capital Footprint

100+	886	552,000+
Countries Presence	Local Suppliers	Beneficiaries through CSR

MANAGEMENT APPROACH GRI 3-3

Dilmah's efforts to manage Social and Relationship Capital represent the Company's deep commitment to build and strengthen relationships with key stakeholders namely customers, suppliers, distributors, and the wider community. This involves a broad based strategy underpinned by tailored approaches to ensure that the unique needs and interests of each stakeholder group are served appropriately.

Impact to Strategy

- Global Market Leadership
- Operational Excellence
- Environment, Sustainability & Governance

Material Matters

- Customer satisfaction
- Product responsibility
- Health and safety
- Brand Image and Reputation
- Geopolitical conditions in buying markets
- Managing our supply chain
- Managing our distribution network
- Environmental & socio-economic compliance
- Community engagement

Our Contribution to Global Goals

Key Priorities for 2025/26

Strengthening Customer Loyalty	Developing a Reliable Supply Chain	Cultivating Trusted Channel Partner	Supporting Community Empowerment

KEY OUTPUTS

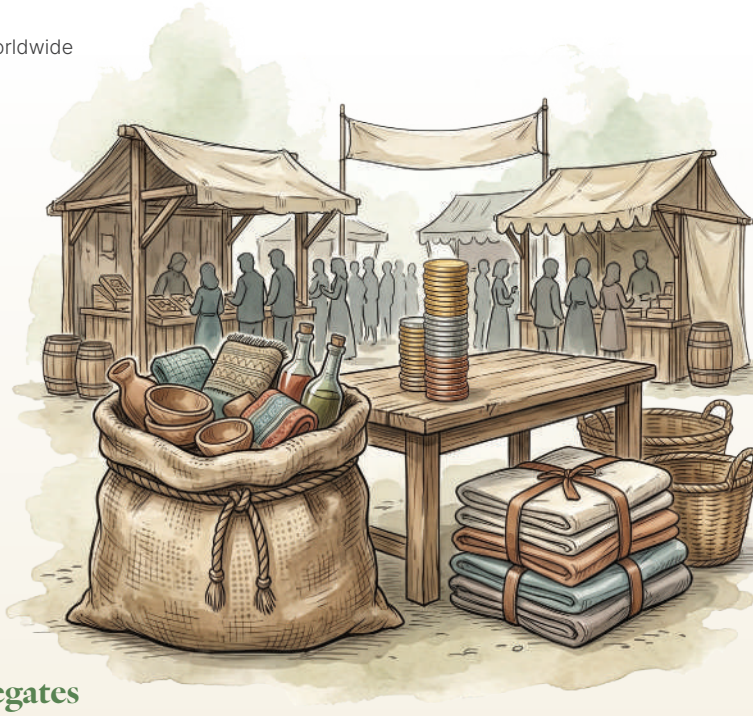
91% of targeted suppliers has committed for Dilmah MJF Supply Chain Partner Code of Conduct

77% of targeted packaging material suppliers covered through the annual self-assessment process

Global presence in **102** countries worldwide

96% of the planned supplier audit programme completed

+552,000 CSR Beneficiaries



KEY HIGHLIGHTS FOR FY 2025/26

- Launch of **49** New Product Variants across 7 product ranges
- Dilmah's **40th anniversary** events across Australia and New Zealand in June and July 2025.
- **"Visit Sri Lanka"** campaign for the Australian market
- Strengthened the **"Stronger Together"** framework through the launch of the Sustainable Procurement Policy (SPP) and enhancements to the Dilmah MJF Supply Chain Partner Code of Conduct
- 11th edition of the Global Distributor Biennial Conference held in line with Dilmah's 40th Anniversary Celebrations with the participation of **150 delegates**
- **Rs. 216 M** invested through the MJF Charitable Foundation

Social and Relationship Capital

WAY FORWARD

Key Priority	Short Term	Medium - Long Term
Community Empowerment and Sustainable Impact	Maintain transparent reporting on the 15% profit pledge and strengthen impact measurement to demonstrate programme value.	Develop a long-term resourcing and succession strategy ensuring continuity of impact beyond individual projects and leaders.
Customer Relationship Management and Trust	Enhance traceability and transparency communication, addressing gaps identified through customer satisfaction surveys and market feedback.	Deepen strategic partnerships with key global customers and expand co-innovation to strengthen loyalty and retention.

Capital Trade-offs

	ST	LT
FC	↓	↑
IC	-	↑
NC	↓	↑

STAKEHOLDER OUTCOMES

Customers - Globally accessible premium, unblended single origin artisan tea

Suppliers - Opportunities for business expansion and shared growth

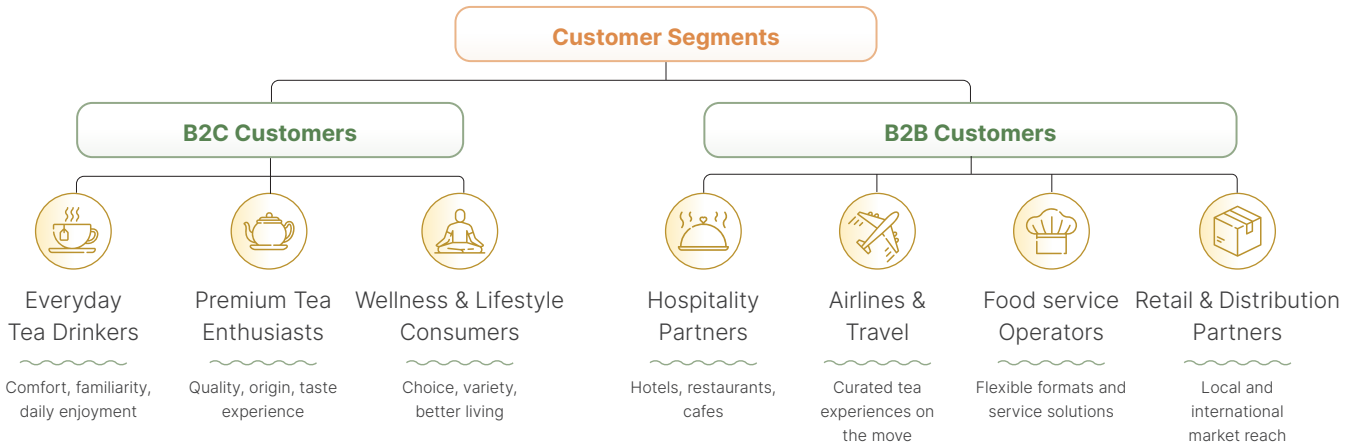
Distributors - Assurance of business continuity and reduced financial risks due to reliable partnerships

Shareholders - Potential for revenue growth owing to high levels of customer satisfaction across global markets

Community - Economic empowerment and improved quality of life for disadvantaged Communities

CUSTOMER GRI 2-6

While every customer relationship begins with Dilmah's enduring promise of delivering the finest Single Origin Pure Ceylon Tea, understanding the diverse needs, preferences, and aspirations of customers is fundamental to fulfilling that promise in a meaningful and relevant way. Effective customer segmentation has enabled Dilmah to serve a diverse global customer base spanning both Business-to-Consumer (B2C) and Business-to-Business (B2B) segments in Sri Lanka and across international markets. From everyday tea drinkers seeking comfort and familiarity, to discerning tea connoisseurs, hospitality partners, airlines, and foodservice for



Community Empowerment and Sustainable Impact

Maintain transparent reporting on the 15% profit pledge and strengthen impact measurement to demonstrate programme value. Develop a long-term resourcing and succession strategy ensuring continuity of impact beyond individual projects and leaders.

Customer Relationship Management and Trust

Enhance traceability and transparency communication, addressing gaps identified through customer satisfaction surveys & market feedback. Deepen strategic partnerships with key global customers and expand co-innovation to strengthen loyalty & retention.

operators seeking exceptional tea experiences, the Company offers a carefully curated portfolio of products, formats, and solutions designed to meet a wide spectrum of needs and preferences.

Customer segmentation works in tandem with Dilmah's global market strategy to convey the Dilmah tea experience worldwide through a well-established international distribution network and strategic partnerships that enable individuals and businesses in over 100 countries across Europe, the Middle East, Asia-Pacific, the Americas, and Africa to enjoy the Dilmah experience.

RESPONSIBLE PRODUCTS:

SASB - FB-NB-260a.2 GRI 416-1, 416-2

All Dilmah-branded products are united by the same enduring commitment to quality and integrity which stems from the vision upon which the brand was founded 40 years ago - to offer the world the finest Single Origin Pure Ceylon Tea while preserving its authenticity, integrity, and natural goodness at source. As the pioneer of premium single-origin tea from Sri Lanka, the Company has remained steadfast in its belief that tea should be

Case Study

The Opportunity

The global tea industry is undergoing a significant transformation as consumer preferences evolve. In many markets, younger consumers, particularly Generation Z, are moving away from traditional hot tea consumption in favour of convenient, experiential, and wellness-oriented beverage options. At the same time, premium hospitality operators are increasingly seeking products and brands that can enhance guest experiences through authenticity, provenance, and sustainability.

Dilmah's Response in 2025

Recognising the growing demand for convenient tea-based beverages, Dilmah introduced Elixir of Ceylon Tea, extending its presence into liquid tea formats suitable for both hospitality environments and at-home consumption.

The Company also capitalised on the rapid growth of the Ready-to-Drink (RTD) tea which are made with real tea and enhanced with carefully selected natural ingredients providing consumers with a premium alternative to powder-based beverages while appealing to growing demand for natural and healthier refreshment options.

Innovation was also directed towards the hospitality sector, where luxury hotels increasingly seek products that create memorable guest experiences. Dilmah strengthened its position as a preferred tea partner for leading international hospitality brands by offering not only premium teas but also a compelling brand story rooted in single-origin tea, producer heritage, and ethical business practices.

Impact

By aligning product innovation with changing consumer preferences, emerging consumption occasions, and evolving customer expectations, Dilmah has successfully extended the relevance of authentic Ceylon tea into new categories and markets. The Company's approach demonstrates how innovation can preserve a brand's heritage while creating new avenues for growth, differentiation, and long-term value creation.

celebrated for its origin, character, and craftsmanship rather than treated as a commodity. Every Dilmah product is therefore crafted to capture the unique aroma, flavour, freshness, and personality of Pure Ceylon Tea, reflecting the traditional artisanal expertise and care that have defined the brand for four decades.

Maintaining teas that are free from artificial additives and packed fresh at origin stands as a fundamental expression of Dilmah's responsibility to consumers. At the heart of this approach is a commitment to preserving the integrity of tea by avoiding commercial blending practices that dilute origin and quality, thereby retaining the purity, complexity, authenticity, and natural wellness benefits of tea. Additionally, Dilmah products are formulated without genetically modified organisms (GMOs) or allergen-related ingredients, while beverage innovations increasingly incorporate natural alternatives such as stevia and honey in place of added sugars reflecting the Company's efforts to align with the growing consumer preference for natural, wholesome, and responsibly crafted food and beverage choices.

A comprehensive Quality Management Trilogy encompassing Quality Assurance, Quality Management, and Quality Development ensures every product consistently meets the highest standards of food safety, authenticity, quality, and traceability. Further, the company maintains a backward and forward traceability verification system that complies with quality and food safety requirements, with further verification of traceability within internal processes supported through third-party audits conducted under food safety management system certifications such as FSSC 22000 and BRC. The Company places customer health and safety at the core of its operations through a robust Food Safety Management System (FSMS) that integrates three complementary risk assessment programmes: HACCP, which identifies and controls biological, chemical, physical, and allergen hazards throughout the manufacturing process; VACCP, which safeguards product authenticity and integrity by addressing vulnerabilities to food fraud across raw materials, packaging, and the supply chain; and TACCP, which protects against intentional contamination or malicious acts through comprehensive food defense measures. These programmes are periodically reviewed and updated to reflect changes in products, processes, suppliers, and regulatory requirements. Through their effective implementation and continual improvement, the Company remains committed to delivering safe, authentic, and high-quality food products in full compliance with applicable statutory, regulatory, customer, and certification requirements, including FSSC 22000 and BRCGS Food Safety standards.

At the same time, recognising that excellence is a journey of continuous improvement, Dilmah has implemented globally recognised quality management methodologies and best-practices, including Root Cause Analysis (RCA), Corrective and Preventive Action (CAPA), and Lean Six Sigma. These practices are further strengthened through ongoing research and development initiatives focused on process innovation, quality enhancement, and the elimination of variability.

All products are assessed for possible health and safety issues and there were no incidents concerning the health and safety impacts of products reported in the year under review.

PRODUCT LABELLING GRI 417-1, 417-2

With responsible product labelling seen as fundamental to building customer trust, Dilmah ensures strict compliance with all applicable statutory and regulatory requirements governing food safety, consumer information, environmental responsibility, and ethical trade practices. This includes adherence to region-specific regulatory regimes, including European Union food safety and labelling regulations for EU markets, the Food Standards Australia New Zealand (FSANZ) and Code for Australasian markets. For all other international markets, labelling practices are aligned with Codex Alimentarius guidelines developed by the FAO and WHO, ensuring consistency with globally recognised best practices. In Sri Lanka, compliance is ensured through adherence to the Food Labelling Act, Sri Lanka Tea Board requirements, and other applicable national regulations.

LABELLING REQUIREMENTS

European Union: Compliance with EU food safety and labelling regulations for European markets.

Australasia: Adherence to the Food Standards Australia New Zealand (FSANZ) Code.

Japan: Compliance with JETRO (Japan External Trade Organisation) standards.

International Markets: Alignment with Codex Alimentarius guidelines, developed by FAO and WHO

Sri Lanka:
Compliance with the Sri Lankan Food Labelling Act
Adherence to Sri Lanka Tea Board regulations
Conformance with other relevant national statutes for food product declarations

Internal Process Controls for Product Labelling

1. Internal Label Review
Cross-functional review of label content for accuracy, completeness, and consistency.

2. Artwork Approval Process
Formal approval of packaging artwork before printing and release.

3. Packaging & Labelling Regulation Alignment
Verification of compliance with applicable packaging and labelling regulations in target markets.

4. QR-linked Information
Digital access to product information through QR codes, including:

- Brewing instructions
- Sustainability data

5. Staff Training on Labelling Compliance
Ongoing staff awareness and training to support compliant labelling practices.

Stringent internal review mechanisms and legal compliance checks are in place to ensure every product label reflects the highest standards of accuracy, transparency, with all essential labelling elements, covering ingredients, allergen disclosures, nutritional information, shelf life, brewing instructions, and storage guidance, prominently displayed within Dilmah's labelling. Environmental claims, such as recyclability, biodegradability, compostability and sustainable sourcing, are only made where fully substantiated through credible evidence and, where applicable, third-party verification.

In the year under review, a traceability app "Hypertrails" was launched for selected consumers, enabling them to trace and verify the origin of Dilmah teas, thereby strengthening transparency and reinforcing trust in the brand's Single Origin Ceylon Tea provenance. The Hypertrails platform is Dilmah's commitment to a transparent partnership with every person who enjoys Dilmah tea. By enabling consumers to trace their product back to its origin, it does more than provide information; it invites them into the Dilmah story. By providing verifiable data on the location and other pertinent information related to the tea in the product, Dilmah nurtures a deeper, more empathetic connection with its customers. There were no incidents of non- compliance of product information and labelling requirements reported in the current financial year.

Scan to view our Traceability App

MARKETING AND COMMUNICATIONS

GRI 206-1, 417-3

Dilmah's purpose-built marketing and communications strategy is designed to nurture meaningful connections with global audiences. Underpinned by an integrated approach combining mass media, digital and social platforms with high-impact experiential engagement, including international exhibitions, trade fairs, roadshows, and curated brand activations, the Company seeks to build consistent global visibility in order to deepen connections with its diverse customer segments around the world.

Regardless of the medium, all marketing and communication activities are governed by a set of principles that aim to ensure all campaigns are designed to avoid reinforcing negative stereotypes or offensive content, and environmental messaging is always authentic and substantiated, steering clear of greenwashing. Paid endorsements, sponsorships, and partnerships are always clearly disclosed, and exaggerated promises or claims are strictly avoided. The Company does not engage in anti-competitive behaviour and as such avoids unverified comparisons and unethical methods such as fake reviews or misleading testimonials. Stringent internal review procedures are in place to assess all marketing materials against the Company's ethical code with marketing teams provided with ongoing training in legal and ethical standards. Additionally, customers are provided with clear and accessible options to manage their communication preferences, including the ability to opt out or unsubscribe from marketing communications at any time.

No incidents of non-compliance concerning marketing communications were reported in the reporting year.

No legal actions for anti-competitive behaviour, anti-trust, and monopoly practices were reported in the reporting year.

Engagement

Facebook 2 Mn Followers	LinkedIn 144 K Followers	Pinterest 3.4 K Followers
Instagram 204.6 K Followers	X 7.4 K Followers	YouTube 14.7K Subscribers

Tiktok - 6.1 K

Social and Relationship Capital

Marketing and Promotional Highlights FY 2025/26

Dilmah's 40th anniversary events across Australia and New Zealand

As part of the 40th anniversary tour across Australia and New Zealand, the Company engaged with thousands of tea lovers, chefs, students, and foodservice professionals through sold-out masterclasses, industry forums, and leading consumer platforms such as the Good Food & Wine Show and Fine Food Australia. The events showcased innovative tea experiences, including tea-inspired cocktails, gourmet pairings, and wellness-focused discussions, reflecting the growing global shift toward more conscious and experience-driven tea consumption

Highlights from the tour:

- Launch of the Ruby 40th Anniversary Tea: A special edition rare green tea commemorating Dilmah's 40-year journey, available exclusively via the brand's growing direct-to-consumer platform in Australia.
- Sold-Out Masterclasses & Consumer Demand: Masterclasses across both countries showcased the rising interest in premium tea, mixology, and ethical sourcing.
- *Watte* Single Garden Teas in Focus: Featuring the reimagined luxury loose-leaf collection, guests experienced the nuances of terroir and artisanal tea making.
- Tea-Inspired Innovation: From Elixir-based cocktails and mocktails to tea ice creams and curated dining with chef Peter Kuruvita, the events redefined how tea can be experienced.
- An iconic celebration at the waterfront in Sydney: An evening of appreciation with partners and long-time supporters, honouring the values and milestones of the brand.

"Visit Sri Lanka" campaign

Dilmah's 40th Anniversary Win a Trip to Sri Lanka campaign. The Australian market—where the Dilmah story first began in 1985—was rewarded with the brand's largest consumer promotion ever undertaken. Building on the success of the inaugural campaign, Dilmah and Resplendent Ceylon expanded the initiative to an unprecedented 40 fully hosted holidays to Sri Lanka for winners and their partners, creating 80 once-in-a-lifetime travel experiences as a gesture of appreciation to Australian consumers whose loyalty has supported the brand for four decades. The campaign became the largest competition ever executed across the Seven Network's morning television programming, integrating Sunrise, Weekend Sunrise and The Morning Show in a first-of-its-kind promotion that generated more than 3 hours and 26 minutes of branded editorial content, an estimated AU$8.7 million in earned media value from an investment of approximately AU$1.2 million, and attracted over 55,000 competition entries. It was further amplified through digital, social, retail and influencer activations, delivering millions of additional consumer impressions across Australia.

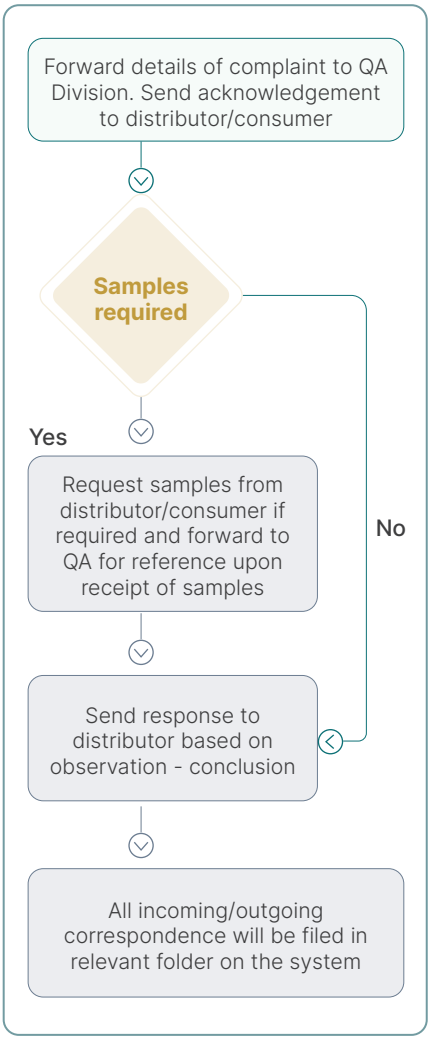
The success of the campaign was strengthened through the valued partnership of Sri Lankan Airlines, which provided 80 Economy Class and 8 Business Class tickets, enabling winners to experience the very best of Sri Lanka. Together with luxury stays at Resplendent Ceylon properties, the campaign showcased the country's exceptional hospitality, natural beauty and authentic experiences while reinforcing Dilmah's unique connection to its country of origin and strengthening the brand's premium single-origin positioning in one of its most important international markets

"Why Dilmah is Different" Campaign

Dilmah Tea continued to communicate its brand story, philosophy, and key differentiators across social media under a unifying theme "Why Dilmah is Different" to depict the authenticity, purpose, and single-origin Ceylon tea. The active involvement of the second and third generations of the founding family further reinforced Dilmah's identity as a family-owned business deeply rooted in Sri Lanka's tea heritage and committed to preserving the integrity of single-origin tea.

RESPONSIVENESS TO CUSTOMER COMPLAINTS GRI 2-25, 2-26

Complaints received from both retail consumers and business customers are viewed as valuable opportunities for continuous improvement of products, processes and any other aspects of the Company's operations. All complaints are recorded in the Customer Relationship Management (CRM) system and promptly escalated to the Quality Assurance (QA) Department for investigation. As part of the investigation, the QA Department conducts a thorough root-cause analysis and identifies corrective actions where necessary to prevent recurrence. Each case is tracked through the CRM system in line with established resolution timelines along with a personalised response to ensure customer satisfaction.



DATA PRIVACY & DATA PROTECTION GRI 418-1

Data privacy is of paramount importance to Dilmah, particularly given its global customer base and longstanding relationships with leading international brands. Underpinned by a firm commitment to maintaining the highest standards of confidentiality, transparency, and responsible data management across all customer interactions, the Company has established formal Data Privacy and Terms & Conditions governing the management of customer privacy and data security for the Dilmah Global Online Store, covering provisions relating to secure payment processing, customer consent management, cookies and tracking technologies, third-party service providers, international data transfers, and procedures relating to customer data access, correction, deletion, and breach notification processes. These frameworks underscore the Company's approach to the collection, processing, storage, sharing, retention, and protection of customer information, while providing transparency relating to customer rights and data handling practices.

To further safeguard customer trust, Dilmah has established formal procedures for reporting, investigating, and resolving any actual or suspected data privacy breaches. These mechanisms ensure timely escalation, appropriate corrective action, and continuous improvement of data protection practices across the organisation. No substantiated complaints concerning breaches of customer privacy and losses of customer data were received in the reporting year.

During the year, the Company enhanced its information governance framework through the adoption of an updated Data Protection and Confidentiality Policy, strengthening controls relating to data retention, secure disposal, confidentiality and access management. Personal, confidential and third-party information is safeguarded through appropriate technical and organisational measures, while personal data is collected, processed, shared and retained in accordance with applicable legal requirements. The Company also requires third parties handling Company information to comply with defined data protection and confidentiality standards, supporting responsible information management throughout its operations and value chain.

Company implemented a Third-Party Corruption and Information Security Due Diligence Procedure to strengthen its risk management framework. The procedure adopts a risk-based approach to assess suppliers, contractors, business partners and other third parties for anti-corruption, ethical conduct, compliance and information security risks, including enhanced due diligence, approval requirements and ongoing monitoring for higher-risk engagements.

Social and Relationship Capital

Global and Local Events

The Dilmah Future of Tea Australia

Dilmah School of Tea Czech Republic

Dilmah Tea Appreciation Poland

Dilmah Tea Appreciation at Singapore Hilton Orchard

90th Dilmah School of Tea

Emirates Tea Masterclass

Ceylon Tea Journey launch at Japan

Celebrate the Launch of the Paradise Collection

Win a Trip to Sri Lanka Campaign

SUPPLIERS GRI 2-6, 204-1

Supply Chain Dynamics

Dilmah's supply chain comprises a network of both local and international suppliers that together play a vital role in the delivery of the Company's tea products to local and global markets. Local suppliers from whom the Company sources tea, herbs, flavours, and packaging materials, account for approximately 69% of the Company's annual procurement expenditure, while remaining 31% is attributed to overseas suppliers that provide specialised ingredients, packaging materials, machinery, and other critical inputs that meet stringent quality and international compliance standards.

Supplier Networks	FY 2025/26	FY 2024/25	FY 2023/24
Local Suppliers (No.)	886	832	767
Overseas Suppliers (No.)	244	216	220
Total (no.)	**1,130**	**1,048**	**987**
Proportion spent on Local suppliers (%)	69%	71%	65%
Proportion spent on overseas suppliers (%)	31%	29%	35%

21,156 Mn

Total annual spend on suppliers

Supply Chain Governance

New additions for strengthening supplier governance

- Sustainable Procurement Policy
- Embed ESG into Supplier Contracts
- Released 3rd Version of MJF Supplier Partner Code of Conduct

91%

of targeted suppliers and service providers formally signed and committed to the Dilmah MJF Supply Chain Partner Code of Conduct by year end.

Sustainable Procurement Policy

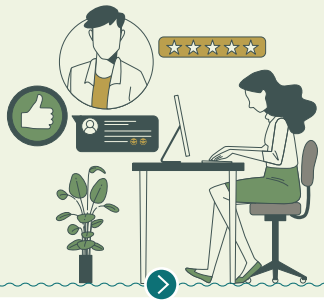
A key milestone during the year was the launch of Dilmah's publicly declared Sustainable Procurement Policy (SPP), which formalises the Company's approach to responsible, sustainable, and ethical procurement. The Policy sets out a comprehensive framework for embedding environmental, social, and ethical considerations into procurement decision-making across the value chain.

The SPP defines clear governance structures, roles and responsibilities, sustainability objectives, scope, implementation requirements, and review mechanisms, strengthening accountability and consistency across supplier engagement and procurement practices.

Supplier Selection Process

SUPPLIER CAPABILITY ASSESSMENT

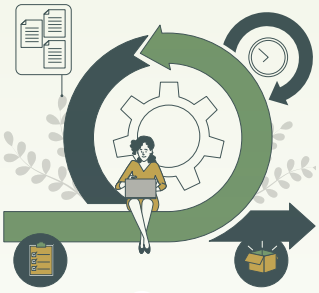
SENIOR MANAGEMENT APPROVAL



FEEDBACK TO SUPPLIER

MATERIAL ASSESSMENT

MJF SUPPLY CHAIN PARTNER CODE OF CONDUCT
(Recommended to sign)



COMMERCIAL ORDER PROCESSING

SUPPLIER INTEGRATION

Supplier Conferences	Supplier Meetings	Supplier Audits	Stronger Together

MJF SUPPLIER PARTNER CODE OF CONDUCT - KEY PRINCIPLES

- Legal and Compliance Requirements
- Business Ethics and Integrity
- Human Rights and Labour Standards
- Quality, Food Safety and Supply Chain Security Management Systems
- Sustainable Innovations in Field Practices, Manufacturing, Packaging & Distribution
- Health and Safety
- Environment and Sustainability

Strengthening Supply Agreements

Efforts to strengthen sustainability assurance across the supply chain also gained momentum during the year. By the end of March 2026, all Key supply agreements had been updated to include social, environmental, and other sustainability-related clauses.

The process of obtaining formal supplier sign-off on these updated agreements was ongoing as at the end of the financial year.

Supply Chain Partner Code of Conduct

Building on the formal launch of the Dilmah MJF Supply Chain Partner Code of Conduct in 2023, the third edition of the Code was released during the reporting year. The updated Code broadens its scope and strengthens expectations relating to:

- Ethical conduct
- Labour practices
- Environmental stewardship
- Business integrity

By the end of the year, 91% of targeted suppliers and service providers had formally signed and committed to the Code, reflecting significant progress in strengthening supplier governance and sustainability performance across the value chain.

Supply Chain Sustainability

GRI 308-1, 308-2, 414-1, 414-2

SASB - FB-NB-430a.1

Dilmah's approach to supply chain sustainability begins at supplier onboarding and is strengthened through continuous evaluation, ,sustainability risk assessment covering supplier operations, supplier engagement, and targeted capacity-building initiatives. Together, these mechanisms enable the Company to support suppliers in meeting evolving quality, compliance, environmental, and social expectations, while encouraging continuous improvement across the supply base.

Supplier Screening and Onboarding

Supplier screening and due diligence are central to Dilmah's approach to assessing and strengthening supplier sustainability. All prospective suppliers undergo structured assessments prior to onboarding to evaluate their environmental, social, ethical, and governance performance, ensuring alignment with Dilmah's sustainability expectations from the outset. This process is complemented by periodic reassessments of selected existing suppliers to support continued monitoring, engagement, and improvement.

The Supplier Capability Assessment serves as the primary platform for evaluating suppliers against sustainability-related criteria. It is conducted before onboarding new suppliers and repeated for selected existing suppliers on a three-year cycle. The assessment covers:

- Environmental management
- Occupational health and safety
- Labour standards
- Ethical business practices
- Other sustainability-related criteria

A notable development in the current year was the focus on supply chain traceability with suppliers required to furnish mandatory documentation to verify traceability practices in place.

97%

of Targeted suppliers screened for Sustainability during onboarding

In the year under review, supplier screening coverage improved significantly, with 97% of targeted packaging material suppliers covered through the Supplier Capability Assessment process.

Supplier Due Diligence

Supplier due diligence involves ongoing monitoring and performance evaluation through the assessments/ tools/ processes below.

- Supply Chain Partner Code of Conduct
- Supplier Self-Assessment and Supplier Evaluation
- Supplier Audits

Suppliers provide progress on quality management, food safety, management system certifications, sustainability policies, environmental targets, emissions disclosures, and other sustainability-related performance indicators during these due diligence processes.

During the year, due diligence was carried out across targeted supplier categories, including packaging material suppliers, tea estates, and other identified suppliers. Notably, 77% of targeted packaging material suppliers have completed the annual self-assessment process, representing a significant improvement compared to previous years.

91% of Targeted suppliers / Service providers committed for Supply Chain Partner CoC and 77% of targeted packaging material suppliers have completed Supplier Self-Assessment.

KEY LABOUR-RELATED DUE DILIGENCE HIGHLIGHTS GRI 407-1

Child Labour

- Regular supplier assessments, including on-site inspections, interviews, and document verification, are conducted to identify and mitigate potential child labour risks.
- Dilmah's Child Labour Remediation Procedure sets out corrective actions, including removal from hazardous work, support for continued education, and supplier corrective action.

No incidents of child labour were reported during the year under review.

Freedom of Association

- Dilmah upholds suppliers' rights to freedom of association and collective bargaining.
- While formal collective bargaining agreements are not currently in place within the supplier base, the Company maintains constructive supplier relationships and encourages open engagement on employment-related matters.

Forced Labour

- Dilmah requires all employment within its supply chain to be freely chosen.
- Workers must be able to leave employment in accordance with agreed terms.

No incidents of forced or involuntary labour were reported during the year under review.

SUPPLIER AUDITS AND CORRECTIVE ACTION

The scheduled programme of on-site supplier audits continued as part of Dilmah's broader due diligence framework. These audits form an integral component of the Company's supplier governance and assurance processes, helping verify supplier performance and identify opportunities for improvement. Supplier audits are conducted using a risk-based approach subject to annual supplier audit plan and supplier auditing procedure to assess compliance with quality, food safety, environmental, social, ethical, and sustainability requirements, including alignment with the Dilmah Supply Chain Partner Code of Conduct as applicably.

During the year, 96% of the planned supplier audit programme was completed, covering suppliers that play a significant role within the supply chain. Detailed audit findings and recommendations were formally communicated to suppliers to support continuous improvement and strengthen alignment with Dilmah's standards and expectations. Where gaps were identified, suppliers were provided with on-site consultation and guidance on corrective actions.

No supplier relationships were terminated in the year under review.

96%

of Targeted suppliers covered by on-site Audits.

SUPPLIER EVALUATION

The Company maintains a robust supplier evaluation process conducted on a six-month cycle to assess and monitor supplier performance across key criteria, including new product development support, quality and food safety, purchase order management, sourcing requirements for packaging materials, tea, herbs and flavours, and sustainability-related aspects. Suppliers are evaluated using a structured scoring and ranking system, under which they are assigned a respective performance ranking based on their overall evaluation results. The finalised evaluation reports, including the assigned ranking, are formally communicated to suppliers for acknowledgment. Performance trends are continuously monitored, and review meetings are conducted with suppliers to discuss evaluation outcomes, recognise high-performing suppliers, address identified gaps, and agree on appropriate corrective and improvement actions where necessary.

RISK ASSESSMENT – SUPPLIER OPERATIONS

The Company applies a risk-based approach to identify and assess actual and potential sustainability impacts in supplier operations. The assessment considers risks relating to ethics and anti-corruption, human rights and labour practices, environmental management, regulatory compliance, and sustainable innovation. Risks are evaluated based on their likelihood and potential severity, taking into account supplier due diligence findings, supplier evaluations, audit outcomes, stakeholder feedback, regulatory developments, and other relevant information.

The results of the assessment are used to prioritise areas requiring enhanced monitoring, supplier engagement, corrective actions, or supplier audits, supporting the Company's commitment to responsible sourcing and continuous improvement throughout its supply chain.

SUPPLIER SCREENED FOR NEGATIVE ENVIRONMENTAL AND SOCIAL IMPACTS GRI 308-1, 308-2, 414-1, 414-2

Dilmah assesses targeted suppliers against environmental and social criteria through multiple due diligence mechanisms, including Supplier Self-Assessments, supplier audits, supplier evaluations, and Supplier Capability Assessments. This integrated approach supports consistent screening across supplier categories and helps identify actual or potential negative impacts within the supply chain.

Assessment methodology:
Suppliers responding to the Self-Assessment: Categorised by industry sector with reference to relevant SASB standards. Their answers are then scored against sector-specific environmental and social criteria.
A supplier is considered to have significant actual or potential negative environmental impacts where it has no specific actions taken or planned for more than 75% of the relevant sector-specific environmental issues.

Supplier Audits: Supplier Auditing Check List, Procedure and Corrective Action plan

Supplier Evaluations: Bi-annual Evaluation with Scores

Supplier Capability Assessments: Onboarding Questionnaire

Phase 1:
Screening (Onboarding)

Capability Assessments.

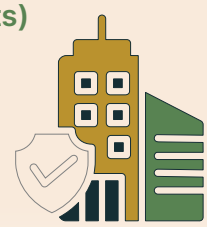
97%
of targeted packaging suppliers screened

Phase 2:
Supplier Commitment (Signing SCOC)

91%
Supplier commitment for Dilmah MJF Supply Chain Partner Code of Conduct (SCoC)

91%
targeted suppliers and service providers formally signed for SCOC

Phase 3:
Assassurance (Audits)



On-site audits & Traceability

96%
of planned audits completed for targeted Suppliers

Supplier Self Assessment

77% of targeted packaging suppliers covered through Self-Assessment

The Evaluation Criteria

- Environmental/ Emissions
- Health & Safety
- Ethical Practices
- Quality & Food Safety

Continuous Improvement Over Termination

Dilmah believes in growth. No supplier relationships were terminated; instead, the company provided on-site guidance and corrective actions to strengthen our partners

Reporting year coverage and outcomes

- All new targeted suppliers were assessed against environmental and social criteria through Supplier Capability Assessments.
- 84.6% of targeted suppliers across packaging, ingredients, and logistics were assessed using the Supplier Self-Assessment process. Tea suppliers were covered through supplier audits.

Based on the assessments conducted during the reporting year, no suppliers were identified as having significant actual or potential negative environmental impacts.

"STRONGER TOGETHER" - SUPPLIER CAPACITY BUILDING TO ADDRESS SUPPLY CHAIN SUSTAINABILITY CHALLENGES SASB - FB-NB-440a.2

Supplier capacity building goes hand in hand with Dilmah's efforts to empower suppliers not only to comply with requirements but to actively improve their environmental, social, and operational performance over time. Accordingly, supplier capacity building focuses on knowledge transfer and capability development to enable suppliers to manage sustainability risks and improve operational performance. This approach is particularly important in the context of increasingly complex environmental and social challenges affecting agricultural supply chains, including climate variability, resource constraints, and labour availability.

In relation to sourcing of tea, flavours, and herbs, the primary environmental risk identified across the supply base is climate change, while the main social risk is labour shortage. Climate change contributes to a range of interconnected environmental challenges, including groundwater depletion, rising temperatures, drought conditions, and increasingly erratic rainfall patterns. These environmental pressures also have indirect social implications, particularly through workforce migration, which exacerbates labour shortages in key sourcing regions.

As such, targeted supplier awareness and capacity-building workshops implemented under the "Stronger Together," platform are aimed at enhancing supplier risk mitigation and prompting sustainability integration across the value chain. A key initiative included a workshop conducted for representatives of Kahawatte Plantation PLC estates, which focused on strengthening sustainability understanding at the production level.

The workshop covered:

- Supply Chain Partner Code of Conduct familiarisation
- Quality and food safety in tea cultivation and manufacturing
- Climate and sustainability risks
- Resilience planning

The session was designed to reinforce responsible production practices while enhancing awareness of emerging climate-related and operational risks affecting tea cultivation. Another session was conducted for key local packaging material suppliers to help them understand and prepare for evolving international compliance requirements including EUDR readiness, while, a virtual engagement session was held on organisational-level greenhouse gas (GHG) emissions reporting to enhance supplier capability on environmental data management and transparency.

These initiatives are designed to move suppliers beyond compliance, enabling them to embed sustainability, quality, traceability, and resilience considerations into their day-to-day operations.

03
supplier awareness/capacity-building sessions held in FY 2025/26

90+
number of participants trained

Topics Covered:

- Supply Chain Partner Code of Conduct familiarisation
- Quality and food safety in tea cultivation and manufacturing
- Climate and sustainability risks
- Resilience planning
- Calculating GHG emissions (Virtual Workshop)
- Upcoming Sustainability Regulations (EUDR)

CHANNEL PARTNERS GRI 2-6

Well-aligned channel partners play an important role in upholding the Dilmah brand promise across global markets. By maintaining quality standards and ensuring consistent product handling, storage, and presentation, they help safeguard the authenticity, provenance, and reputation of Dilmah's single-origin Ceylon tea.

> Dilmah's global presence in 100+ countries/ markets is managed through an extensive network of channel partners, including distributors, partners, agents, end consumers, and the HORECA (Hotels, Restaurants and Cafes) sector.

Enabling Market Reach and Responsiveness

Through their established logistics systems, warehousing capabilities, retail relationships, and local market presence, channel partners enable efficient market penetration, improved product availability, and reliable service delivery across geographically dispersed regions.

Their on-ground knowledge also provides Dilmah with valuable insights into consumer preferences, pricing dynamics, regulatory requirements, and competitive activity. These insights support the Company in refining market strategies and remaining responsive to evolving demand patterns.

Selecting and Formalising Partnerships

Channel partnerships are built through a selective approach that considers both market capability and values alignment. Prospective partners are assessed for market expertise, operational infrastructure, financial strength, and their ability to represent Dilmah's commitment to quality, authenticity, and responsible growth.

This is followed by alignment discussions on market strategy, including sales and distribution planning, before progressing to a trial phase to assess performance under real market conditions. Successful partnerships are formalised through structured distribution agreements, often with defined territorial rights, supporting stable and long-term collaboration.

Strengthening Alignment and Performance

Once appointed, Dilmah works closely with channel partners to strengthen market execution and brand consistency through training, marketing support, and continuous communication. Partner performance is monitored through regular reviews, market visits, structured reporting, and digital collaboration tools to ensure continued alignment with sales, compliance, and brand representation expectations.

GLOBAL DISTRIBUTOR BIENNIAL CONFERENCE IN LINE WITH DILMAH'S 40TH ANNIVERSARY CELEBRATIONS

Dilmah's global distributor conference is held once every two years as a key platform to strengthen relationships, reinforce alignment, and celebrate shared achievements within the international distribution network. The event serves as an important forum for engagement between the Company and its channel partners, enabling the exchange of insights, recognition of performance, and reaffirmation of long-term partnership commitments. Distributors are also formally recognised and rewarded during the Dilmah Global Family Conference for Distributors.

In 2025, the conference marked a significant milestone as it coincided with Dilmah's 40th anniversary celebrations. It was the 11th edition of the event since its inception in 2003 and the largest to date, bringing together 150 delegates representing all global distributor markets. The gathering reflected the strength of Dilmah's international partner network and reinforced the Company's commitment to building enduring, values-based relationships with its distributors worldwide.

B2B customer Satisfaction is assessed through one-on-one in person discussions with the distributors where their requirements are clearly identified and actions are discussed and agreed on the same time.

Customer Satisfaction

B2B customer satisfaction was assessed during the 2025 Distributor Conference through one-on-one, in-person discussions with distributors. These engagements enabled customer requirements and concerns to be clearly identified, with appropriate actions discussed and agreed upon during the meetings. The process covered 80% of B2B customers.

B2C customer satisfaction (customers purchasing from the online store) is evaluated through a NPS health assessment, providing insight into customer loyalty, advocacy, and the overall strength of the customer relationship.

89%

of NPS score by March 2026

B2C (customers purchasing from the online store)

COMMUNITY

GRI 203-1, 203-2, 413-1, 413-2

During the reporting year, Dilmah did not identify any operations with significant actual or potential negative impacts on local communities. The Company's principal operations are located at Peliyagoda and Pelmadulla, and no material community-related grievances, disputes, displacement impacts, access restrictions, or adverse impacts on community health, safety, livelihoods, or cultural practices were reported in relation to these operations during the year.

At Dilmah, community is understood in a holistic and inclusive sense that extends beyond geographic proximity or direct beneficiaries. It encompasses the people most closely connected to the Company's operations and purpose, including tea and cinnamon-growing communities, employees, and their families, as well as the wider groups reached through Dilmah's purpose-led social impact initiatives implemented by the MJF Charitable Foundation. This broad definition reflects Dilmah's belief that meaningful value creation must strengthen the lives, livelihoods, and dignity of the communities that support and are touched by its business.

Dilmah's commitment to the wellbeing of its community stems from its founder's philosophy that business should be fundamentally rooted in human service. This belief has shaped Dilmah's long-standing approach to value creation, where commercial success is closely linked with social responsibility and a duty to contribute meaningfully to society. Guided by this ethos, the Company dedicates approximately 15% of its pre-tax profits to the MJF Charitable Foundation.

MJF CHARITABLE FOUNDATION

Footprint

The MJF Centre East in Kalkudah is Sri Lanka's largest private sector community initiative in the Eastern Province. Built at a cost of over Rs. 1 billion, it empowers marginalised groups and promotes sustainable, climate-resilient farming across a 23-acre site.

The MJF Centre West in Moratuwa is Dilmah's flagship and largest centre, established in 2010. Once a garment factory, it now serves as a vibrant hub for education, vocational training, and social development within a green urban setting.

The MJF Centre Cape Weligama providing community-based support and development initiatives with a focus on women empowerment, child development and youth skills training.

The MJF Centre Damana Siyambalanduwa providing community-based support and development initiatives with a focus on children, youth and small entrepreneurs.

The MJF Centre Pahalanda - providing community-based support and development initiatives tailored to the specific needs of the region.

MJF Charitable Foundation

The MJF Charitable Foundation operates as an independent organisation focused on sustained community development across five primary areas:

- National Healthcare
- Tea and Cinnamon Communities
- Disability Inclusion
- Sustainable Empowerment
- Education

Its governance structure ensures strong alignment with Dilmah's broader vision, while maintaining operational independence and accountability.

The Foundation operates through a two-tier governance structure.

Strategic oversight is provided by a Board of Trustees comprising senior members of Dilmah's leadership, including representation from the Company's Board of Directors. In line with its strategic role, the Board of Trustees serves as the main advisory committee responsible for reviewing, and approving projects under the five key pillars and monitoring outcomes to ensure the desired social impact, effectiveness, and alignment with the Foundation's mission of community empowerment and sustainable development.

At the grassroots level, the Foundation operates through a network of dedicated MJF Centres across Sri Lanka, which engage directly with local communities, government authorities, agricultural and healthcare institutions, and civil society organisations to identify pressing needs and co-develop sustainable solutions. This locally embedded approach ensures that programmes are context-specific, inclusive, and responsive to the unique socio-economic realities of each community.

KEY HIGHLIGHTS

Cervical Cancer Prevention and Early Detection Initiative

The foundation entered into a strategic partnership with the Ministry of Health and the Rotary Club of Colombo to strengthen Sri Lanka's efforts in cervical cancer prevention and early detection. The initiative commenced with an investment of Rs. 75 million to expand screening services and awareness programmes aimed at improving women's health outcomes nationwide. During the reporting year Dilmah has committed a further Rs. 50 million, enabling an additional 24,300 cervical cancer screenings and reinforcing its commitment to supporting Sri Lanka's

Social and Relationship Capital

healthcare system, advancing women's health, and contributing to improved quality of life across communities.

Non-Emergency Cancer Patient Transport Partnership with CDF

The MJF Charitable Foundation entered into a partnership with the Cyril Dharmawardana Foundation (CDF) Patient Transport Charity, contributing Rs. 6 million to sponsor the operating costs of three dedicated ambulances supporting non-emergency transport for cancer patients in February 2026.

The vehicles operate from three bases — Galle (Southern Province), Anuradhapura (North Central Province), and Vavuniya (Northern Province) — carrying patients to their nearest treatment centres, including the National Cancer Hospital, Maharagama, entirely free of charge.

March 2026 marked the first full month of consolidated activity under the partnership. Across the three bases, the ambulances completed 61 patient journeys covering 6,793 km:

- **Galle base:** 10 patients transported over 2,074 km
- **Anuradhapura base:** 7 patients transported over 1,137 km
- **Vavuniya base:** 44 patients transported over 3,582 km across 16 operating days

This initiative strengthens access to treatment for patients regardless of distance or circumstance. This is yet another meaningful step forward in our commitment to cancer care and advocacy as we continue to Make The World A Better Tea.

Support During Cyclone Ditwah

In response to Cyclone Ditwah, Dilmah extended relief across emergency response, staff recovery, and education continuity for affected communities, totalling Rs. 37.7 million.

As an immediate emergency measure, cooked meals were provided to 1,900 affected people over three days, while dry ration packs worth Rs. 1.48 million were distributed to 512 affected staff families to help them through the initial emergency period.

Financial assistance was extended in phases to staff whose homes were damaged. In the first phase, Rs. 2.3 million was provided to 138 staff members. In a subsequent phase, further support was extended through household appliances worth over Rs. 415,000, along with direct cash assistance of Rs. 544,992 to 11 staff members, helping families replace essential belongings and rebuild their homes.

To ensure children's education remained uninterrupted despite the disruption caused by landslides and floods in the tea plantations, 4,750 students from Grade 1 to Grade 13 were each provided with school books, a pair of shoes, and a school bag — a combined investment of approximately Rs. 33 million in the continuity of their schooling.

Additionally, blood donation campaigns were organised to support healthcare requirements arising from the emergency situation, reflecting the Company's broader commitment to community solidarity during the crisis.

KINDNESS DAY INITIATIVES

Dilmah commemorated the second consecutive "Kindness Day" in memory of its founder, Merrill J. Fernando. Held on his birth anniversary as a tribute to his lifelong commitment to compassion, service, and ethical business practice, the initiative reflects his enduring philosophy of using business as a force for good by uplifting people, supporting communities, and respecting nature.

The day was marked through meaningful acts of kindness directed towards both external and internal communities. These included:

- Distribution of essential good and food supplies for staff facing challenges during natural disasters (Cyclone Ditwah)
- Distribution of essential items for economically disadvantaged staffs

MJFCF PROJECT PROGRESS

EDUCATION

MJF Kids Programme
One of the cornerstone initiative of the MJF Charitable Foundation, provides children from underserved communities across eight locations in Sri Lanka with academic support, co-curricular opportunities, and leadership development. Through academic assistance, extracurricular activities, and leadership training, the programme seeks to improve school retention, strengthen self-confidence, and empower children with the skills and resilience needed to navigate social and economic challenges successfully.

Pre- School Education
The MJFC Foundation's preschool education programme delivers inclusive and holistic early childhood education through its centres in Moratuwa, Weligama, and Kalkudah, creating a nurturing learning environment for young children from diverse backgrounds. The programme is designed to support the overall development of children while also catering to the needs of those with developmental disabilities, ensuring that every child has access to quality early learning opportunities that foster growth, confidence, and social inclusion.

Curtiss Institute Of Design Technology
Established in 2017, the CIDT provides both NVQ and non-NVQ training programmes in information technology and graphic design, aligned with the national competency standards set by the Tertiary and Vocational Education Commission (TVEC). Operating across key MJF Charitable Foundation centres in Moratuwa, Peliyagoda, Weligama, and Kalkudah, the programme has empowered over 7,000 children, youth, persons with disabilities, and adults from low-income communities by equipping them with valuable digital and creative skills that enhance education, employability, and future opportunities.

Empower Culinary & Hospitality School (ECHS)
The ECHS, Sri Lanka's only Worldchefs Association-certified culinary training institute, provides industry-relevant culinary and hospitality education to young people from socio-economically disadvantaged backgrounds. Through a blend of practical training, theoretical instruction, professional skill development, and personal growth opportunities, the programme equips students with the competencies needed for sustainable employment, empowering them to achieve economic self-sufficiency and pursue fulfilling careers with dignity and confidence. In 2025, it received the best project sustainability award at the Best Corporate Citizen Sustainability Awards.

Social and Relationship Capital

DISABILITY & INCLUSION

Rainbow Horizons

Rainbow Horizons is an inclusive programme of the MJF Charitable Foundation that provides holistic education, therapeutic support, and care services for children and youth with Down syndrome and other developmental disabilities across centres in Moratuwa, Rajagiriya, Kalkudah, and Jaffna. Designed to create a safe, supportive, and disability- and gender-sensitive learning environment, the programme empowers participants from socio-economically disadvantaged backgrounds to build confidence, enhance their skills, and achieve greater independence. Through its comprehensive approach to learning and development, Rainbow Horizons has supported more than 3,750 children and youth with disabilities in reaching their full potential.

Centre for Children with Cerebral Palsy and Developmental Disorders

Through a holistic and family-centered approach, the Cerebral Palsy and Developmental Disorders Centre provides specialised education, therapy, and developmental support for children with cerebral palsy and other developmental disorders. Based in Kalapaluwawa, Rajagiriya, the centre also serves as a resource hub for caregivers, teachers, and professionals, offering training, guidance, and capacity-building opportunities to enhance the care and development of children with special needs while promoting greater independence and improved quality of life.

AIDEX (Aid to the Ex-Abled)

AIDEX is an annual sports festival that provides persons with disabilities from across Sri Lanka with an inclusive platform to showcase their talents, build self-confidence, and develop independent living skills. Organised by the Colombo Friends in Need Society and supported by Dilmah and the MJF Charitable Foundation for over two decades, the event fosters a strong sense of community, encourages participants to challenge their limitations with dignity, and promotes greater social inclusion and empowerment.

SUSTAINABLE EMPOWERMENT

Women's Development Programme (WDP)

The WDP supports women from low-income communities by enhancing their economic independence and overall well-being through skills development, entrepreneurship training, psychosocial support, and sustainable livelihood opportunities. The initiative provides technical training, grants, and practical skills in areas such as sewing, cooking, and home gardening, with a particular focus on supporting women, including mothers of children with disabilities. In addition to promoting nutritional awareness and emotional well-being, the programme raises awareness of important social issues such as personal hygiene, gender-based violence, and financial literacy through partnerships with community support groups. The initiative also includes the Good Heart Café in Moratuwa, which creates income-generating opportunities while serving nutritious, home-style meals to the community.

Small Entrepreneur Programme (SEP)

Established in the aftermath of the 2004 Indian Ocean tsunami, the SEP supports micro and small business owners by providing equipment, grants, market access, networking opportunities, and mentoring to help strengthen and sustain their enterprises. Since its inception, the programme has empowered more than 2,600 entrepreneurs, promoting inclusive economic development by supporting diverse groups, including women, persons with disabilities, retirees, and emerging business owners. Through its comprehensive approach, SEP fosters entrepreneurship, enhances livelihoods, and creates pathways for long-term financial independence and business growth.

People's Market

The People's Market is a quarterly initiative that provides valuable market access and income-generating opportunities for small businesses, women-led enterprises, and entrepreneurs with disabilities in Moratuwa, Weligama, and Kalkudah. Established in response to the economic challenges arising from the COVID-19 pandemic, the programme was designed to help revive small enterprises and support individuals affected by unemployment. Today, each market brings together more than 100 entrepreneurs, creating a platform to showcase and sell their products while connecting with a broad customer base. By attracting hundreds of shoppers at every event, the initiative promotes entrepreneurship, strengthens local economies, and supports sustainable livelihoods within underserved communities.

Social and Relationship Capital

NATIONAL HEALTHCARE

Cervical Cancer Prevention and Early Detection Initiative

In partnership with the Ministry of Health and the Rotary Club of Colombo, the Foundation launched a cervical cancer prevention and early detection initiative to strengthen women's healthcare in Sri Lanka. Beginning with an investment of Rs. 75 million and later expanded through an additional Rs. 50 million contribution, the programme focuses on increasing access to cervical cancer screening, raising awareness, and reducing stigma, particularly among underserved communities and vulnerable groups. Aligned with the World Health Organisation's 90-70-90 targets for eliminating cervical cancer by 2030, the initiative supports nationwide efforts to improve early detection, prevention, and treatment, including the provision of over 20,000 additional screenings, ultimately contributing to better health outcomes and quality of life for women across the country.

1990 Suwa Seriya Ambulance Sponsorship

The MJF Group supports Sri Lanka's 1990 Suwa Seriya free ambulance service by funding seven ambulances operating across several regions, including Batticaloa, Kiribathgoda, Nawalapitiya, Hatton, Nuwara Eliya, and Pelmadulla. Through this contribution, the initiative helps strengthen access to emergency medical transportation and pre-hospital care, enabling timely healthcare assistance for communities across the country and supporting the delivery of lifesaving services when they are needed most.

Scan to visit our sustainability reports

TEA AND CINNAMON COMMUNITY

Supporting Plantation Communities

Guided by its long-standing commitment to the well-being of plantation communities, Dilmah, through the MJF Charitable Foundation and Dilmah Ceylon Tea Services, has invested in a range of initiatives aimed at improving the quality of life of estate workers and their families. These efforts include the provision of midday meals and Child Development Centres (CDCs), school bags for children transitioning from CDCs to Grade 1, scholarship support, and savings passbooks for newborn children. The programme also promotes safer and more dignified working conditions through the distribution of ergonomic harvesting baskets and personal protective equipment (PPE) for sprayers, while enhancing living standards through worker housing improvements and the construction of field rest rooms. Reflecting Dilmah's belief that business should serve humanity, these initiatives support access to education, health, safety, and economic opportunity, helping estate communities live with greater dignity, security, and hope for the future.

Education

Projects	Number of Beneficiaries 2025/26	2024/25	2023/24
Empower IT Lab support for DCTC Factory Staff	26	67	
MJF Kids Program	1,007	852	667
Curtiss Institute for Design Technology	704	180	682
Pre-school Education	99	232	
Empower Culinary & Hospitality School (ECHS)	45	77	34
Training Program for Tailoring	96	77	38

SDGs

Healthcare

Projects	2025/26	2024/25	2023/24
1990 Suwa Seriya Ambulance Sponsorship	500,000+	500,000+	
Annual Blood Donation	270	107	

Tea & Cinnamon Communities

Projects	2025/26	2024/25	2023/24
Supporting Plantation Communities	47,688	47,688	47,688
Scholarships	40	43	131
Passbooks for Newborns	41	40	40

Disability & Inclusion

Projects	2025/26	2024/25	2023/24
Centre for Children with Cerebral Palsy and Developmental Disorders	135	322	
Rainbow Horizons	262	247	50
Elders care	63	152	22
AIDEX	312	227	263

Sustainable Empowerment

Projects	2025/26	2024/25	2023/24
Small Entrepreneur Programme (SEP)	94	174	47
Women's Development Programme (WDP)	860	633	30
People's Market	234	145	
Good Heart Café	25	17	
Total	552,001	551,280	49,692

Natural Capital

FORTY YEARS OF SUSTAINABILITY AND CONSERVATION STEWARDSHIP

For forty years, Dilmah has operated on the premise that business is a matter of human service, and that long-term viability is inseparable from the health of our natural environment. Today, this responsibility is integrated into every level of operation through a concerted effort to minimise environmental impact, optimise resource use, and scale the adoption of cleaner energy alternatives. This commitment to operational responsibility is balanced by a dedicated, long-standing program of conservation, which seeks to protect and restore the ecological integrity of the landscapes under the company's care. By simultaneously refining its emissions footprint and championing biodiversity, the company is working to ensure that its business remains grounded in a restorative relationship with the natural world.

The year under review marked continued progress in strengthening Dilmah's Natural Capital agenda, with focused action across energy efficiency, renewable energy expansion, emissions management, water stewardship, waste reduction, sustainable materials management, and biodiversity conservation. Key initiatives included the expansion of solar energy capacity, implementation of energy monitoring systems, electrification of the vehicle fleet, continued operation of environmental management systems, and the advancement of Dilmah Conservation programmes through the One Earth Centres, including ecosystem regeneration, scientific research, environmental education, and community-led conservation.

OVERVIEW

Dilmah's strong connection to Natural Capital reflects the long-term sustainability of the business, which is inseparable from the health of ecosystems, biodiversity, and natural resources.

MANAGEMENT APPROACH GRI 3-3

Based on the foundational belief that business must operate in harmony with nature, Dilmah's Sustainability/ESG Policy and ESG framework embed the commitment to protect and enhance Natural Capital.

Through the policy framework, environmental stewardship is integrated into every aspect of decision-making and operations with every function across the organisation expected to contribute meaningfully to advancing these commitments through practical action, operational efficiency, and innovation, underscoring Dilmah's dedication to creating positive environmental impact and safeguarding the natural systems upon which both society and business depend.

Further reinforcing this commitment, Dilmah extends its environmental stewardship beyond core business operations through its "Beyond Business" philosophy, led by Dilmah Conservation. As the Company's dedicated environmental arm, Dilmah Conservation drives long-term initiatives focused on biodiversity conservation, climate resilience, ecosystem restoration, and environmental education.

A clear proof point is the Endane Biodiversity Corridor, which has restored 40 hectares of degraded tea land into a regenerating rainforest landscape, supporting the conservation of 113 globally threatened tree species and more than 200 animal species.

Impact to Strategy

- Global Market Leadership
- Operational Excellence
- Environment, Sustainability & Governance

Material Matters

- Brand Image and Reputation
- Environmental & Socio-economic Compliance
- Product Responsibility
- Power and Energy
- Managing our Supply Chain
- Implications of Climate Change
- Preserving the Environment

Our Contribution to Global Goals

Key Priorities for 2025/26

- Adaptation and Sustainability
- Biodiversity Conservation and Restoration
- Environmental Education, Awareness and Environmental Advocacy
- Climate Resilience

KEY OUTPUTS

92.6% year-on-year increase in renewable energy generation

482,185 kWh of Solar energy generation within the facility equivalent to planting **5,642** trees (250,350 kWh equivalent to 2,929 trees - 2024/25)

87% of the Total Waste Recycled/Repurposed/Re-used (86.44% - 2024/25)

34,698 MT CO2e discharge of Emissions from tea gardens to the destination ports of all overseas markets (45,213 MT CO2e - 2024/25)

Dilmah was recognised among the **Top 10 Finalists** – Net Zero: Supply Chain Decarbonisation at the Global Sustainability Awards

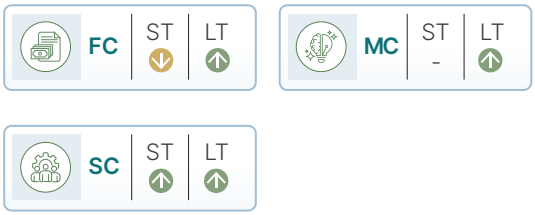
40 ha of biodiversity habitats restored through the Endane Biodiversity Corridor (EBC) initiative

Natural Capital

KEY HIGHLIGHTS FOR FY 2025/26

- **Rs. 8 million** invested in improving energy efficiency and reducing energy intensity
- **Rs. 12.7 million** invested in infrastructure for electrification of the vehicle fleet to drive a systematic reduction in Scope 1 emissions
- **Rs. 66 million** allocated for Dilmah conservation initiatives

Capital Trade-offs



WAY FORWARD

Key Priority	Short Term	Medium - Long Term
Adaptation and Sustainability	Develop a decarbonisation action plan aligned with the Science Based Targets initiative (SBTi) Net-Zero commitment.	Conduct product life cycle assessments (LCAs) to analyse product-specific environmental impacts.
Biodiversity Conservation and Restoration	Continue community-based sustainable beekeeping project to enhance livelihoods, promote biodiversity conservation, and support ecosystem health	Implemented the Harvest 2 Project, a school-focused agriculture initiative.
Environmental Education and Awareness and Environmental Advocacy Climate Resilience	Implement the Grey-to-Green project, a community-engaged initiative focused on urban forest creation and ecosystem restoration.	Implement a community-focused seaweed farming project to promote sustainable livelihoods and marine resource conservation.
		Establish a Research and Outreach Hub for Human–Wildlife Conflict

NATURAL CAPITAL ACTION PILLARS

Responsible Operations

- **Reducing GHG Emissions:** Minimise carbon footprint, monitor and lower greenhouse gas output.
- **Optimising Energy Use:** Improve efficiency, shift to renewable sources, reduce consumption.
- **Managing Water Resources:** Enhance water efficiency, treat wastewater, protect freshwater sources.
- **Reducing Waste Generation:** Implement circularity, recycle materials, minimise landfill disposal.
- **Efficient Resource Use:** Maximise material efficiency, sustainable sourcing, reduce input use.

Beyond Business Conservation

- **Protecting Biodiversity:** Conserve ecosystems, support wildlife habitats, promote species diversity.
- **Ecosystem Restoration:** Rehabilitate degraded land, restore forests, revitalise habitats.
- **Building Climate Resilience:** Adapt to climate impacts, strengthen infrastructure, enhance community response.
- **Fostering Education & Awareness:** Educate communities, share knowledge, promote sustainable practices

Environmental Impact Management Framework

Dilmah's approach to environmental stewardship is anchored in a comprehensive Environmental Impact Management Framework, which brings together internationally recognised standards, certifications, and voluntary best practices to guide responsible action across the business. This framework provides the structure through which the Company monitors, manages, and continually improves its environmental performance, with particular focus on its most material impact areas, including emissions management, water stewardship, sustainable agriculture, and biodiversity conservation.

ENVIRONMENT IMPACT MANAGEMENT FRAMEWORK

ISO 14001:2015 Environmental Management System (EMS) - Provides a structured framework for identifying, managing, monitoring, and continuously improving environmental impacts across operations. It helps Dilmah integrate environmental considerations into decision-making while driving resource efficiency, pollution prevention, and overall environmental performance.

ISO 14064-1:2018 Greenhouse Gas Standard - Establishes internationally recognised principles and requirements for quantifying, reporting, and verifying greenhouse gas (GHG) emissions. The standard supports the Company's efforts to accurately measure its carbon footprint and strengthen climate-related accountability and transparency.

Science Based Targets initiative (SBTi) Net-Zero Targets - Provides a science-based pathway for reducing greenhouse gas emissions in line with global climate goals and the Paris Agreement. The framework guides Dilmah's long-term decarbonisation strategy and commitment towards achieving net-zero emissions.

ISO 14046:2014 Water Footprint Assessment Standard - Provides a lifecycle-based methodology for assessing water consumption and water-related environmental impacts. The standard enables Dilmah to better understand water dependencies, improve water efficiency, and strengthen responsible water stewardship practices.

Rainforest Alliance Sustainable Agriculture Standard (RA)- Promotes sustainable agricultural practices that support biodiversity conservation, ecosystem protection, climate resilience, soil health, and responsible natural resource management while enhancing the livelihoods of farming communities.

SMETA (Sedex Members Ethical Trade Audit) - A globally recognised ethical audit framework that assesses environmental management, labour practices, health and safety, and business ethics. It supports Dilmah's commitment to responsible business conduct, sustainable operations, and continuous improvement across its value chain.

Materials Management GRI 301-1

SASB - FB-NB-410a.1

As a value-added tea producer, approximately 92% of the materials utilised across Dilmah's operations are renewable in nature, of which Tea accounts for the largest proportion of materials consumed across the value chain. The balance comprises non-renewable materials primarily associated with packaging, manufacturing inputs, and operational requirements.

Dilmah's approach to materials management is guided by the principles of responsible sourcing, resource efficiency, product integrity, and circularity. In line with these principles, the Company continually seeks opportunities to optimise material utilisation, minimise waste generation, reduce environmental impacts, and promote sustainable alternatives while maintaining the highest standards of product quality and food safety. Raw materials are managed and valued on a first-in, first-out (FIFO) basis, supporting efficient inventory rotation, minimising the risk of obsolescence and material deterioration, and reducing avoidable waste. Accordingly, decisions regarding material selection are carefully evaluated against criteria relating to consumer safety, regulatory compliance, environmental performance, functionality, and long-term sustainability.

Materials Used Across Dilmah's Value Chain				
Material Category	**Material Type**	**FY 2025/26 (MT)**	**FY 2024/25 (MT)**	**FY 2023/24 (MT)**
Renewable	Tea	5,293.2	5,769.3	9,569.9
	Cardboard	1,991.6	2,070.3	1,797.3
	Paper	270.2	323.9	278.5
	Herbs	162.3	156.8	113.1
	Flavours	45.0	48.8	43.7
	Wood	61.9	37.5	46.7
	Thread	37.1	38.4	22.6
	Cloth	1.0	1.0	1.0
	Rubber	0.1	0.1	0.1
	Paper (Filter)	349.7	322.1	314.9
Non- Renewable	Polythene	56.1	66.4	50.4
	Plastic	8.4	4.8	13.1
	Glass	10.2	11.5	12.2
	Metal	15.0	8.1	6.7
	Aluminum Wire	0.8	1.5	2.0
	Glue	10.5	17.4	8.4
	Ink	1.8	1.6	0.4
	Tin Caddy	53.0	42.8	41.4
	Composites	492.3	507.3	381
	Porcelain	24.2	19.2	21.8
	Sticker	58.1	49.6	15.9
Total Renewable Material		8,212.1	8,768.2	12,187.8
Total Non-Renewable Material		730.4	730.2	553.3
Total Material		8,942.5	9,498.4	12,741.1
% of Renewable Material		92%	92%	96%
% of Non-Renewable Material		8%	8%	4%

Recycled/Reclaimed Packaging Materials GRI 301-2, 301-3

SASB - FB-NB-410a.1,2

Meanwhile, given the stringent food safety and hygiene standards governing the tea and beverage industry, Dilmah does not utilise reclaimed materials in direct food-contact packaging, as such materials may introduce contamination risks and compromise product quality and consumer safety. Similarly, recycled materials are not incorporated into primary packaging applications. However, in line with its commitment to advancing circular economy principles wherever practicable, the Company strives to ensure secondary and tertiary packaging materials remain compatible with established recycling streams while preserving the integrity and safety of finished products.

At the same time, the dedication to advancing sustainable packaging solutions has prompted investment in technology, research, and packaging innovation, resulting in all possible production lines converted to PLA-based filter paper, which has significantly reduced reliance on conventional plastic-based materials. Moreover, the introduction of tear-strip packaging designs has enabled the elimination of plastic overwrap from tea packs, while kraft paper-based inner cartons have replaced conventional inner crayon packaging, improving reusability and recyclability. Within the Café range, foil envelope tea bags have been replaced with paper envelopes, further reducing material impacts.

ENERGY MANAGEMENT

GRI 302-1, 302-3, 302-4

Dilmah's approach to energy management is based on a comprehensive understanding of its energy mix and the role each energy source plays within the day-to-day operations. The Company's energy profile comprises a combination of both non-renewable and renewable energy sources. Non-renewable energy sources primarily include grid electricity, diesel, furnace oil and liquefied petroleum (LP) gas for powering manufacturing processes, logistics operations and backup power generation. Renewable energy consists mainly of solar energy generated through investments in the rooftop deck at the Peliyagoda factory.

Dilmah Energy Management Approach and Key Initiatives for FY 2025/26

Efficiency Upgrades

Commissioning Variable Frequency Drives (VFDs) for Cooling Towers

Variable Frequency Drives (VFDs) were installed on cooling towers across all four floors of the main building. The VFDs regulate motor speeds in line with real-time cooling demand, translating into measurable energy savings.

Installed a 1.3 MW Uninterruptible Power Supply (UPS) System

A 1.3 MW UPS system was installed at the production facility to safeguard operations against power outages, supply interruptions, and voltage fluctuations, thereby minimising production disruptions and protecting sensitive electronic equipment.

Installing Solar Film at Warehouse 06

Solar control films were installed in Warehouse 06 to reduce heat gain caused by direct solar radiation. The initiative achieved an 80% reduction in solar radiation entering the facility, leading to an approximately 5% reduction in energy consumption.

Completing the Energy Monitoring System Implementation

The full integration of an advanced Energy Monitoring System, including solar energy monitoring capabilities was completed in the current year. The new system provides granular, real-time visibility into energy consumption.

Low Carbon Mobility

Fleet Electrification Programme

As part of the effort to reduce the dependence on conventional fossil-fuel-powered transportation, the Company accelerated the electrification of its transport fleet by replacing 23 rented vehicles with electric vehicles (EVs), installing seven EV charging points, and converting two company-owned vehicles to hybrid models. The initiative contributes directly to the reduction of Scope 1 greenhouse gas emissions.

Solar Energy Expansion Drive

Rooftop solar capacity at Warehouse 02 was expanded from 157 kWp to 251 kWp, and at Warehouse 04, from 100 kWp to 237 kWp, significantly enhancing on-site renewable energy generation. In addition, a 4 MW ground-mounted solar project was completed and is currently awaiting grid connection.

Energy Source	Energy DCTC (GJ)	Energy MJFB (GJ)	Total Energy (GJ) 2025/26	Total Energy (GJ) 2024/25	Total Energy (GJ) 2023/24
Diesel					
Generators	712.3	330.7	1,043.0	1,365.8	1,809.3
Vehicles	1,318.4	97.9	1,416.3	1,532.3	1,554.6
Machinery	121.6		121.6	117.9	131.4
Petrol					
Vehicles	31.9		31.9	33.1	24.3
Machinery	27.8	1.3	29.1	33.5	21.0
Furnace Oil		981.8	981.8	1,173.7	1,060.2
LP Gas	88.7	0.1	88.8	56.3	369.6
Total Fuel Consumption from Non-Renewable Sources	2,300.7	1,411.8	3,712.5	4,312.6	4,970.3
Electricity Purchased	16,657.4	214.5	16,871.9	15,444.8	16,403.9
Electricity Generated (Solar)	1,735.9		1,735.8	644.5	790.0
Total Energy Consumption	**20,694.0**	**1,626.3**	**22,320.2**	**20,401.9**	**22,164.2**

Energy Intensity: 1,015 GJ/Bn LKR revenue

EMISSION MONITORING

GRI 305-1, 305-2, 305-3, 305-4, 305-5

Emission monitoring at Dilmah is a structured and formal process that serves as the foundation for the Company's climate action strategy in line with its commitment to the Science Based Targets initiative (SBTi). The process of measuring and tracking upstream, midstream and downstream greenhouse gas (GHG) emissions across Dilmah's operations is undertaken in accordance with the requirements of ISO 14064-1:2018 Greenhouse Gas Standard and GHG Protocol which provides a globally accepted framework for the quantification, monitoring, reporting, and verification of Scope 1, Scope 2, and applicable Scope 3 emission categories using standardised methodologies, defined organisational boundaries, and consistent data collection processes. Independent assurance verifies the accuracy, completeness, and transparency of reported emissions and provides an additional layer of accountability in tracking progress towards the Company's Science Based Targets initiative (SBTi) commitments. The GHG inventory covers both the Dilmah Ceylon Tea Company PLC & its subsidiary MJF Beverages Pvt. Ltd.

SCIENCE BASED TARGETS

Dilmah becomes the first Company in Sri Lanka's Food and Beverage Processing sector to secure SBTi validation across all three target categories

Dilmah received formal recognition from the Science Based Targets initiative (SBTi) for its full alignment with the SBTi Criteria and Recommendations. Following a rigorous and detailed review process conducted by the SBTi's Target Validation Team, Dilmah was granted official validation for its Net Zero targets comprising Near-Term, Long-Term, and Forest, Land and Agriculture (FLAG) commitments. The achievement places Dilmah as the first Company in Sri Lanka's Food and Beverage Processing sector to secure SBTi validation across all three target categories, underscoring the Company's pioneering role in driving credible, science-aligned climate action.

Category	Emission Source (MTCO2e)	FY 2025/26 DCTC	FY 2025/26 MJFB	FY 2025/26 Total	FY 2024/25 Total	FY 2023/24 Total	Y-O-Y Change (%)
Scope 1	Stationary Combustion	54.49	99.74	154.23	189.38	224.39	-18.57%
	Mobile Combustion	105.14	6.90	112.04	120.16	117.81	-6.77%
	Industrial Process Emissions	0.71		0.71	1.18	1.84	-39.83%
	Refrigerant and Air Conditioning	0.00	0.00	0.00	0.00	93.50	0.00%
	Wastewater Treatment and Discharge	101.28	18.86	120.14	134.18	141.49	-10.47%
	Fire Suppression Equipment	0.10	0.00	0.10	0.06	0.03	71.67%
	Total Scope 1 Emissions	261.71	125.50	387.21	444.96	579.06	-12.98%
Scope 2	Indirect Emissions from Purchased Electricity(LB)	1,930.86	24.86	1,955.72	1,742.69	1,742.23	12.22%
	Indirect Emissions from Purchased Electricity(MB)	1,638.75	24.86	1,663.61			
Scope 3	Category 1: Purchased Goods and Services (FLAG)	10,972.03	137.47	11,109.50	12,247.25	11,085.55	-9.29%
	Category 1: Purchased Goods and Services (NON- FLAG)	13,089.39	99.69	13,189.08	19,573.57	16,294.87	-32.62%
	Category 2: Capital Goods	663.71	3.99	667.70	2,252.58	615.37	-70.36%
	Category 3: Fuel & Energy Related Activities	1,225.43	123.39	1,348.82	362.35	647.54	272.24%
	Category 4: Upstream Transportation and Distribution	1,703.25	0.05	1,703.30	2,322.72	2,008.34	-26.67%
	Category 5: Waste Generated in Operations	20.53	0.63	21.16	37.89	82.14	-44.15%
	Category 6: Business Travel	86.24		86.24	328.96	333.86	-73.78%
	Category 7: Employee Commuting	720.35	9.58	729.93	955.48	1,011.05	-23.61%
	Category 8: Upstream Leased Assets		0.58	0.58	0.69	0.75	-15.94%
	Category 9: Downstream Transportation and Distribution	0.54	4.72	5.26	3.24	2.16	62.35%
	Category 10: Processing of Sold Products		0.70	0.70	0.40	0.57	75.00%
	Category 11: Use of Sold Products				-	-	
	Category 12: End-of-Life Treatment of Sold Products	2,587.95	20.39	2,608.34	2,781.51	2,372.17	-6.23%

Category	Emission Source (MTCO2e)	FY 2025/26 DCTC	FY 2025/26 MJFB	FY 2025/26 Total	FY 2024/25 Total	FY 2023/24 Total	Y-O-Y Change (%)
	Category 13: Downstream Leased Assets	59.24		59.24	218.63	218.63	-72.90%
	Category 15: Investments (FLAG)	606.52		606.52	1,673.01	1,395.66	-63.75%
	Category 15: Investments (NON-FLAG)	510.31		510.31	266.75	222.53	91.31%
	Total Scope 3 Emissions	32,245.47	401.19	32,646.66	43,025.04	36,291.20	-24.12%
	Grand Total (LB)	34,438.05	551.56	34,989.61	45,212.69	38,612.49	-22.61%
	Grand Total (MB)	34,145.94	551.56	34,697.47	45,212.69	38,612.49	-23.26%

GHG Emission Intensity: 1.578 MTCO2e/Bn LKR revenue.
2023/24 is selected as the base year which is the same BY for SBTi approved targets.

Managing Scope 3 emissions across the value chain

Dilmah works closely with downstream partners, actively reimagining its logistics and distribution as part of a collaborative journey to not only manage Scope 3 greenhouse gas (GHG) emissions but to lighten the collecting footprint we leave on the planet. A key aspect of this effort involves improving logistics efficiency and optimising distribution models in collaboration with key retail and export customers. By working to streamline shipment consolidation, reduce partial loads, and improve route efficiency, Dilmah targets a systematic reduction of transport-related emissions in downstream activities.

In addition, downstream partners are encouraged to adopt Dilmah's best practices, including the exchange of emissions-related data in alignment with the Company's established data capture methodologies and reporting boundaries. This enables greater consistency, comparability, and accuracy in Scope 3 emissions accounting across the value chain.

Furthermore, Dilmah collaborates with B2B customers to rethink packaging – prioritising lighter, more sustainable, and truly recyclable materials. This is our bid to reduce embodied carbon associated with packaging production, as well as minimise end-of-life environmental impacts through improved recyclability and waste reduction ensuring that what reaches the consumer is defined by its quality and its integrity, not by its waste.

"Stronger Together" Supplier Sustainability Programme

Supply chain sustainability is key to business sustainability, with a significant share of scope 3 emissions residing within the upstream and downstream value chain. To improve supplier knowledge, several training sessions were organised during the year under the "Stronger Together" initiative, aimed at building the capacity of supply chain stakeholders and equipping them with tools to navigate the evolving landscape of international regulatory and compliance demands. In total, 03 events were held, engaging 90+ beneficiaries across the Tea, Packaging & Ingredients sectors.

Managing ODS and Other Gaseous Emissions GRI 305-6, 305-7

As a manufacturer of value-added tea products, Dilmah's operations do not involve combustion-intensive industrial processes or substances known to contribute to ozone depletion. Accordingly, the Company does not monitor ozone-depleting substances (ODS). However, stack emissions and vehicle emission testing are regularly monitored for nitrogen oxides (NOx), sulfur oxides (SOx), and other regulated atmospheric emissions, while air quality is measured at required intervals.

WATER STEWARDSHIP

GRI 303-1, 303-2, 303-4, 303-5

SASB - FB-NB-440a.1

Water Use, Sources and Wastewater Reuse

Water consumption at Dilmah is primarily associated with sanitation, cleaning, utility operations, landscaping, and other ancillary facility requirements. Water is sourced through municipal water networks across our operations.

To support responsible water stewardship, the Company operates an on-site Effluent Treatment Plant (ETP), which treats wastewater generated from both process and sewerage streams. Once treated to the required standard, treated wastewater is reused for gardening and landscaping purposes and is also collected in a dedicated fire-water reservoir. This reduces demand for freshwater withdrawals while ensuring wastewater is managed responsibly.

Water Risk and Monitoring

Although water is not a material input to Dilmah's manufacturing processes, the Company recognises water as a critical natural resource requiring responsible stewardship. This is particularly relevant as the Peliyagoda and Rilhena facilities are located in areas classified as high water risk by the WRI Aqueduct Water Risk Atlas, with risk scores ranging between 3 and 4 on a 5-point scale.

To ensure efficient water use, consumption is continuously monitored across all major points of use, including:

- Production facilities
- Utility systems
- Sanitation infrastructure
- Landscaping activities

Daily and monthly monitoring enables the timely identification of inefficiencies, detection of potential leakages, and implementation of corrective measures to optimise water performance.

Water Footprint Assessment

A formal water footprint assessment is carried out annually in accordance with the ISO 14046:2014 Water Footprint Assessment Standard. The findings provide insights into water consumption patterns and associated impacts, supporting data-driven decision-making and the identification of continuous improvement opportunities across operations.

Water Audit at Head Office

During the year, a Water Audit assessment was conducted at the Head Office to further strengthen water management and identify practical opportunities for improving water efficiency. The assessment was carried out to support the Company's ongoing commitment to responsible water stewardship and resource optimisation.

The scope of the Water Audit included:

- Identifying the main water-use and wastewater-generating areas within the facility
- Quantifying specific water usage in terms of m^3 per employee per month
- Identifying water-efficiency improvement opportunities
- Assessing possibilities for minimising water wastage
- Exploring opportunities for water reuse and recycling within the facility

The findings of the Water Audit are expected to support targeted improvements in water efficiency, reduce avoidable water losses, and strengthen water monitoring practices at the Head Office.

Conservation, Reuse and Alternative Water Sources

Dilmah continues to advance water sustainability through initiatives focused on conservation, recycling, reuse, and alternative water sourcing. Wastewater generated from operations is treated and repurposed for landscaping, gardening, and fire-water storage, reducing reliance on freshwater resources.

Rainwater harvesting systems have also been installed at the Company's Headquarters, the One Earth Centre in Moratuwa, and selected tea estates managed by Kahawatte Plantations PLC. Collectively, these systems provide a rainwater harvesting capacity of 129,799 m^3, enhancing water resilience and reducing dependence on external water sources.

Value Chain Water Stewardship

Beyond its direct operations, Dilmah recognises the indirect water-related risks embedded within its value chain. Tea, the Company's primary raw material, is sourced locally from tea-growing regions that are exposed

to moderate to high levels of water stress. According to the WRI Aqueduct Water Risk Atlas, many of the tea estates supplying Dilmah operate in areas with water risk scores ranging between 3 and 4 on a 5-point scale.

As a result, effective water management has been identified as a strategic priority to safeguard the long-term sustainability and climate resilience of tea cultivation. Dilmah works with tea-growing partners to strengthen water stewardship practices and enhance resilience to changing climatic conditions. As a proactive measure, rainwater harvesting systems have been introduced at selected tea estates to improve water availability during dry periods, reduce dependence on external water sources, and support more sustainable agricultural practices.

Water Footprint (m^3/year)	DCTC FY 2025/26	MJFB FY 2025/26	DCTC FY 2024/25	MJFB FY 2024/25
Direct Green Water Footprint	N/A	N/A	N/A	N/A
Direct Blue Water Footprint	23,476 m3 /year	460 m3 /year	11,851 m3 /year	527 m3 /year
Direct Grey Water Footprint	4,283 m3 /year	510 m3 /year	7,647 m3 /year	353 m3 /year
Total Direct Water Footprint	27,759 m3 /year	970 m3 /year	19,498 m3 /year	880 m3 /year

Water Management Indicator	FY 2025/26	FY 2024/25	FY 2023/24	Y-O-Y (%) 25/26 vs 24/25
Volume of Water Withdrawn and Consumed (Third-Party Municipal Water) (ML)	41.17	35.93	39.15	15%
Water Discharged to the WWTP (ML)	17.69	23.01	41.11	-23%

WASTE AND EFFLUENT MANAGEMENT

GRI 306-1, 306-2, 306-3, 306-4, 306-5

As a manufacturer of value-added tea products, Dilmah's operations primarily generate non-hazardous waste streams with the Company's waste profile predominantly comprising tea waste, paper and cardboard, plastics, polyethylene, and other general operational waste. While the environmental impact of these waste streams is relatively low compared to heavy industrial sectors, Dilmah remains committed to responsible waste management practices that prioritise waste minimisation, resource recovery, and environmental protection.

Waste Management Approach

Standard Operating Procedures (SOPs) are in place for the responsible management of all waste streams, starting with the segregation of waste at source using clearly identified collection points and dedicated storage areas. Waste is stored in designated and secure waste storage locations designed to prevent environmental contamination and unauthorised access. Where required, secondary containment measures are implemented, and all containers are clearly labelled to prevent cross-contamination between waste streams and ensure compliance with applicable environmental and safety requirements.

Waste handling activities are undertaken by trained personnel who are responsible for adhering to established procedures and maintaining safe operating practices throughout the waste management process. In addition, documented emergency response procedures are in place to manage accidental spills or waste-related incidents that may occur during storage, handling, or transportation. Regular awareness programmes and operational controls further reinforce the importance of proper waste segregation, handling, and storage across the workforce.

Find Your Inspiration at Dilmah

This initiative is designed to enhance employee awareness of sustainability and circular economy concepts, with multiple projects conducted over the past years.

As part of this staff engagement initiative, a Sustainable Christmas Decoration Competition was organised, encouraging production staff to create their own Christmas trees using production waste materials. The initiative aimed to promote "reuse" as a practical and creative solution for waste reduction.

Material Consumption Optimisation and Wastage Reduction

The company has demonstrated a measurable commitment to minimising material consumption across its operations. As evidenced by internal performance data, the overall material wastage percentage has been reduced by 0.4% in the financial year 2025/26 compared to the preceding two financial years:

Financial Year	Wastage %
2023/24	1.4%
2024/25	1.4%
2025/26	1.0%

This improvement has been achieved through a combination of machine enhancements, internal process improvements, and structured wastage reduction studies and projects. Key initiatives include the implementation of advanced camera systems for real-time defect detection, internal machine modifications to improve operational efficiency, and the revision of work instructions based on findings from dedicated studies and Six Sigma projects. Internal system improvements have further supported the optimisation of material usage and the reduction of waste generation at the production level. Crucially, these technical measures were supported by structured employee training and development programs alongside work specialisation strategies. These measures collectively demonstrate the company's structured and evidence-based approach to minimising material consumption and improving overall operational efficiency.

Reduce, Re-cycling, Reuse and Repurpose

Dilmah prioritises reuse and recycling wherever practical, in line with its commitment to reducing landfill waste and supporting circular resource use. Waste streams are assessed for opportunities to recover value before disposal is considered.

Key reuse and recycling practices include:

- Returning corrugated boxes and plastic cones to suppliers for reuse
- Repurposing pallets, empty cans, empty tea sacks for gardening activities at the Dilmah One Earth Centre in Moratuwa
- Segregating recyclable materials at source to support efficient recovery and recycling

Waste Disposal and End of life waste and Management

Waste streams that cannot be reused or recycled are managed through licensed and authorised waste management partners. This ensures that non-recyclable waste is handled in accordance with applicable regulatory requirements and recognised environmental standards.

Dilmah continues to reduce end-of-life waste impacts by offering home-compostable, biodegradable, and industrially compostable product options. These alternatives support more responsible disposal pathways and reduce reliance on conventional plastic-based materials.

Key packaging improvements include:

- Converting all possible production lines to PLA-based filter paper
- Introducing tear-strip packaging designs to eliminate plastic overwrap from tea packs
- Replacing conventional inner crayon packaging with kraft paper-based inner cartons to improve reusability and recyclability
- Introducing home compostable cellulose-based sachets for the Luxury Leaf , Exceptional and Silver Jubilee tea ranges

End of Life waste Management through Innovations – Case Study 2025/26

Dilmah continues to integrate sustainability considerations into product design and manufacturing, with a focus on reducing environmental impacts across the product lifecycle, including end-of-life waste management.

A notable example during Fy2025/26 is the development of the Company's innovative Cotton Tea Bag Machine, which was entirely designed and manufactured in-house by Dilmah Engineering in collaboration with cross-functional teams. This initiative reflects Dilmah's commitment to combining product innovation, sustainability, and operational excellence to deliver premium tea products with a lower environmental footprint.

The machine produces tea bags made from 100% cotton which is microplastics free. By eliminating synthetic materials commonly used in conventional tea bags, Dilmah has enhanced the environmental performance of its products while addressing growing consumer concerns regarding plastic contamination and end-of-life waste.

Disposal Labelling and Consumer Awareness

Dilmah includes recognised disposal and material identification labels on selected packaging to help consumers identify the appropriate disposal pathway for each product and packaging component. These labels support informed consumer action and promote correct disposal, composting, and recycling practices.

Examples of disposal and certification labelling used across packaging include:

- Tidy Man, encouraging responsible disposal and discouraging littering
- ABA certification, supporting consumer awareness of compostability (Home /Industrial) credentials where applicable
- DIN CERTCO certification, indicating compliance with recognised compostability (Home /Industrial) standards where applicable

By incorporating clear disposal labelling, Dilmah aims to improve consumer awareness, reduce incorrect disposal, and support more effective end-of-life management of its products and packaging.

Type of Waste	Type of Waste	Disposal Method	FY 2025/26 Quantity (kg)	FY 2024/25 Quantity (kg)	FY 2023/24 Quantity (kg)	Y-O-Y Change (%) 25/26 vs 24/25
Non-Hazardous (NH)	Paper and Board	Recycle	160,685	168,237	96,888	-4%
		Reuse	0	163	35,600	-100%
	Polythene	Recycle	5,922	5,983	22,617	-1%
		Incineration with Energy Recovery	40,960	42,280	46,120	-3%
	Tea Waste	Reuse	22,500	24,000	59,460	-6%
	Metal	Recycle	7,998	22,631	12,130	-65%
	Wooden	Reuse	900	13,163	8,280	-93%
		Recycle	12,482	-	-	100%
	Plastic	Recycle	1,639	2,182	1,853	-25%
		Reuse		20	-	-100%
	Sanitary Waste	Incineration without Energy Recovery	123.5	117	130	6%
	Food Waste	Reuse	54,124.8	32,474	28,333	67%
	Oil	Recycle	880.6			100%
Hazardous (H)	E-waste	Recycle	1,082.4	694	560	56%
	Total NH waste		308,214.9	311,251	311,412	-0.97%
	Total H waste		1,082.4	694	560	56%
	Total		309,297.3	311,945	311,972	-1%

100% of waste was diverted from landfill. All waste categories are reported in kilograms (kg) to ensure consistency, as some categories are less than 1 MT.

Effluents

Effluents are managed in full compliance with the discharge standards stipulated under the Environmental Protection Licence (EPL) issued by the Central Environmental Authority (CEA) of Sri Lanka. Accordingly, all wastewater generated from operational and sewerage activities is channelled to an on-site Wastewater Treatment Plant (WWTP) for treatment prior to discharge or reuse. The facility has a treatment capacity of 110 m^3 per day and typically processes between 60 and 70 m^3 of wastewater daily, resulting in an estimated annual treatment volume of between 15,840 m^3 and 18,480 m^3.

All key water quality parameters include pH, Chemical Oxygen Demand (COD), Biological Oxygen Demand (BOD), Total Suspended Solids (TSS), oil and grease, and heavy metals are monitored on a daily basis and further validated through, independent laboratory on a quarterly basis to verify compliance with EPL discharge limits. Comprehensive records relating to wastewater treatment operations, including treatment logs, monitoring results, laboratory reports, and EPL compliance documentation, are

maintained to ensure traceability, facilitate regulatory reporting, and support continuous improvement in environmental performance.

Meanwhile, a significant proportion of the treated wastewater is reclaimed and reused for landscape irrigation, helping to maintain the Company's green spaces while reducing reliance on freshwater resources. In addition, a dedicated fire-water reservoir is maintained using a portion of the treated water, providing an emergency response resource for fire protection.

DILMAH CONSERVATION GRI 101-1, 101-2, 101-5, 101-6, 101-7

Since 2007, Dilmah Conservation has embodied Dilmah's founding philosophy that business is a matter of human service, translating this principle into a structured and long-term commitment to environmental stewardship. Over the years, this commitment has evolved through Dilmah Conservation, the company's dedicated environmental arm, which leads efforts to protect biodiversity, restore ecosystems, build climate resilience, advance environmental education, and promote sustainable development.

Today, Dilmah Conservation's work is guided by four strategic pillars: Climate Resilience Research, Adaptation and Sustainability; Biodiversity Conservation and Restoration; Environmental Education and Awareness; and Environmental Advocacy. These focus areas are delivered through Dilmah Conservation's network of "One Earth Centres" located in Moratuwa, Kalkudah, Endane and Nawalapitiya, each designed to address specific environmental priorities while creating opportunities for research, education, conservation, and community engagement.

- Biodiversity Conservation & Restoration
- Climate Resilience Research, Adaptation & Sustainability
- Environmental Education & Awareness
- Environmental Advocacy

None of our operational sites are located in areas of high biodiversity.

One Earth Centre -Moratuwa

Key Focus Area: Education and Awareness M

Located at No. 100, Galle Road, within the MJF Charitable Foundation premises, the One Earth Centre Moratuwa is Dilmah Conservation's flagship hub for experiential environmental education. Through workshops, lectures, training and guided learning, it engages diverse audiences on urban greening, organic gardening, endangered wildlife, butterflies, pollination, beekeeping and plant identification. It is home to three signature living-classroom attractions — the One Earth Urban Arboretum (Sri Lanka's first urban arboretum), the One Earth Butterfly Garden (the first open-air butterfly garden established by the private sector), and a working organic garden modelling hydroponics, aquaponics, compost and vermicompost.

Natural Capital

Urban Arboretum

- Soil health
- Ecosystem services
- Tree Identification
- Forest Ecology
- 300+ trees
- 100+ species
- 15 endemic species
- 70 perches of land

Butterfly Garden

- Species Identification
- Butterfly-friendly Plants
- Pollination
- 34 species spotted
- Plant species : 60+
- 650 m^2

Organic Farming

- Growing in limited spaces
- Using discarded containers
- Sustainable growing techniques
- Biogas
- Composting
- Vermicomposting
- Hydroponics

Wheelchair Garden

- Inclusive Access
- Growth and Learning
- Organic produce

One Earth Centre - Endane
Key Focus Area: Ecosystem Restoration E

The One Earth Field Research Station in Endane focuses on ecological regeneration and scientific research, supporting one of Dilmah Conservation's most significant environmental initiatives—the award-winning Endane Biodiversity Corridor (EBC).

The EBC is Dilmah Conservation's flagship biodiversity restoration initiative, established in 2018 under the vision of Founder Merrill J. Fernando. Jointly funded by Dilmah Ceylon Tea Company PLC and Foundation Franklinia, Switzerland, and implemented with the Rajarata University of Sri Lanka, the project restores degraded tea lands into tropical lowland rainforest, reconnecting fragmented habitats adjoining the Sinharaja landscape – Iharakanda and Walankanda. Managed through the One Earth Centre – Endane, the initiative combines ecological restoration, scientific research, and community participation. Through its Payment for Ecosystem Services (PES) programme, over 200 community members are supported to adopt sustainable land management practices, contributing to long-term biodiversity conservation and ecosystem resilience.

The Centre conducts multiple tree-planting sessions for schools, universities, private-sector organisations, and other stakeholder groups, combining hands-on planting activities with scientific guidance to promote more effective restoration practices and meaningful learning experiences.

CONSERVING HABITAT OF 160+ ANIMALS

16 Amphibians

23 Reptiles

111 Birds

13 Mammals

40 ha
Land area restored

6,180 seedlings
No. planted at EBC (lifetime)

113
Globally threatened plant species conserved

84%
Plant survival rate

14,830
Nursery saplings (lifetime)

02
New flora species rediscovered

33
Concluded research

200+
Animal species whose habitat has been conserved

200+
Beneficiaries through the PES

03
Ongoing research

10+
New research

1,000+
Volunteers for planting

One Earth Center- Nawalapitiya N

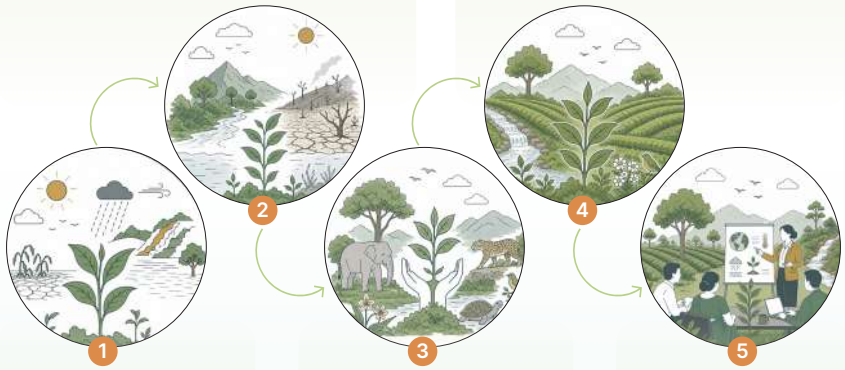
Key focus Area: Climate Research & Education

Situated 1,652 metres above sea level at Queensberry Estate — flanked by tea gardens and the Rilagala Forest — this is the Sri Lanka's first privately owned climate research station established by a private-sector tea entity. It undertakes research into climate adaptation, ecosystem resilience and sustainable land management, generating scientific knowledge and practical solutions for both conservation and climate-vulnerable communities. Its focus spans climate impact on agriculture, changes to natural ecosystems, species conservation, nature-based solutions and climate-change education, and it serves as the research and project hub for Bee A Keeper.

Focused Research Areas:

Changes to Natural Ecosystems due to Climate Change
- Temperature Shifts
- Change in Forest Composition
- Shifting in wildlife ranges

Nature-based Solutions for Plantations



Impact of Climate Change on Agriculture
- Data
- Yield variation

Species Conservation (Flora and Fauna)

Climate Change Education
- Workshops
- Trainings

One Earth Centre – Kalkudah

Key Focus Area: Education & Awareness K

The One Earth Centre Kalkudah extends operations into Eastern Sri Lanka, advancing the regional goals of securing livelihoods and building climate resilience. It introduces sustainable concepts across agriculture, livelihood support and ecosystem restoration. Current initiatives include an Azolla biofertiliser model built on 300 sq ft of ponds, a Dry Zone Arboretum of 80+ trees, and community smart-agriculture and beach-cleanup programmes. It operates as a Community Beekeeping hub in collaboration with Eastern University.

The organisation's biodiversity commitments are currently guided by its ESG Policy and are aligned with relevant United Nations Sustainable Development Goals (SDGs). At present, these policies and commitments have not been formally aligned with the 2050 Goals and 2030 Targets of the Kunming-Montreal Global Biodiversity Framework.

The organisation intends to review its biodiversity strategy and assess opportunities to align its policies and commitments with the Kunming-Montreal Global Biodiversity Framework in future updates to its ESG Policy, taking into consideration evolving best practices, stakeholder expectations, and business priorities.

DILMAH ONE EARTH CENTRES : PARTNERSHIPS, RESEARCH PROJECTS, VISITS AND WORKSHOPS

Centre	Workshops and Beneficiaries	Educational Collaborations / Research and On-site Practical Sessions
Moratuwa	♣ 5 public workshops on beekeeping, home gardening, Grey to Green, and butterflies – 836 beneficiaries ♣ 12 government, NGO, and corporate visits – 326 beneficiaries ♣ 31 school and preschool visits – 1,638 beneficiaries ♣ 12 university field visits – 407 beneficiaries	♣ 02 undergraduate internships:University of Sri Jayewardenepura. ♣ Practical sessions conducted with the Department of Urban Bio Resources, University of Sri Jayewardenepura (02 batches; 54 and 36 undergraduates). ♣ Total practical training hours: 54 hours. ♣ Focus areas: Organic farming and beekeeping.
Endane	♣ 14 ecological restoration workshops – 524 beneficiaries ♣ 1 Head Office workshop – 60 beneficiaries ♣ 08 partner organisation workshops – 105 beneficiaries ♣ 06 school-based workshops – 364 students ♣ 07 university workshops – 177 undergraduates ♣ 01 local community workshop – 67 beneficiaries	♣ 01 undergraduate internship with Rajarata University. ♣ Focus areas: Project Management and Ecosystem Restoration, On-site training on tree planting, nursery management, and environmental data collection. ♣ 10 abstract publications 1 full publication
Nawalapitiya	♣ 02 beekeeping workshops – 51 participants ♣ 05 awareness workshops for educational and higher educational institutions – 111 beneficiaries ♣ 01 university workshop – 10 beneficiaries ♣ 01 volunteer programme – 24 beneficiaries	♣ 02 completed research projects in collaboration with the University of Peradeniya, Rajarata University, and the National Science Foundation on climate change and biodiversity. ♣ 02 ongoing research studies with the University of Sri Jayewardenepura, University of Colombo, Rajarata University, and University of Peradeniya. ♣ 01 ongoing international research project with the UK Centre for Ecology & Hydrology, Natural History Museum London, and University of Peradeniya. ♣ 02 ongoing research projects in collaboration with Leopocon Sri Lanka and the Royal Botanic Gardens, Peradeniya.
Kalkudah	21 workshops with 850+ participants, including: ♣ 01 beekeeping workshop – 23 beneficiaries ♣ 07 climate change and environmental workshops – 320 beneficiaries ♣ 02 beach cleanup programme – 29 participants ♣ 07 smart agriculture workshops – 258 beneficiaries	♣ Community-based agriculture & promoting sustainable beekeeping practices and collaboration with Eastern university in Research & Practical session ♣ Facilitated internship placements for two undergraduate students from Eastern University

Natural Capital

Arboretums M

open-air classrooms for tree identification, soil health, forest ecology and ecosystem services.

- 100% of trees were identified and tagged, supported by newly installed illustrated information boards.
- A carbon and soil health assessment confirmed improved nutrient cycling, enhanced biological and chemical activity in the topsoil, increased soil organic matter, and strong carbon sequestration potential within the arboretum.
- A soil profile and pH stratification map was developed based on the assessment findings.

Butterfly Garden- Revamping M

- Introduced an inclusive garden design with improved accessibility for wheelchair users.
- Expanded pollinator-friendly planting, attracting more butterflies and increasing visitor interest.
- Created habitats and refuge for bees, moths, birds and other wildlife.
- Constructed a dragonfly pond to enhance biodiversity and provide additional insect-learning opportunities.
- "Flutter Shutter" – A photography exhibition held to mark the reopening of the Butterfly Garden.

Organic Farming & Sustainable Agriculture Practices M E K N

Across all four One Earth Centres, organic gardens provide students, communities, and stakeholders with hands-on experience in sustainable agriculture through environmentally responsible farming practices.

Moratuwa Centre

- The biogas unit converts organic waste into clean energy for cooking.
- Nearly 1 Mt. of vegetables through organic farming

Kalkudah Centre

- Established a 300 sq. ft. Azolla pond to produce natural biofertiliser.
- Promotes sustainable fertiliser production through practical demonstrations.
- Strengthens the capacity of local farming communities through knowledge sharing.

Bee A Keeper - Apiculture Project

M E K N

The "Bee A Keeper" Sustainable Apiculture Project was launched in 2020 by Dilmah Conservation with the intention of conserving the Sri Lankan bee population. In 2023, the project was extended to all four One Earth Centers.

Bee awareness, bee research, beekeeping, and supporting livelihoods are the key objectives of the project. The project is implemented across all Dilmah One Earth Centres, with the One Earth Climate Change Centre in Nawalapitiya serving as the research and project hub, the One Earth Centre in Moratuwa functioning as the Education and Awareness Hub, and the centres in Endane and Kalkudah operating as Community Beekeeping hubs.

Key Milestones for FY 2025/26

- Conducted 04 training programmes collectively benefiting 216 participants
- Ongoing research programmes: 03
- Supported 15 community beekeepers in Kalkudah with 20 Bee boxes distributed with the findings indicating 104 active bee colonies
- 54 abandoned bee colonies (due to wax moth, Ditwah disaster and rat attacks.)
- 70.3 % Survival rate

Scan to watch the Butterfly Garden Video

Advancing Biodiversity Discovery and Conservation at the Endane Biodiversity Corridor (EBC) E

Rare Plant Discoveries
The EBC initiative implemented science-based preparation and planting techniques for reforestation, these included field research in the forest area surrounding project site has led to the discovery of several plant species new to science. Among these discoveries are the two species *Memcylon elegantulum (L) and Doona ovalifolia (R)*.

Targeted Conservation
To secure the future of the rare *Doona ovalifolia* species in-situ conservation was done at locations it was originally found.

Infrastructure for Science
The EBC has formalised the use of "holding arboretums" for botanical study, establishing the first facilities dedicated to the Dipterocarp and Memecylon genera within this reporting period.

Launch of the Endane Biodiversity Corridor Documentary Film
To document the establishment of this ecological corridor, Dilmah Conservation commissioned a 15-minute documentary. The film chronicles the project's journey through the perspectives of its key stakeholders, including Dilmah Tea, Kahawatte Plantations, scientists, researchers, estate communities, and local villagers.

Scan to watch the Video

NEW PROJECTS FOR FY 2025/26

Safeguarding Ecosystems at Source: Protecting and Enhancing Tea Estate Biodiversity

Leopard Conservation at the Queensberry (QB) tea estate
Monitoring and studying the behaviour of the leopard population through technology and community engagement with a view to developing a framework to minimise human-leopard interaction at the Queensberry (QB) tea estate in Nawalapitiya.

Project Duration: 02 yrs

Anticipated beneficiaries:
2,408 estate community in Queensberry.

Key Milestones for FY 2025/26

- 06 Trail cameras installed
- Data collection ongoing

Future Targets
Deploying 25 camera traps for ecological monitoring, introducing early-warning and sensor-based conflict mitigation measures, and strengthening community participation to support long-term leopard conservation policy.

Exploring Eco-friendly pest control through Bat Conservation at the Queensberry (QB) tea estate
Developing an eco-friendly pest management model at the Queensberry (QB) estate. This study seeks to create a mutually beneficial environment where bats can thrive, demonstrating that sustainable agricultural practices are both possible and productive. This is the first natural pest control model tea garden in Sri Lanka.

Project Duration: 02 years & 06 months

Anticipated beneficiaries: QB Estate management

Key Milestones for FY 2025/26

- Recorded 3 insect eating bats
- Noted that Queensberry (QB) is home to *Hipposideros srilankaensis* an endemic bat species to Sri Lanka
- Recorded 7000 bat calls
- Experimental plots are getting naturalised
- Evidence of tea insect pests in all divisions of QB

Future Targets
Installing artificial bat houses at Queensberry Tea Estate, monitoring changes in bat diversity and activity, and assessing their contribution to pest control, tea yields and economic value.

Building a Model Montane Forest at Dunkeld Estate
The project in collaboration with sister company Resplendent Ceylon, seeks to establish a Montane Forest model at Dunkeld Tea Estate, designed to replicate near-natural forest conditions within a managed estate landscape, with the objective of enhancing biodiversity and supporting ecosystem restoration.

Project Duration: Long-term reforestation

Anticipated beneficiaries: Residents and Estate management of Dunkeld Estate, Resplendent Ceylon

Key Milestones for FY 2025/26

- Biodiversity Assessment completed
- Plant Survey completed – Rilagala and QB

Future Targets
Establish a Plant nursery at Nawalapitiya centre to supply plants for reforestation

Harnessing the oxygen-releasing potential and Carbon Stock Assessment of Blue Carbon Ecosystems for Climate Resilience
This initiative seeks to quantify organic carbon and soil carbon stocks and assess the oxygen-releasing capacity of Sri Lanka's blue carbon ecosystems, including mangroves, seagrasses, and salt marshes. The scientific data generated through the project is expected to strengthen the evidence base for the protection of these critical coastal ecosystems, support climate resilience planning, and inform policy advocacy for responsible ecotourism and long-term ecosystem stewardship.

Project Duration: 02 years

Key Milestones for FY 2025/26

- Completed the assessment of mangrove and seagrass sampling for Malwathu Oya , Mannar, Negombo and Chilaw
- Completed sample analysis for Negombo & Chilaw mangroves

Future Targets
Quantifying the organic carbon stored in Sri Lanka's mangroves, seagrass meadows and salt marshes, assessing associated soil carbon stocks, and estimating their oxygen-releasing capacity.

Grey 2 Green- Community Led Urban Greening Initiative

The Grey 2 Green initiative seeks to empower communities to transform underutilised urban spaces into healthier, better-connected green environments through targeted green-skills training, expert engagement, and practical community-led action.

Project Duration: 02 years

Anticipated beneficiaries: 200+ community members

Partners: UNGC Network Sri Lanka

Key Milestones for FY 2025/26

- 3 Green skills building sessions completed
- Central Environmental Authority and Colombo Municipal Council identified as potential collaborators
- A few potential sites were identified by CMC

Future Targets

Identify suitable sites for urban greening, establish a plant nursery in Moratuwa, and develop forest pockets in selected urban locations to enhance urban biodiversity and ecosystem resilience.

Wetland conservation

Dilmah Conservation, in partnership with the Sri Lankan Urban Development Authority (UDA), continued its efforts to conserve and sustainably manage the Beddagana Wetland Park through ongoing park maintenance and environmental education initiatives. The programme aims to raise awareness of the ecological significance of wetlands, promote biodiversity conservation, and encourage greater public appreciation and visitation. During the year, 34 environmental education and awareness workshops were conducted, engaging 1,309 participants from a diverse range of stakeholder groups, including schools, universities, corporate organisations, NGOs, surrounding communities, and the general public. These initiatives strengthened environmental stewardship and enhanced understanding of the vital ecosystem services provided by wetlands.

Wetlands After Dusk

Dilmah Conservation organised "Explore Wetlands After Dusk" at Beddagana Wetland Park to commemorate World Wetlands Day 2026. The event offered participants a unique opportunity to experience the wetland ecosystem after dark through expert-led activities, including a guided wetland night walk, bird, insect and mammal observation, moth trapping, frog and toad identification, bat mist-netting with acoustic monitoring, fishing cat monitoring, and camera trapping demonstrations. By showcasing the rich nocturnal biodiversity of the wetland, the programme enhanced public awareness of the ecological importance of wetlands and inspired greater appreciation for the conservation of these vital ecosystems.

Beddagana Sobha Mithuro Kids Nature Club

Beddagana Sobha Mithuro Kids Nature Club is a flagship environmental education initiative that inspires children from surrounding communities to become future environmental stewards through hands-on nature experiences. Through activities such as biodiversity exploration, tree planting, bird watching, and conservation projects, the programme fosters environmental awareness, leadership, and a lifelong commitment to protecting Sri Lanka's natural heritage.

Project Duration: 01 year (for each batch)

Anticipated beneficiaries: 60+ surrounding community kids

Key Milestones for FY 2025/26

- 04 monthly field sessions completed
- Initiated the first 01-year course program with structured modules.
- 02 monthly course program sessions completed

Dilmah Conservation Publications

Dilmah Conservation has published 19 educational publications covering Sri Lanka's biodiversity, culture and heritage, Ayurveda, and organic home gardening. Authored by leading experts, these publications promote environmental awareness and conservation through reliable information and high-quality imagery.

Field guides on Sri Lanka's Flora and Fauna	Common Butterflies of Sri Lanka Bats of Sri Lanka Dragonflies and Damselflies Fascinating Lichen of Sri Lanka Forest Tree of Sri Lanka (English & Sinhala) Snakes of Sri Lanka Spiders of Sri Lanka Uda Walawe National Park Green Gold -The Discovery of Sri Lanka's Biodiversity Discovery Additions to the Flora of Ceylon
Books on Culture and Heritage	The Ahikuntaka The Veddahs Hela Batha Asiriya
Ayurveda	Hela Weda Athpotha (Sinhala)
Organic Home Gardening	A Guide to Eco-friendly Home Gardening
Children's Books	Shyamala and the Sloth Bears (English, Sinhala & Tamil)

Launch of Landmark New Publication - Discovery Additions to the Flora of Ceylon

Developed as a significant contribution to Sri Lanka's botanical knowledge base, the publication builds on the legacy of the original Flora of Ceylon series by documenting newly identified and rediscovered plant species. Recognised by subject experts as one of the most important milestones for Sri Lankan biodiversity in recent decades, the publication strengthens scientific understanding, supports conservation planning, and enhances public appreciation of the country's rich floral heritage.

Scan to watch the Video

Anticipated beneficiaries: local and global audiences

Key Milestones for FY 2025/26

- 4000 colour photographs included
- 210 species described
- 150 new species revealed

Elephant Conservation

Dilmah Conservation supports the Elephant Transit Home in Udawalawe through the sponsorship of orphaned baby elephants and by supporting the establishment of an information centre. Dilmah has fostered 4 elephants including its current foster baby elephant Dilly through sponsoring of their care, rehabilitation, and gradual reintroduction into natural habitats. The programme also extends to encouraging dialogue on mitigating the human–elephant conflict, enabling improved understanding of coexistence challenges and the development of more effective mitigation strategies.

- Dilmah Conservation provides maintenance support for the Elephant Information Centre at Udawalawe, enhancing visitor education facilities and reinforcing broader conservation messaging within the protected area. In addition, a series of impactful workshops were conducted at

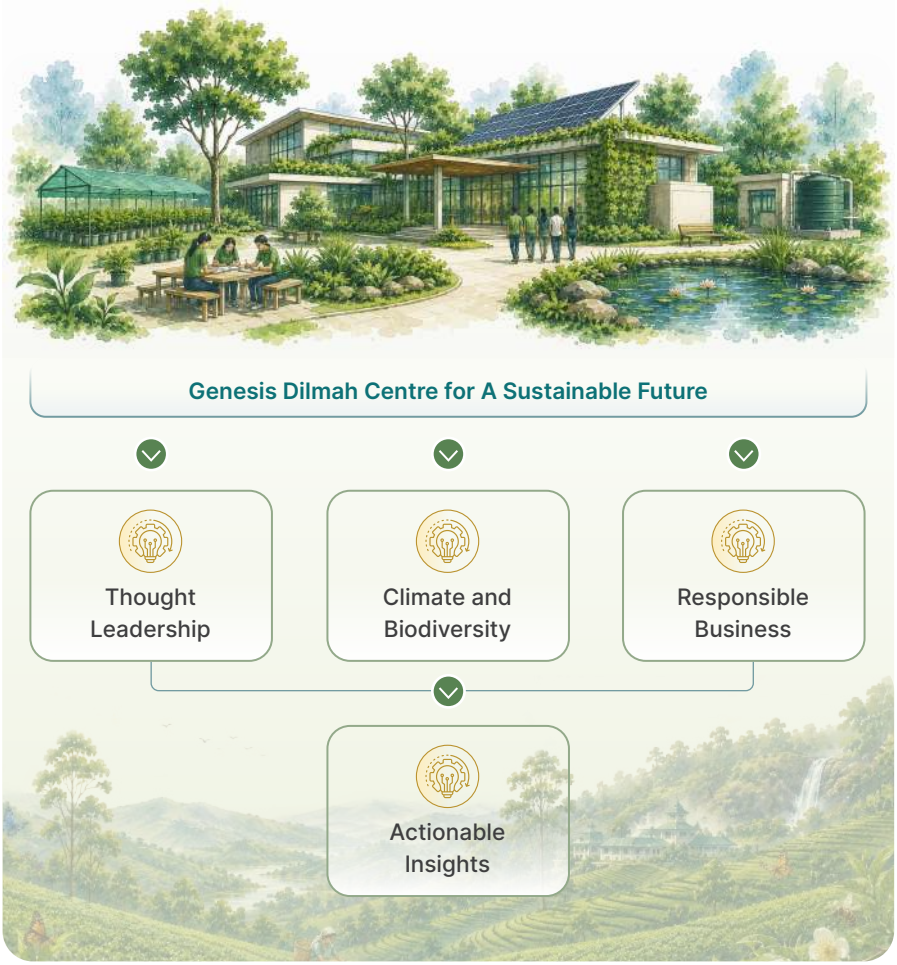
the Elephant Knowledge Walk in Udawalawe, benefiting nearly 20 participants. on environmental education and awareness helps visitors understand elephant conservation challenges and the importance of habitat protection.

An Accessible Garden for Persons with Disabilities

A wheelchair access garden plot was introduced at MJF Charitable Foundation premises by Dilmah Conservation to promote gardening as an inclusive activity, enabling individuals with mobility limitations to fully experience and engage with its features.

Anticipated beneficiaries: members of the MJF Charitable Foundation's Rainbow Kids initiative

GENESIS: DILMAH CENTRE FOR A SUSTAINABLE FUTURE



A Centre for Sustainable Innovation and Action

Established at the site of Dilmah's first export, Genesis reflects the Company's philosophy of business as human service, positioning sustainability as a catalyst for national and regional transformation. It serves as Dilmah Conservation's platform for thought leadership, bringing together experts, policymakers, academics, and industry leaders to advance dialogue on sustainability, climate resilience, biodiversity, and responsible entrepreneurship.

Through structured forums and convenings, Genesis has become a hub for actionable insights bridging science, policy, and practice. A key milestone has been the launch of a monthly **"Thought Leadership Series"** alongside strategic global collaborations. To date, Genesis has hosted numerous events engaging over 700 beneficiaries across diverse sectors.

KEY HIGHLIGHTS FOR FY 2025/26

Thought Leadership on National Issues: On the Edge

A flagship national dialogue event, On the Edge, brought together a panel of experts to analyse post-Ditwah climate and environmental impacts, with a particular focus on assessing climate risk in Sri Lanka's plantation sector and central highlands. The session provided critical insights into resilience-building within vulnerable ecosystems and agricultural landscapes. Key outcomes from the discussion were consolidated into a white paper, which has been disseminated to the plantation sector to inform adaptive strategies and strengthen climate risk preparedness.

Thought Leadership Sessions by International Experts

Genesis hosted a series of high-profile sessions led by internationally recognised experts in conservation science, wildlife media, and ecosystem research. These include Noah Falklind and Hannah Gormley, Emmy-nominated wildlife cinematographers known for their documentary 'Living with Leopard' ; Professor Andrew Balmford of the University of Cambridge, a globally recognised conservation scientist and recipient of the Zoological Society of London's Marsh Award for Conservation Biology; Professor Andrew Robson and Craig Shephard from the University of New England; and Professor Friedhelm Goeltenboth of the University of Hohenheim, Germany, who also serves as Scientific Advisor to Nature Life-International. These engagements have enriched local discourse with global perspectives on biodiversity conservation and sustainability science

Forum: Genesis Collaboration Sri Lanka – Strategies for Resilient Entrepreneurs

Genesis convened the "Strategies for Resilient Entrepreneurs" forum in Colombo in collaboration with the LSE South Asia Centre, bringing together global experts to examine how policy frameworks, advisory systems, and institutional trust can strengthen entrepreneurial resilience in Sri Lanka's post-crisis recovery context. The forum featured six high-profile speakers and engaged approximately 100 senior representatives from government, civil society, and institutional bodies across the national policy landscape. A key outcome of the forum is the development of a comprehensive white paper synthesising insights and policy recommendations from the discussions. This document is being prepared for submission to relevant government authorities to support evidence-based policy action and strengthen Sri Lanka's entrepreneurial ecosystem.

Scan to watch the video

Engaging General Public and Customers through Nature-Focused Competitions

Environmental Awareness Through Photography

During the year under review, Dilmah Conservation organised two inaugural photography competitions designed to spotlight critical threats facing wildlife. The themes were curated to shift focus away from conventional aesthetics, challenging participants to capture the realities of wildlife contending with pollution, climate change, and other anthropogenic impacts. Evaluated by an independent judging panel, the competitions culminated in a public exhibition.

1. One Earth: Unveiling Sri Lanka's Biodiversity

- Beneficiaries: 200 participants
- 70 shortlisted images
- 350+ submissions
- 16000+ online votes

2. "Flutter" Shutter Butterfly Competition

- Beneficiaries: 140+ participants
- 350+ submissions
- 20+ species recorded
- 50 shortlisted images

CORPORATE ADVOCACY

UN Global Compact (UNGC) Network Sri Lanka

Dilmah continued to strengthen its engagement with the United Nations Global Compact (UNGC) Network Sri Lanka during FY 2025/26, reinforcing its commitment to corporate sustainability and climate action. Through Dilmah Conservation, the Company continued to serve as a Climate Leader, collaborating on initiatives that advance climate awareness and sustainable development.

Following its appointment as a Patron in February 2025, Dilmah continued its three-year patronage of the Water & Ocean Stewardship Working Group and the Sustainable Supply Chain Working Group during the year under review. These patron roles reflect the Company's continued commitment to environmental stewardship, responsible sourcing, and sustainable resource management, while supporting the UN Global Compact's Ten Principles and contributing to the 2030 Agenda for Sustainable Development.

Biodiversity Sri Lanka (BSL)

Dilmah continued to play an active role in Biodiversity Sri Lanka (BSL), a platform co-founded by Dilmah Conservation, the International Union for Conservation of Nature (IUCN), and the Ceylon Chamber of Commerce. Through its continued engagement, the Company supports private sector collaboration to promote biodiversity conservation, sustainable business practices, and environmental stewardship across Sri Lanka.

SPREADING AWARENESS THROUGH SOCIAL MEDIA

76K followers

6.3K followers

Baby Dilmah Elephant Diaries

Since 2021, Dilmah has managed the Baby Dilmah Elephant Diaries social media platforms on Facebook and Instagram, sharing the inspiring journey of Baby Dilmah—an elephant whose rehabilitation was supported by Dilmah.

Presented through a unique first-person storytelling approach, the platforms raise awareness on elephant conservation, rehabilitation, and the challenges faced by Sri Lanka's wild elephants, while fostering greater appreciation for biodiversity.

1.2K followers

Collaborative Projects with BSL

Life to our Coral Reefs Conserving the Kayankerni Coral Reef in partnership with Biodiversity Sri Lanka.	**Bio Credit Accrual System** Dilmah Conservation together with BSL is working together to establish and work with a technical committee for the development of a bio-credit Accrual System tailored to Sri Lanka's unique requirements.
Life to our Forests Restoration of a degraded fern land in the Kanneliya Forest Reserve in collaboration with the Forest Department and IUCN. Project Kanneliya has been awarded Preferred by Nature's prestigious "Ecosystem Restoration Standard" certificate - a globally recognised Standard that meticulously assesses ecosystem restoration performance at the field level across diverse biomes.	**Other Collaborations** The traditional two-month Pada Yathra pilgrimage from Jaffna to Kataragama generates significant waste, including clothes, plastics, and aluminum, which harms forests, wildlife, and waterways. In 2022 and 2023, large amounts of waste were collected along the route. To reduce pollution, Dilmah and other private organisations donated eco-friendly bags to pilgrims to minimise plastic and polythene waste during the pilgrimage.
Life to our Mangroves Collaboration to restore up to 25 acres of degraded mangrove forest patches in the Anawilundawa Wetland Sanctuary.	

GOVERNANCE AND STEWARDSHIP

40 Years of Operational Excellence

Our operational excellence begins with principles before process. The structures that guide Dilmah's ethics, oversight, transparency and responsibility are rooted in a founder's standard: doing the right thing because it is right. In that discipline, stewardship becomes the way that Dilmah protects trust.

Built on the moral foundation of Merrill J Fernando – a teamaker who made integrity, people and nature inseparable from business – Dilmah continues to push boundaries of creativity and operational excellence in every cup of tea it produces.

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

1. Approach to Governance
2. Governance Framework
3. Governance Structure
4. Board of Directors
5. Board Effectiveness
6. Division of Responsibilities
7. Board Accountability

1. APPROACH TO GOVERNANCE

Dilmah's ability to maintain its reputation as an ethical, sustainable, and purpose-driven global tea brand is anchored by its longstanding commitment to strong corporate governance. Since its inception, the Company has understood that preserving stakeholder trust, safeguarding brand integrity, and delivering on its promise of Quality, Integrity, and Kindness requires a robust governance framework that promotes integrity, transparency, accountability, fairness, and sustainability at every level of the organisation.

This commitment assumes even greater significance given the increasingly complex operating environment in which Dilmah operates. As a globally recognised producer and exporter of Single Origin Pure Ceylon Tea, the Company operates across diverse markets and value chains while navigating evolving consumer expectations, changing regulatory requirements, sustainability imperatives, climate-related challenges, geopolitical developments, and rapid technological advancements. Against this backdrop, strong governance serves as a critical enabler for ensuring strategic decisions are made responsibly, risks are effectively managed, and opportunities are pursued in a manner consistent with the Company's values and long-term objectives. Dilmah's governance framework is therefore built upon a comprehensive system of Board oversight, internal controls, risk management processes, ethical standards, and Board-approved policies that reflect the Company's commitment to comply with applicable laws and regulations as well as recognised global best practices.

INTEGRITY

Upholding the highest standards of honesty, ethics, and professionalism across all aspects of the business while ensuring that decisions and actions remain consistent with the founding values of Quality, Integrity, and Kindness.

TRANSPARENCY

Promoting timely, accurate, and meaningful disclosure of both financial and non-financial information to stakeholders, fostering trust, accountability, and informed decision-making.

ACCOUNTABILITY

Maintaining clear governance structures, defined responsibilities, and robust oversight mechanisms that enable effective stewardship, sound decision-making, and responsible management of organisational resources.

FAIRN ESS

Ensuring the equitable treatment of all stakeholders, including employees, customers, suppliers, shareholders, business partners, and communities, while fostering a culture of respect, inclusion, and mutual trust.

SUSTAINABILITY

Integrating environmental stewardship, social responsibility, and ethical business.

Dilmah regularly reviews and strengthens its governance practices to remain responsive to emerging risks, evolving stakeholder expectations, and the dynamic business landscape, underscoring the commitment to uphold its founding values, protect its reputation, and create sustainable long-term value for consumers, employees, business partners, communities, and the environment.

2. GOVERNANCE FRAMEWORK

Regulatory Frameworks

- The Companies Act No.7 of 2007 and the amendments thereto
- Colombo Stock Exchange Listing Rules including Section 9 of the Listing Rule on Corporate Governance
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 and the amendments thereto
- Inland Revenue Act No. 24 of 2017 and the amendments thereto
- Sri Lanka Accounting & Audit Standards Act No.15 of 1995
- Sri Lanka Accounting Standards
- Sri Lanka Financial Reporting Standards- S1 and S2 Sustainability and Climate related disclosures
- Foreign Exchange Act No. 12 of 2017 and the amendments thereto
- Anti-Money Laundering Laws and Regulations and Financial Transaction Reporting Act No. 6 of 2006 and the amendments thereto
- Personal Data Protection Act. No. 9 of 2022.
- Anti-Corruption Act, No. 9 of 2023

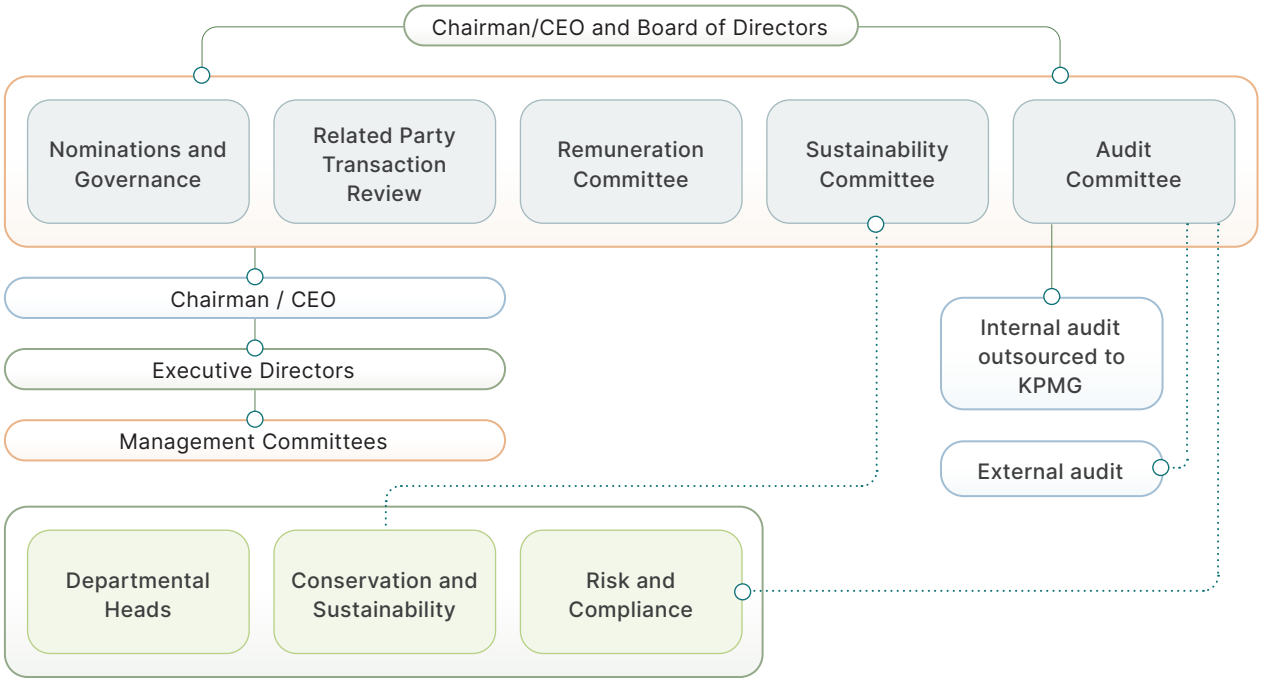
Voluntary Best Practices

- Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants and the Securities and Exchange Commission of Sri Lanka.
- Codes of regulatory authorities, professional institutions and Trade Associations
- United Nations Global Compact (UNGC)
- Global Reporting Initiative's (GRI) Universal Standards 2021
- Integrated Reporting <IR> Framework of the International Integrated Reporting Council (IIRC)
- Sustainability Accounting Standards Board (SASB) Food & Beverage Standard
- Social and Environmental Certification Requirements

Internal Governance Frameworks;

- Articles of Association
- Code of Ethics
- Policy on Internal Code of Conduct and Ethics
- Board approved policy frameworks for governance, risk, compliance and operational areas.

Dilmah Governance Structure and Framework GRI 2-9



GOVERNANCE HIGHLIGHTS - FY 2025/26

Business Strategy: An Extraordinary General Meeting was held on 01 April 2025 to amend the Company's Articles of Association, expanding its objectives to include the manufacture, export, and marketing of value-added cinnamon to the current portfolio of tea products. On 09 July 2025, an Addendum Agreement was signed with the Board of Investment of Sri Lanka under Section 17 of the BOI Law No. 4 of 1978, permitting the export of value-added cinnamon products.

Division of Responsibilities: formalised the RACI (Recommend, Approve, Consult, Inform) framework to clarify roles and responsibilities, streamline decision-making, and enhance accountability across all operations.

Sustainability Integration: A Board-level Sustainability Board Committee was established on 05 August 2025, chaired by the Chairman/CEO, with Dr. Ravi Fernando as a member operating under Board-approved Terms of Reference.

Strengthening Document Governance: The introduction of the LUMIN Sign secure digital signing platform to enable authorised signatories to execute documents electronically, replacing traditional paper-based processes while maintaining legal validity through encryption, authentication controls, and comprehensive audit trails. The transition has streamlined approval workflows, improved turnaround times for resolutions and agreements, reduced administrative burden, and enhanced compliance.

4. BOARD OF DIRECTORS GRI 2-12

4.1 Role of the Board

The Board of Directors of Dilmah Ceylon Tea Company PLC serves as the highest governing body of the organisation and acts as the custodian of its corporate governance framework. In this role, the Board holds ultimate responsibility for ensuring that the Company is managed in accordance with robust governance practices, uncompromising ethical standards, and Dilmah's long-standing commitment to purpose-driven business, quality, and sustainability across its global operations.

The responsibilities of the Board are defined in the Policy on Matters Relating to the Board of Directors. As stated there in the Board is required to set and uphold the Company's vision, mission, core values, and strategic direction. In executing this mandate, the Board provides strategic leadership in guiding the formulation and execution of business plans within an appropriate risk framework, ensuring alignment with long-term value creation. To support this, a clearly defined schedule of reserved matters is maintained for the Board's direct review and approval.

Matters reserved for the Board

Risk, Capital & Liquidity Planning
- Approval of the Company's capital structure changes
- Endorsement of the annual capital plan
- Determination of risk appetite

Financial Results & Dividends
- Approval of interim and final financial statements
- Declaration of dividends
- Approval of significant accounting policy changes

Strategy & Investments
- Approval of the Company's strategic plan
- Review of performance against strategic objectives
- Approval of major capital projects, acquisitions, investments, and disposals

Remuneration
- Approval of the remuneration framework for the Executive Directors, and KMPs
- Determination of Non-Executive Director fees

Board Composition & Committees
- Appointment and removal of Directors
- Establishment and composition of Board Sub-Committees
- Review and update of Board Sub Committees Terms of References
- Oversight of Board and Committee performance evaluations

Governance & Internal Controls
- Review and update of the Corporate Governance Structure
- Reviewing and updating policies and procedures in line with regulatory requirements and best practices
- Definition of responsibilities between senior leadership
- Approval of key regulatory filings

Key Appointments
- Appointment of the KMP's
- Appointment of the Company Secretary
- Appointment of External Auditors

Crisis Management
- Establishing protocols for managing responses to extraordinary events, including decisions related to crises, emergencies, or significant reputational risks

4.2 Directors Remuneration
GRI 2-19, 2-20

Director's Remuneration is established through the Company's Remuneration Policy which sets out the remuneration of Executive Directors, the CEO, Key Management Personnel, and employees. The Policy sets out clear guiding principles applicable to the CEO, Executive Directors, Non-Executive Directors, as well as executives and employees, while also defining the mandate and oversight role of the Remuneration Committee.

In line with these principles, remuneration structures for Executive Directors consist of fixed pay, benefits, and variable performance-based components aimed at incentivising the contribution to Dilmah's long-term strategy and value creation objectives. A similar performance-driven framework is applied to Key Management Personnel, with remuneration packages structured to recognise leadership effectiveness, strategic delivery, and sustained contributions to the Company's growth and success.

The Remuneration Committee is responsible for the ongoing review of the effectiveness and relevance of remuneration frameworks, ensuring that compensation structures remain aligned with Dilmah's business strategy, governance standards, and long-term financial sustainability.

Non-Executive Directors receive a fixed fee for their service on the Board and its Committees. These fees are benchmarked against relevant market and industry standards and are reviewed annually to ensure they remain fair, competitive, and reflective of the responsibilities undertaken, while preserving the independence and objectivity of Non-Executive Directors.

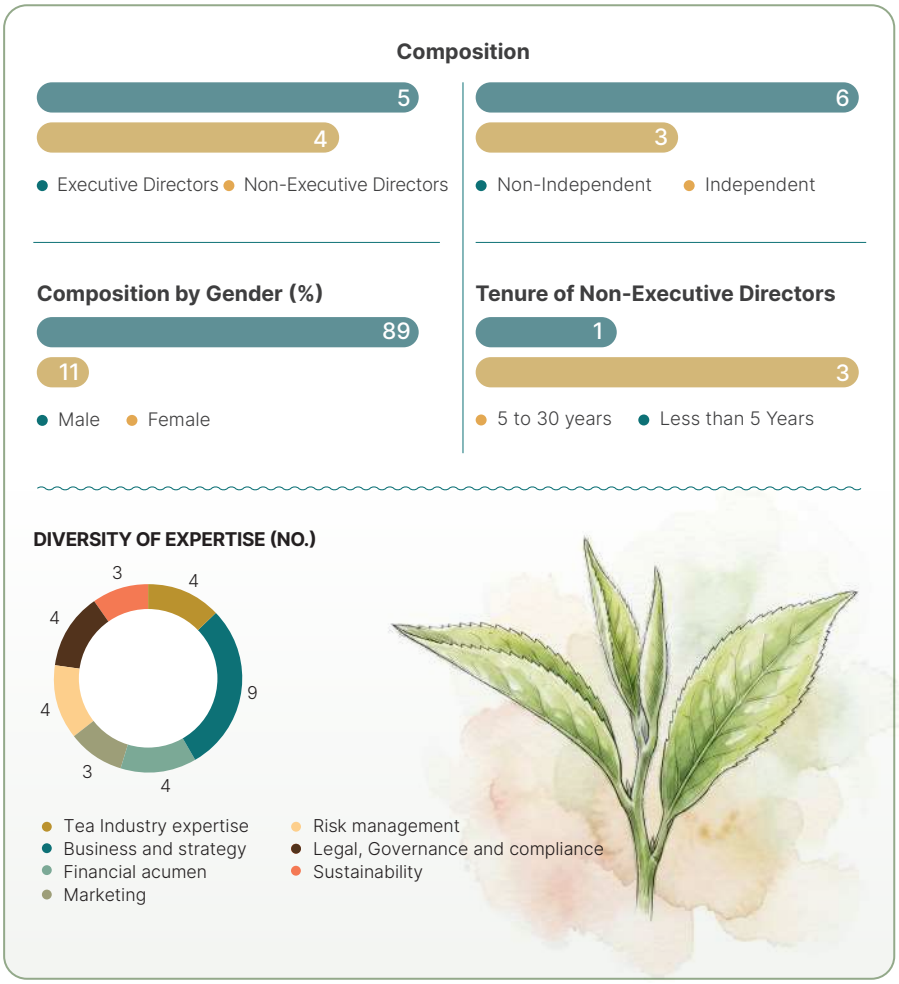
5. BOARD EFFECTIVENESS

5.1 Board Composition
GRI 2-9, 405-1

A competent and well-structured Board is central to preserving Dilmah's reputation for integrity and global leadership. As at 31 March 2026, the Dilmah Board comprised 09 members, including 05 Executive Directors and 04 Non-Executive Directors, of which 03 are Independent Non-Executive Directors, collectively representing a balanced Board. The composition of the Board is determined in accordance with the Company's Articles of Association and applicable regulatory requirements, including the Corporate Governance provisions of the Colombo Stock Exchange (CSE) Listing Rules.

The Dilmah Board comprises accomplished professionals with expertise across manufacturing, agriculture, sustainability, finance, and international trade, all capabilities that closely complement Dilmah's core business as a vertically integrated, value-added tea Company with a strong global presence.

The composition of the Board is periodically reviewed and often evolves through new appointments, retirements, resignations, or re-election of Directors in accordance with the Articles of Association and regulatory requirements, as well as emerging organisational and capability needs.



These changes ensure that the Board continues to maintain the appropriate balance of independence, diversity, and technical expertise required to effectively guide the Company's strategic direction and sustainability agenda.

5.2 Non-Executive Directors

The presence of Non-Executive Directors (NEDs), including Independent Non-Executive Directors, significantly strengthens the effectiveness of the Dilmah Board in terms of objectivity and governance quality.

NEDs are required to be free from any business or other relationships that could materially impair their ability to exercise independent judgment. Free from day-to-day management responsibilities, Non-Executive Directors play a critical role in Board deliberations by providing independent perspectives, constructively challenging assumptions, and rigorously evaluating proposals to ensure decisions are made in the best interests of the Company and its stakeholders. Their oversight is particularly vital in strengthening governance standards, monitoring risk management and internal control systems, upholding ethical conduct, and reinforcing accountability.

Directors' independence is assessed in line with the criteria set out in Section 9.8.3 of the Colombo Stock Exchange (CSE) Listing Rules and in compliance with Code of Best Practices on Corporate Governance 2023.

5.3 Board Refreshment

Board refreshment is an important element in ensuring the Dilmah Board remains dynamic, relevant, and well-aligned with the Company's evolving strategic priorities. Through periodic renewal of its composition, the Board is able to balance continuity of institutional knowledge with the introduction of fresh perspectives, contemporary expertise, and emerging skill sets.

Board refreshment typically occurs through retirement by rotation, re-election of Directors at Annual General Meetings, completion of tenure-based terms, and the appointment of new Directors to address evolving competency requirements and succession needs.

5.3.1 Appointment of Directors GRI 2-10

The appointment of Directors to the Board of Dilmah follows a structured, transparent, and merit-based process overseen by the Nomination and Governance Committee (NGC).

The Committee is responsible for identifying and evaluating potential candidates based on their professional qualifications, industry expertise, and leadership experience, ensuring alignment with the Company's strategic direction and long-term value creation objectives.

A comprehensive assessment is conducted for each candidate, with particular emphasis on competence, capability, independence of judgment, and personal integrity, including a strong track record of ethical conduct. The Committee also considers existing external directorships and other professional commitments to ensure that prospective Directors are able to dedicate sufficient time, attention, and oversight to their responsibilities on the Board.

All new Director appointments are formally disclosed to the Colombo Stock Exchange, accompanied by a comprehensive profile of the appointee, including their professional experience, areas of expertise, current directorships, and shareholdings in other entities. In parallel, a press release is issued to ensure timely communication with shareholders and other key stakeholders.

PROCEDURES FOR ASSURING DIRECTORS INDEPENDENCE

Assurance regarding the Independence of Non-Executive Directors is obtained based on the following guideline:

DEFINITION

Independence is determined against criteria as set out in the Listing Rules of the Colombo Stock Exchange and in compliance with.

ASSESSMENT

Independent assessment of Directors is conducted annually by the Board, based on annual declaration and other information submitted by Non-Executive Directors.

OUTCOME

The Board is satisfied there are no relationships or circumstances likely to affect or appear to affect, directors' independence during the period under review.

PROCESS FOR SELECTING AND APPOINTING NEW DIRECTORS TO THE DILMAH BOARD

01
IDENTIFICATION OF NEEDS:
The Nomination and Governance Committee (NGC) assesses the Board's current composition and identifies gaps in skills, experience, independence, and diversity required to support the Company's strategy.

02
SOURCING OF CANDIDATES:
Potential candidates are identified through professional networks, referrals, and other suitable channels, based on the defined competency requirements.

03
PRELIMINARY SCREENING:
The NGC reviews candidates' professional qualifications, industry experience, leadership track record, and alignment with Dilmah's values and governance expectations.

04
COMPETENCY AND INTEGRITY ASSESSMENT:
A detailed evaluation is undertaken of each candidate's technical expertise, strategic capability, and reputation for ethical conduct and integrity.

05
INDEPENDENCE AND COMMITMENT REVIEW:
The Committee assesses potential conflicts of interest, including existing business relationships and external directorships, as well as the ability of the candidate to dedicate sufficient time to Board responsibilities.

06
INTERVIEWS AND DELIBERATION:
Shortlisted candidates are interviewed and evaluated by the NGC, with collective deliberation to ensure suitability for Board contribution and cultural alignment.

07
RECOMMENDATION TO THE BOARD:
The NGC submits its final recommendation to the Board for consideration and approval, ensuring that appointments align with governance standards and the Company's long-term strategic needs.

5.3.2 Retirement, Resignation and Re-election of Directors GRI 2-10

In line with the Company's Articles of Association, one- Director is required to retire by rotation at each Annual General Meeting (AGM). Retiring Directors may offer themselves re-election by shareholders, subject to the recommendation of the Nomination and Governance Committee (NGC). In formulating its recommendation, the NGC considers factors such as the Director's attendance, level of participation, and overall contribution to Board deliberations, as well as continued compliance with the eligibility and independence criteria set out under the Colombo Stock Exchange (CSE) Listing Rules.

Any Director appointed by the Board to fill a casual vacancy is also required to stand for re-election at the next AGM, in order to ensure shareholders retain ultimate approval over Board composition.

Further, in line with sound governance principles and prevailing regulatory expectations, Directors who have served continuously for nine years or who have reached the age of 70 are expected to retire. This practice supports structured Board renewal, strengthens independence, and ensures the continued effectiveness and balance of the Board over time.

BOARD CHANGES - FY 2025/26

With deep regret, the Company records the passing of Mr. Rajan Asirwatham on 12 December 2025, following over 18 years of distinguished service on the Board. During his tenure, Mr. Asirwatham made a significant contribution to the governance and oversight of the Company and served as a valued member of the Board.

At the time of his passing, he served on the Audit Committee, Related Party Transaction Review Committee, Remuneration Committee, and Nomination and Governance Committee. Over the course of his service, he also held key leadership roles, including Chairman of the Audit Committee and the Related Party Transaction Review Committee, providing invaluable guidance and strengthening the Company's governance framework.

Mr. Himendra Ranaweera, who retires in accordance with Section 210 of the Companies Act, and will offer himself for re-election by the shareholders at the AGM to be held on 06th August 2026 . An Ordinary Resolution will be tabled for his re-election and to record that the age limit prescribed under Section 210 shall not apply to Mr. Ranaweera.

Mr. Roshan Tissaaratchy who is required to retire by rotation in accordance with Article 24 of the Company's Articles of Association, will also offer himself for re-election by the shareholders at the AGM to be held on 06th August 2026. An Ordinary Resolution will be proposed for his re-election to the Board.

5.4 Board Succession Planning

The purpose of Board succession planning is to anticipate future Board requirements by assessing the mix of skills, experience, diversity, and independence needed to support effective oversight, thereby safeguarding leadership continuity, strengthening Board effectiveness, and ensuring that governance structures remain resilient and aligned with the Company's long-term strategic direction.

Succession planning for Executive roles is guided by the Founder Chairman's long-standing commitment to preserving Dilmah's identity as a family-owned business founded on the principles of integrity, quality, and kindness. This ethos continues to be reflected in the leadership approach of the next generation, with Mr. Malik Fernando and Mr. Dilhan Fernando carrying forward these values at Board level and within the broader stewardship of the Company.

In line with this continuity of purpose, the third generation is also being gradually introduced to the business. Mr. Amrit Fernando, son of Mr. Dilhan Fernando, has joined the Company as Manager – Brand & Business Development, representing the continuation of family involvement in the business. His early exposure to the tea industry, influenced by the family legacy, supports a structured and closely guided integration into the organisation, ensuring that leadership continuity is developed alongside professional growth and governance oversight.

Meanwhile, the Nomination and Governance Committee (NGC), working closely with the Board, is responsible for developing and maintaining structured succession plans for Non-Executive Board roles. In doing so, the Committee takes into account tenure considerations, retirement age provisions, and the need for periodic Board refreshment to maintain independence and objectivity.

5.5 Duties and Responsibilities of Individual Directors

As a member of the Dilmah Board, each Director is expected to dedicate sufficient time, commitment, and attention to actively participate in Board and Committee meetings, and contribute constructively through the application of their skills, professional experience, and sectoral expertise.

In addition, each board member is required to make voluntary declarations in line with the Fit and Proper Criteria Assessment as set out in CSE Rule 9.7.3 of the Colombo Stock Exchange (CSE) Listing Rules.

Directors are also required to participate in an annual Board performance evaluation process, which serves as a key governance mechanism for continuous improvement.

5.6 Conflicts of Interest GRI 2-15

Directors have a fiduciary duty to act in good faith in the best interests of the Company and its stakeholders at all times. Accordingly, each Director is expected to avoid situations where their personal, financial, or other external interests could conflict, or appear to conflict, with the interests of the Company.

The Company maintains an Interests Register in accordance with the Companies Act No. 07 of 2007, with

each Board member required to make the necessary general disclosures under Section 192(2) of the Companies Act. All declarations of interest are formally recorded in the Company's Interests Register, which is maintained by the Company Secretary and submitted for regular Board review.

Directors are also expected to abstain from participating in discussions and voting on any Board resolutions where a conflict of interest exists or may reasonably be perceived to exist, thereby safeguarding the objectivity of Board decision-making.

All conflict of interest disclosures, together with related party transaction information provided in the notes to the financial statements, ensure transparency in respect of any potential or actual conflicts.

Furthermore, the Board confirms that all Directors with relevant interests in the shares of the Company have duly disclosed their shareholdings, including any acquisitions or disposals, in compliance with Section 200 of the Companies Act.

5.7 Induction and Training for Directors

Ongoing knowledge enhancement and capacity building of Directors is considered fundamental to maintaining an effective, forward-looking Board. Given the increasingly complex and evolving global business landscape within which Dilmah operates, Directors are required to continuously strengthen their competencies to anticipate emerging risks, respond to change effectively, and safeguard long-term stakeholder value.

To that end, the Company has established a tailored Induction programme for Directors coordinated by the Chairman and Deputy Chairman. Upon appointment, Directors undergo a comprehensive induction process where they are introduced to the Dilmah Culture, operating model, policies, governance framework, the Code of Ethics and its operational aspects encompassing factory operations, estate operations and the work of the MJF Charitable Foundation and the Dilmah Conservation, to equip them with a deep understanding of the Company's governance structure, strategic priorities, and operating environment. New Directors also engage with senior leadership across key functions and, where appropriate, participate in site visits to gain first-hand exposure to operations which provides a practical understanding

Governance Highlights - FY 2025/26

Name of Director	Position held on Dilmah Board	No. of Directorships held in listed companies other than DCTC		Directorship held in non-listed companies	
		Executive capacity	Non- Executive capacity	Executive capacity	Non- Executive capacity
Mr. Dilhan C Fernando	Executive Chairman/ Chief Executive Officer	None	03	49	08
Mr. Malik J Fernando	Executive Director	None	05	39	05
Mr. Himendra S Ranaweera	Executive Director	None	None	28	None
Mr. J D N Gunasekera	Executive Director	None	03	08	None
Mr. Roshan C Tissaaratchy	Executive Director	None	None	02	None
Ms. Minette D A Perera	Non- Executive Director	None	03	None	05
Mr. John M Jo	Non- Executive Independent Director	None	None	None	None
Dr. Ravindra A Fernando	Non- Executive Independent Director	None	06	None	07
Mr. Anil L N Dias	Non- Executive Independent Director	None	01	None	01

of how strategic decisions translate into operational outcomes across the business.

Beyond induction, the Company places strong emphasis on continuous development to ensure Directors remain abreast with evolving governance expectations and industry developments. Periodic training sessions, workshops, and technical briefings are conducted on areas of strategic relevance, including corporate governance, sustainability, digital transformation, cybersecurity, risk management, and regulatory change. These learning interventions are designed to strengthen the Board's collective capability, enhance the quality of decision-making, and ensure Directors are well-positioned to address emerging challenges and opportunities.

5.8 Board Meetings

Regular Board meetings are fundamental to ensuring effective governance, as they provide a structured forum for Directors to exercise oversight, review performance, and make timely, informed decisions on matters critical to the Company's direction and sustainability.

Board meetings are chaired by the Executive Chairman/CEO, who ensures that proceedings are conducted in an orderly and efficient manner, with appropriate focus on the strategic priorities set out in the agenda. The Dilmah Board meets on a quarterly basis, or more frequently where required. Attendance at these meetings is mandatory, and Directors are expected to participate fully, having reviewed all relevant papers in advance and contributing constructively to robust, in-depth discussions that support sound and balanced decision-making.

PROCESS FOR SCHEDULING BOARD MEETINGS

Before the Meeting

- The Company Secretary, in consultation with the Executive Chairman/CEO, is responsible for preparing and setting the agenda for Board meetings.
- The agenda is structured to ensure sufficient time is allocated to key governance areas, including strategy, financial performance, industry developments, risk management, and regulatory compliance.
- This structured approach is designed to facilitate meaningful discussion and enable informed, high-quality decision-making by the Board.
- A Board-approved process allows any Director to formally request, in writing, the inclusion of additional matters or proposals for consideration in the agenda.
- Once finalised, a comprehensive Board pack including the agenda and supporting papers, is circulated to all Directors at least seven working days prior to the meeting.
- Advance circulation ensures that Directors have adequate time to review materials, seek clarifications where necessary, and contribute effectively to Board deliberations.

At the Meeting

- All Board members are expected to come well prepared and actively participate in discussions on all agenda items.
- The Executive Chairman/CEO presents a comprehensive update on the Company's business performance, operations, and the broader context influencing outcomes.
- Chairs of Board Sub Committees provide updates on key matters considered at their respective Committee meetings, which are typically held prior to the main Board meeting.
- Selected members of Corporate Management are invited to present on specific agenda items where specialised input is required.
- The Company Secretary is responsible for recording and maintaining accurate minutes of all Board meetings.

After the Meeting

- The Company Secretary prepares the minutes of each Board meeting.
- Draft minutes are submitted to the Executive Chairman/CEO for review and approval prior to circulation.
- Once approved, the minutes are circulated to all Directors and relevant members of Corporate Management who attended the meeting.
- Minutes are generally circulated within two weeks of the meeting date.

ACCESS TO INFORMATION

Dilmah's Board of Directors have unrestricted access to all information necessary to carry out their fiduciary duties with diligence and integrity. This includes timely access to financial records, Board and Committee papers, operational reports, and other critical management information, facilitating informed decision-making and effective oversight.

Where additional expertise is required, Directors may seek independent professional advice at the Company's expense to support the execution of their responsibilities, in turn enhancing the Board's ability to act in the best interests of the Company and its stakeholders.

Attendance at Meetings

Directors	Status	Board	AC	RPT	RC	NGC	SBC
Mr. Dilhan Fernando (Chairman)	ED	4/4	-	-	-	-	3/3
Mr. Himendra Ranaweera (Deputy Chairman)	ED	2/4	-	-	-	-	-
Mr. Malik Fernando	ED	1/4	-	-	-	-	-
Mr. Darshana Gunasekera	ED	4/4	-	-	-	-	-
Mr. Roshan Tissaaratchy	ED	4/4	-	-	-	-	-
Dr. Ravindra A Fernando	NEID	4/4	4/5	4/4	1/1	1/1	3/3
Ms. Minette D A Perera	NED	4/4	5/5	4/4	1/1	1/1	-
Mr. John M Lo	NEID/ SID	3/4	1/5	1/4	1/1	0/1	-
Mr. Rajan N Asirwatham (diseased on 12.12.2025)	NED	2/3	2/3	2/3	1/1	0/0	-
Mr. Anil L N Dias	NEID	4/4	5/5	-	-	-	-

Quarter 01	Quarter 02	Quarter 03	Quarter 04
♣ Review and approval of Quarterly financials	♣ Review and approval of Quarterly financials	♣ Review and approval of Quarterly financials	♣ Review and approval of Quarterly and YTD
♣ Review and approval of OPEX and CAPEX budgets for the F/Y 2025/26	♣ Pre-concurrence of International Ethics Standards Board for Accountants (IESBA)	♣ Approval of Policies per CSE guidelines	♣ Business plan and strategies for the next financial year
	♣ Approval of final dividends for 2024/25	♣ Appointment of the Executive Risk Management Committee	
		♣ Appointment of the Board Sustainability	
		♣ Review on investment in new tea bagging machines	

5.9 Board and Board Subcommittee Evaluation GRI 2-18

Board and Board Subcommittee evaluations are recognised as a key mechanism for strengthening Board effectiveness, enhancing accountability, and supporting continuous improvement in decision-making at the highest level.

The evaluation is conducted through the mandatory self-assessment completed by all Directors covering a range of governance dimensions, including Board composition and structure, quality of deliberations, strategic oversight, risk governance, adequacy of information flow, and the effectiveness of interaction between the Board, Committees, and Management. For Subcommittees, the review extends to the clarity of mandates, depth of technical review, timeliness of reporting, and overall contribution to Board decision-making.

The outcomes of the evaluation are formally reviewed by the Board, and where necessary, action plans are developed to strengthen the alignment between the Board's oversight role and the Company's strategic priorities.

5.10 Evaluating the Highest Ranking Executive Officer

The performance of Dilmah's highest ranking Executive Officer - the Executive Chairman / CEO is evaluated annually by the Nomination and Governance Committee (NGC) at the end of each financial year. The assessment is based on pre-agreed

strategic objectives, operational performance indicators, and key performance metrics established at the beginning of the year.

The evaluation considers the Executive Chairman's overall contribution to the Company's strategic direction, governance effectiveness, and long-term value creation, ensuring a balanced assessment of both financial and non-financial outcomes.

Following the review, the NGC's findings are shared with the Board with recommendations to the Human Resources and Remuneration Committee, which determines any appropriate adjustments to remuneration. This process ensures that compensation outcomes remain closely aligned with performance, sustainable business growth, and the long-term interests of shareholders and other stakeholders.

6. DIVISION OF RESPONSIBILITIES

GRI 2-11

6.1 Segregation of Duties at a Leadership Level

In accordance with good governance practices, there exists a clear separation of duties and responsibilities at the highest levels of leadership, ensuring that no single individual exercises unfettered powers of decision-making or control at Dilmah.

The Dilmah Board is led by Mr. Dilhan Fernando, who functions as an Executive Chairman and also holds the position of Chief Executive Officer. Given the presence of an Executive Chairman, the Company has appointed a Senior Independent Director (SID) in accordance with applicable regulatory requirements and good governance practices. Mr. John Lo has functioned as the SID since his appointment on 01st January 2025.

DUTIES AND RESPONSIBILITIES OF THE EXECUTIVE CHAIRMAN

As the highest-ranking executive and leader of the Board, the Executive Chairman is responsible for providing strategic leadership while ensuring the effective governance and long-term sustainability of the Company. Key responsibilities includes:

- Leading the Board of Directors and ensuring that the Board operates effectively, efficiently, and in accordance with sound governance principles.
- Presiding over Board meetings, setting agendas in consultation with the Company Secretary and management, and facilitating constructive and informed discussions.
- Promoting a culture of good governance, integrity, and ethical conduct throughout the organisation.
- Providing leadership to the executive management team and overseeing the overall performance of the Company.
- Monitoring organisational performance against strategic objectives, operational targets, and financial goals.
- Representing the Company externally in engagements with shareholders, customers, regulators, business partners, industry bodies, and other key stakeholders.
- Leading succession planning initiatives for senior leadership positions and supporting the development of future leaders within the organisation.
- Promoting sustainability and responsible business practices, ensuring that environmental, social, and governance (ESG) considerations are integrated into strategic decision-making.
- Safeguarding the Company's reputation and corporate values, ensuring that business activities remain aligned with the organisation's purpose, principles, and stakeholder expectations.
- Ensuring compliance with applicable laws, regulations, and governance requirements, while fostering a strong culture of accountability and transparency across the organisation.

DUTIES AND RESPONSIBILITIES OF THE SENIOR INDEPENDENT DIRECTOR (SID)

The Senior Independent Director (SID) plays an important role in strengthening the independence, effectiveness, and accountability of the Board. Key responsibilities of the SID includes:

- Acting as a sounding board and trusted advisor to the Chairman, offering independent perspectives on governance, Board dynamics, and strategic matters.
- Facilitating the resolution of concerns involving the Chairman, including situations where there may be actual or perceived conflicts of interest.
- Representing the views and concerns of Independent and Non-Executive Directors, ensuring that their perspectives are adequately considered during Board deliberations.
- Promoting constructive challenge and objective discussion within the Board, thereby strengthening the quality of decision-making.
- Leading the evaluation of the Chairman's performance, incorporating feedback from Non-Executive Directors and providing independent observations to the Board where appropriate.
- Meeting separately with Non-Executive Directors, without the presence of Executive Directors, to discuss governance matters, Board effectiveness, leadership performance, and any issues requiring independent consideration. In the year under review, the Senior Independent Director, Mr. John Lo, convened a virtual meeting with the Non-Executive Directors, independent of Executive Management, to discuss the outcomes of the Board Performance Evaluation process. The meeting provided an opportunity for Non-Executive Directors to openly discuss Board effectiveness, governance matters, and the performance of the Chairman, thereby reinforcing the independence and objectivity of the Board evaluation process.

6.2 Board Sub Committees

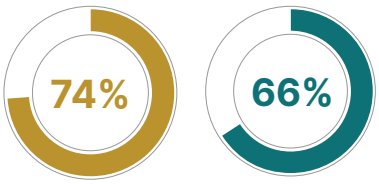
GRI 2-13

To support the effective discharge of its governance, oversight, and decision-making responsibilities, the Board has established several Board Subcommittees, including the 04 mandatory Committees in compliance with regulatory requirements. These Committees assist the Board in bringing more focused attention to key areas of governance, risk oversight, financial stewardship, remuneration, nominations, sustainability, and other matters of strategic importance.

Each Committee operates under a Board-approved Terms of Reference (ToR) that clearly defines its purpose, delegated authority, responsibilities, composition, and reporting obligations. The Terms of Reference are reviewed periodically and updated where necessary to ensure continued alignment with evolving regulatory requirements, emerging governance best practices, and the strategic priorities of the Company. In the year under review, a Board-level Sustainability Committee was established with a dedicated ToR.

While specific responsibilities are delegated to the Committees, the Board retains overall accountability for the discharge of its duties. To facilitate effective oversight and informed decision-making, the Chairman of each Committee reports to the Board following Committee meetings, providing updates on key deliberations, decisions, recommendations, and matters requiring Board consideration.

Board Audit Committee (BAC)



No. of meetings in 2025/26: 05

Areas of Oversight

- Financial Reporting
- Internal Controls
- Internal Audit
- External Audit

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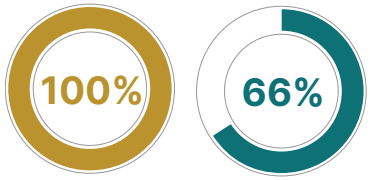
Remuneration Committee (RC)



No. of meetings in 2025/26: 01

Areas of Oversight

- Financial Reporting
- Internal Controls
- Internal Audit
- External Audit

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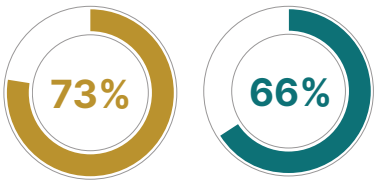
Related Party Transaction Review Committee (RPTRC)



No. of meetings in 2025/26: 04

Areas of Oversight

- Review of related party transactions

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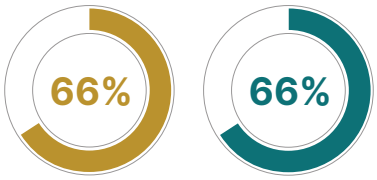
Board Nomination and Governance Committee (NGC)



No. of meetings in 2025/26: 01

Areas of Oversight

- Selection and appointment of Directors and key management personnel
- Director Performance and Succession Planning
- Governance Framework Oversight

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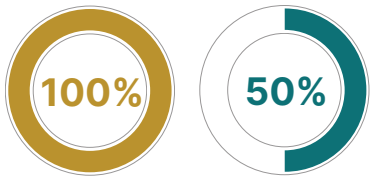
Sustainability Board Committee (SBC)



No. of meetings in 2025/26: 03

Areas of Oversight

- ESG strategy development
- Alignment of ESG strategy with overall business strategy.
- Monitor progress of ESG targets and commitments.
- Governance and Ethics compliance
- ESG Risk Management and Reporting

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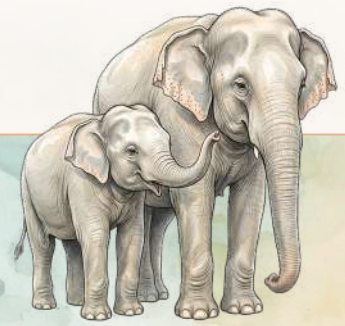
6.3 Management-Level Committees

Management Committees, led by Key Management Personnel ,help to implement Board-approved strategies, policies, and objectives at an operational level. These Committees facilitate cross-functional coordination, timely decision-making, and effective oversight of key business, operational, risk, and sustainability matters, ensuring alignment between strategic priorities and day-to-day execution.

- Cost Optimus Committee
- Investment Committee
- Food Safety Committee
- Sustainability Executive Committee
- Joint Consultative Committee
- Housing Loan Committee
- IT Steering Committee
- Culture Excellence and Grievance Committee
- Executive Risk Management Committee



● Attendance ● % of committee members who are independent directors

During the year under review, a new management committee - the Culture Excellence and Grievance Committee was established. The Committee provides a formal and confidential mechanism for employees to raise workplace concerns and grievances to ensure matters are addressed fairly, impartially, and in accordance with the Company's values and Code of Conduct. In addition to overseeing grievance resolution, the Committee plays an important role in fostering a respectful, inclusive, and values-driven workplace culture, reinforcing Dilmah's longstanding commitment to integrity, ethical conduct, employee well-being, and responsible business practices.

6.4 Company Secretary

MJF Corporate Services Pvt Ltd was established on 07th January 2025, for the purpose of discharge of the secretarial function of the Company. Accordingly, MJF Corporate Services Pvt Ltd as the Company Secretary plays a crucial role in supporting the effectiveness, integrity, and smooth functioning of the Company's corporate governance framework. The Company Secretary provides an advisory role to facilitate sound governance practices and ensure compliance with statutory, regulatory, and corporate requirements.

Duties and Responsibilities of the Company Secretary include:

- Advising the Board on corporate governance requirements, regulatory developments, and governance best practices.
- Ensuring compliance with the Companies Act, Colombo Stock Exchange (CSE) Listing Rules, Articles of Association, and other applicable legal and regulatory requirements. Facilitating the efficient functioning of the Board and its Committees, including coordinating meeting schedules, agendas, and Board papers.
- Ensuring that Directors receive accurate, timely, and relevant information to support informed decision-making.
- Attending Board and Committee meetings and maintaining accurate records and minutes of proceedings.
- Maintaining statutory registers, records, and corporate documentation required by law.
- Administering the Interests registering and ensuring that Directors' declarations of interests are properly recorded and monitored.
- Assisting with Director induction programmes and supporting ongoing Director training and governance awareness initiatives.
- Coordinating Annual General Meetings and other shareholder meetings, ensuring compliance with statutory and regulatory requirements.
- Facilitating timely disclosures and communications to shareholders, regulators, and the Colombo Stock Exchange.
- Advising on governance implications of Board decisions and ensuring that approved actions are implemented appropriately.
- Acting as a custodian of governance processes, ensuring that Board procedures are followed and that decisions are properly documented.

Recognising the strategic importance of the role, the appointment and removal of the Company Secretary is a matter reserved for the Board. The Board also periodically evaluates the performance of the Company Secretary to ensure that the role continues to be discharged effectively, independently, and in a manner that supports the Board's governance responsibilities. This assessment considers the Company Secretary's effectiveness in facilitating Board and Committee processes, maintaining regulatory compliance, supporting Director development, and promoting adherence to governance best practices across the organisation.

The Board remains satisfied that the current Company Secretary - MJF Corporate Services Pvt Ltd remains well-positioned to support effective decision-making, transparency, accountability, and the overall governance framework of the organisation.

7. BOARD ACCOUNTABILITY

7.1 Regulatory Compliance

The Board of Directors bears ultimate responsibility for ensuring that Dilmah operates in full compliance with all applicable laws, regulations, and regulatory requirements applicable to various aspects of the business. In fulfilling this responsibility, the Board has established a comprehensive governance framework consisting of policies, procedures, and internal controls designed to promote compliance with statutory and regulatory obligations. The Board regularly reviews the adequacy and effectiveness of compliance mechanisms to ensure emerging regulatory developments and compliance risks are identified and addressed in a timely manner.

The Board supported by its Committees, senior management, and the Company Secretary monitors evolving compliance requirements, and where necessary, also seeks independent professional advice to obtain clarity on legal and regulatory expectations.

COMPLIANCE HIGHLIGHTS FOR FY 2024/25 GRI 205-1

- The Board Audit Committee was mandated by the Board to oversee the risk management framework and process. Under the authority delegated by the Board Audit Committee, the Executive Risk Management Committee (ERMC) comprising Executive Directors and chaired by Chairman/CEO was appointed to oversee key risks and risk mitigation actions.
- The Company formalised the adoption of The RACI (Recommend / Approve / Consult / Inform), which indicates how decision making should take place on various subjects by each employee. The policy empowers delegates to exercise the powers, authorities, duties and functions delegated to them in a responsible, efficient and consistent manner.
- A Board level Sustainability Committee was established on 05th August 2025, to be chaired by the Chairman/ CEO with Dr. Ravi Fernando as a Member and Dr. Rohan Pethiyagoda as and External Advisor thereof. The committee has a Terms of Reference as approved by the Board.
- A Sustainability Executive Steering Committee comprising of Heads of Departments and the Chief Sustainability Officer was nominated as the working committee thereof. SRRO-based Terms of Reference for the executive committee was approved by the Board.
- Policy on Personal Data Protection being drafted and as part of its implementation process senior management training on the policy and adherence requirements are currently underway. A Personal Data Protection Officer has been nominated to oversee the implementation of the policy, conduct impact assessments, monitor security, handle breaches, train staff, and act as a liaison with regulators and individuals, promoting accountable, transparent, and data processing practices across the Company.
- The company has reviewed its Anti Bribery & Corruption policy and Whistleblowing Policy in line with the requirements of the CSE Listing Rules and best corporate governance procedures. Accordingly a training was provided on the improvements to employees of highly vulnerable departments.

7.2 Financial Control and Reporting

As the highest governing body within the organisation the Dilmah Board holds the primary responsibility for safeguarding the integrity, accuracy, and transparency of all financial reporting and control systems. In this regard, the Board exercises direct authority over all material financial decisions, including the approval of annual budgets, strategic capital investments, funding arrangements, dividend distributions, major expenditure programmes, and other significant financial commitments.

The Board has also institutionalised comprehensive internal mechanisms to maintain effective oversight, strong financial discipline, and the reliability of reporting processes. Within this framework, the Board Audit Committee (BAC) plays a central role in reviewing the effectiveness of internal controls, monitoring financial risks, and overseeing both internal and external audit functions. The BAC is also tasked with evaluating any material control weaknesses or reporting issues to ensure the Board takes timely and appropriate corrective action where required.

Statutory and regulatory reporting obligations are subject to Board oversight to ensure completeness, consistency, and compliance. This includes the review and approval of interim and annual financial statements as well as the Integrated Annual Report. The Board ensures that all disclosures provide a fair, balanced, and comprehensive representation of the Company's financial performance, position, cash flows, and outlook, enabling stakeholders to make well-informed assessments of the Company's resilience and prospects.

For more information, please refer:

- The Annual report of the Board of Directors on page 262
- Directors' Responsibility for Financial Reporting on page 275
- Directors' Statement on Internal Control Over Financial Reporting on page 262
- Report of the Audit Committee on page 269
- Report of the External Auditors on page 278

7.3 Risk Management and Internal Control

The Dilmah Board assumes the overarching responsibility for ensuring that the Company's risk management and internal control systems remain robust, effective, and aligned with its

strategic objectives. In discharging this responsibility, the Board determines the Company's risk appetite and provides strategic direction for the development and maintenance of frameworks that enable the systematic identification, assessment, monitoring, and mitigation of risks that could impact operational continuity, financial performance, or reputational integrity.

The execution of the risk management mandate is delegated to the Board Audit Committee (BAC). The BAC provides independent oversight of the effectiveness of risk management and internal control systems, drawing assurance from both internal and external audit functions. Where gaps or weaknesses are identified, the Committee reviews and recommends appropriate corrective actions to the Board, supporting continuous improvement in governance and control environments.

The BAC also guides the Head of Risk and Compliance in implementing the Enterprise Risk and Opportunity Management (EROM) framework across the Company.

At an operational level, the Executive Risk Management Committee (ERMC), comprising executive leadership and chaired by the Executive Chairman/ CEO, is responsible for overseeing the identification, assessment, management, and monitoring of key enterprise risks. The ERMC reports its findings and recommendations to the BAC through the Head of Risk and Compliance.

For more information, please refer:

- The Risk Management Report on page 61.

7.4 Conduct and Ethics

GRI 2-16, 2-23, 2-24, 2-26

The Board plays a crucial role in promoting ethics and conduct, striving to lead by example in setting the tone from the top. To permeate the culture of integrity and good conduct across the organisation, the Board has established a comprehensive conduct framework comprising a comprehensive range of policies and procedures.

7.4.1 Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees

This Policy is intended to serve as a source of guiding principles for Directors and employees on areas of ethical risk and issues and to encourage them to report unethical conduct and help foster a culture of honesty and accountability. This Policy addresses significant aspects of Business Conduct and Ethics including the conflict of interest, entertainment and gifts, the need for accurate accounting and record keeping, as well as fair and transparent procurement practices. It further elaborates on the protection and proper use of company assets and the reporting of any illegal or unethical behaviour or acts. The 'Code of Conduct' (COC) of MJF Holdings Ltd & Group Companies shall be construed as an integral part of this Internal Code of Business Conduct & Ethics.

7.4.2 Policy on Whistleblowing

The Policy on Whistleblowing serves as a channel for employees and other stakeholders to raise concerns and report on any suspected or actual wrongdoing, including but not limited to, fraud, corruption, bribery, harassment, safety violations, and environmental damage affecting the Company - without fear of retaliation, subsequent discrimination or disadvantage. The Policy is intended to encourage and enable staff to raise serious concerns within the company rather than overlooking a problem or 'blowing the whistle' outside, and establishes the reporting mechanism and its commitment to protecting employees against retaliation.

7.4.3 Policy on Anti-Bribery and Corruption

GRI 205-1, 205-2

The Policy on Anti-Bribery and Corruption (ABC Policy) reflects Dilmah's commitment to conducting business honestly and ethically, adopting a zero-tolerance approach to bribery and corruption. It is committed to acting professionally, fairly, and with integrity in all business dealings and relationships, wherever it operates, while also implementing and enforcing effective systems to prevent bribery. This Policy covers matters related to facilitation payments, kickbacks, gifts, invitations, and hospitality, outlining the responsibilities of employees and third parties in preventing bribery and corruption within the Company. In the year under review, the ABC policy was reviewed and updated in line with the requirements of the Anti-Corruption Act, No. 9 of 2023. Following the policy revision a series of training sessions and communication programmes were implemented to raise awareness and drive effective implementation of the policy. Training was conducted by the Legal Department with special emphasis on vulnerable departments.

7.4.4 Gift Policy

Establishes uniformity in the gift giving culture within the Company and restricts any conflicts of interest. This policy governs the gifts that are exchanged, gifted or received by the employees of the organisation and is also applicable to gifts within the Company as well as between professional connections made on behalf of the Company. To ensure

transparency, mitigate potential conflicts of interest, the Gift Policy identifies prohibited gifts as well as permissible gifts accompanied with clearly defined monetary limits for gifts that employees can give or accept in the course of their duties. Moreover, as per the policy, employees are required to report any gifts received regardless of their value, for documentation and review.

As part of the annual policy review programme, the Board reviewed and updated all Governance policies as needed to reflect latest regulatory developments and global best practices.

7.5 Information Technology (IT) and Cybersecurity Governance

GRI 2-23, 2-24

The Board remains the ultimate authority for oversight of ensuring that all technology-related strategies, investments, and systems are aligned with the Company's overall business objectives, risk appetite, and long-term strategic direction. In this regard, the Board has designated the IT Steering Committee to provide focused strategic oversight of technology initiatives. Chaired by the Head of IT and comprising cross-functional representation from key business areas, the Committee is responsible for undertaking IT projects to ensure digital transformation efforts remain aligned with business priorities and deliver intended value.

To strengthen discipline in execution, a structured Project Governance Framework has been implemented for all major IT initiatives. The framework establishes clear project charters, defined roles and responsibilities, key performance indicators, and formal reporting structures. Projects are governed through stage-gate reviews, with post-implementation assessments conducted to evaluate outcomes and capture lessons learned, thereby driving continuous improvement.

At an operational level, the IT team oversees day-to-day technology operations and includes dedicated leads for infrastructure, enterprise applications, cybersecurity, and user support who are tasked with ensuring effective execution of IT strategies, maintains system reliability, manages technology-related risks, and enforces compliance with internal controls and IT governance standards.

In the year under review, the IT team took steps to comply with the Personal Data Protection Act No. 9 of 2022, through the introduction of a comprehensive Personal Data Protection Policy. A designated Personal Data Protection Officer was also appointed to oversee policy execution, conduct impact assessments, monitor data security, manage breach responses, and act as the primary liaison with regulators and stakeholders.

7.6 Human Capital Governance

GRI 2-23, 2-24

Board oversight of human capital governance is critical. Strong Board control ensures that workforce strategies, leadership development, and organisational culture remain aligned with business priorities, ethical standards, and long-term value creation, while also safeguarding fairness, consistency, and accountability across the organisation.

Accordingly, the Dilmah Board sets the strategic direction for human capital development and ensures alignment of HR priorities with the Company's long-term objectives and sustainability agenda. Guided by the Board, the Board Remuneration Committee (BRC) defines the Company's remuneration philosophy, policy framework, and governance principles that underpin fair, competitive, and performance-driven reward structures.

The Decentralised Management Council (DMC) is responsible for translating Board-approved HR strategies through the development of HR policies across the organisation and supports alignment between workforce practices, organisational culture, and performance outcomes.

At an operational level, the HR function is responsible for executing the approved policies and strategies, ensuring compliance with regulatory requirements while managing end-to-end human capital processes. This includes recruitment, learning and development, performance management, succession planning, and employee engagement, all of which contribute to fostering a capable, inclusive, and high-performing workforce.

For more information, please refer

- The Human Capital Report on page 158.

7.7 Stakeholder Engagement

Recognising that open, timely, and transparent communication is fundamental to fostering stakeholder trust, the Dilmah Board places strategic importance on a well-structured stakeholder engagement approach that reinforces the Company's long-term value creation and sustainability ambitions. Oversight of stakeholder engagement is anchored at the highest level, with the Executive Chairman/ CEO providing strategic direction and setting overarching priorities in line with the Company's purpose and values.

The Corporate Management team plays a critical role in translating strategic intent into tailored stakeholder engagement activities designed to be inclusive, timely, and action oriented. The operational responsibility for stakeholder interaction rests with the executive management team, who serve as ambassadors of Dilmah's commitment to ethical conduct, transparency, and shared prosperity.

For more information, please refer Stakeholder Engagement on page 44.

7.8 ESG Governance

GRI 2-9, 2-12, 2-13, 2-14

Sustainability has long been a defining principle of Dilmah's identity, anchored by the philosophy of making business a force for good, where commercial success is intrinsically linked with environmental stewardship and social responsibility. This ethos has evolved into a structured and comprehensive ESG approach that guides how the Company creates long-term value for its stakeholders.

The Dilmah Board holds ultimate responsibility for ESG governance. In the current year, a Board-level ESG Subcommittee was established, chaired by the Company's Executive Chairman / CEO, to provide more focused oversight for ESG matters. As per the Board approved ToR, the Subcommittee is tasked with monitoring, managing, and overseeing both Sustainability-related Risks and Opportunities (SRROs) and Climate-related Risks and Opportunities (CRROs), to ensure they are systematically identified, assessed, and integrated into strategic planning.

The Sustainability Executive Steering Committee, comprising Heads of Departments and the Chief Sustainability Officer continues to serve as the key operational coordination body for ESG, including reviewing material sustainability topics, evaluating stakeholder engagement effectiveness, recommending ESG strategies and targets, to the Board. Implementation of ESG initiatives is driven through dedicated operational units, including the Dilmah Conservation & Sustainability Department, the Environmental Management System (EMS) Team, and the MJF Charitable Foundation.

To reinforce transparency and global alignment, the Board ensures ESG disclosures are guided by leading international frameworks, including the International Integrated Reporting (<IR>) Framework, Global Reporting Initiative (GRI) Standards, United Nations Sustainable Development Goals (UN SDGs), and the Sustainability Accounting Standards Board (SASB) framework. The Company has also initiated alignment with Sri Lanka Financial Reporting Standards (SLFRS) S1 and S2, reflecting its commitment to emerging global sustainability disclosure requirements.

In line with this transition, governance structures and reporting processes have been strengthened to support compliance with SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures), with the ESG policy framework updated accordingly to ensure consistency, comparability, and enhanced decision-useful reporting.

7.9 Shareholder Relations and Communication

The Board is committed to upholding the highest standards of transparency and accountability by ensuring that shareholders receive accurate, timely, and comprehensive information regarding the Company's performance, strategic direction, risk profile, and governance practices. This is facilitated through regular and structured communications, including the Annual Report, interim financial statements, press releases, and updates via the Company's official website.

In fostering meaningful shareholder relationships, the Board promotes proactive two-way communication. Shareholders are encouraged to engage through both formal and informal channels to seek clarifications, provide feedback, or raise concerns. The Company Secretary acts as the primary point of contact for shareholder engagement, ensuring that all inquiries are addressed in a timely and transparent manner, thereby reinforcing trust and long-term stakeholder confidence.

7.10 Annual General Meeting (AGM)

Dilmah's Annual General Meeting (AGM) serves as a key platform for shareholders to engage directly with the Company's leadership, review financial and operational performance, and participate in key governance and decision-making processes. At the AGM, shareholders are able to raise questions and vote on important resolutions, including the appointment or reappointment of Directors, approval of dividends, and the appointment of external auditors.

To support informed participation, the Annual Report, AGM notice, proposed resolutions, and voting instructions are circulated to shareholders at least 15 working days in advance. This ensures that shareholders have adequate time to review relevant information and exercise their rights in a considered and effective manner.

The 44th Annual General Meeting was held on 31 July 2025 as a fully virtual meeting, with the 45th AGM scheduled to be held virtually on 6th of August 2026.

ESG KPI Update

ENVIRONMENTAL, SOCIAL & GOVERNANCE KPIS

Section	KPI	2030 Target	Annual Target	Baseline (2023/24)	2024/25	Progress 2025/26
Climate Change	Scope 1 & 2 GHG emissions reduction	41% absolute reduction	5.8% YoY reduction	2321.29 MTCO2e	5.8% reduction compared to the baseline.	11.8% reduction compared to the baseline.
Climate Change	Scope 3 GHG emissions reduction (SBTi committed categories)	25% absolute reduction	3.5% YoY reduction	30,036.31 MTCO2e	14.88 % increase compared to the baseline.	8.94 % reduction compared to the baseline.
Waste Management	Value enhancement of waste at the source and End of Life	100% reused / recycled / recovered	3% YoY improvement	85%	86.4%	86.7%
Energy	Energy intensity	30% reduction	4% YoY Reduction	1208 GJ/ Bn LKR revenue	972 GJ/ Bn LKR revenue	1015 GJ/ Bn LKR revenue
Water	Water intensity	35% reduction	5% YoY Reduction	2134 m3/ Bn LKR revenue	1712 m3/ Bn LKR revenue	1872 m3/ Bn LKR revenue
Materials	PPWR Compliance	100% Alignment with PPWR Compliance	100% Alignment with Applicable Annual PPWR Compliance Requirements	Compliance requirements apply from August 2026 onwards		
Kindness to Nature	Ongoing and completed key Dilmah Conversation projects	25% increase of no of projects compared to the base year	4% YoY increase of projects	16	19	29
Customer Responsibility	Critical health-related complaints	Zero maintained	Zero tolerance	0	0	0
Kindness to People	Beneficiaries of social programmes	25% increase of no of beneficiaries compared to the base year	4% YoY increase of no of beneficiaries	49,692	551,280	552,001

ESG KPI Update

BUSINESS ETHICS KPIS

Key Performance Indicator (KPI)	Target	Performance			Remarks on Progress Made
		FY-2023/24	FY-2024/25	FY-2025/26	
Number of reported cases of business ethics-related violations through an internal or external whistleblower procedure.	Zero confirmed incidents.	0	0	1 reported incident	100% transparency in investigation of the reported incident and effective conclusion of investigations within 3 months.
Number of confirmed corruption incidents.	Zero confirmed incidents.	0	0	0	There were no incidents of corruption reported via the Whistleblowing Channels
Number of confirmed information security incidents	Zero confirmed incidents.	0	0	0	There were no incidents of Information Security breaches.
Percentage of executive employees trained on business ethics during the induction program.	100%	100%	100%	100%	All employees are made aware of the Ethics during the inductions training sessions conducted by Legal and HR. Also the MJF Academy which is accessible to all employees stores all the detailed policies for the employees to make themselves aware of same.

HR KPIS

Key Performance Indicator (KPI)	Target	FY 2023/24	FY 2024/25	FY 2025/26	Remarks on Progress Made
Employee Training Hours (Total)	60,000 hrs/year (company-wide)	66,084	351,963	62,192	FY25/26 exceeded the 60,000 hr target; FY24/25 was an outlier due to the intensive training provided to staff on new machinery.
Average Training Hours per Employee	>60 hrs/employee	92.2	428.2	71.4	Target consistently met across all 3 consecutive financial years.
Insurance Coverage (eligible employees)	100%	100%	100%	100%	Fully achieved and sustained for 3 consecutive financial years.
Employee Welfare Services Utilisation	85% participation	100%	100%	100%	Target exceeded for the 3rd consecutive financial year per report narrative.
Remuneration Gender Ratio (M:F, basic salary)	1:1	1:1	1:1	1:1	Full pay parity maintained for 3 consecutive years.
Sexual Harassment Incidents	Zero tolerance	Zero	Zero	Zero	Zero incidents sustained for 3 consecutive financial years.
Child Labour / Forced Labour Incidents	Zero tolerance	Zero	Zero	Zero	Zero incidents maintained across all 3 reporting years.

Key Performance Indicator (KPI)	Target	FY 2023/24	FY 2024/25	FY 2025/26	Remarks on Progress Made
Female Representation in Leadership	>40%	31%	43%	41%	Target achieved in FY24/25 and FY25/26; missed in FY23/24.
% Women Employed in Organisation (Overall)	40%	49%	46.1%	45.1%	Target consistently met across all 3 consecutive financial years.
Policy Awareness & Training Coverage	100%	70.71%	100%	100%	Significant improvement from FY23/24; 100% sustained for 2 consecutive years.
Anti-Discrimination/ Abuse Training Coverage	>70% of employees/year	37% (268 employees)	120% (984 employees)	74% (648 employees)	Target met in FY24/25 and FY25/26; missed in FY23/24. FY24/25 figure exceeds 100% likely due to repeat/refresher sessions.
Lost Time Injury Frequency Rate (LTIFR)	Zero	0	0	0	Zero LTIFR maintained for 3 consecutive financial years; target set to sustain at zero.
Maternity/Parental Leave Entitlement Fulfilment	100%	100% (14 took leave)	100% (07 took leave)	100% (08 took leave)	Full compliance sustained for 3 consecutive years.
JCC Meeting Frequency Compliance	At least 1 meeting per quarter (100% compliance)	100%	100%	100%	100% compliance in conducting JCC meetings at least once a quarter sustained for 3 consecutive years.
JCC Member Participation Rate	90% member participation	100%	100%	100%	Actual participation has exceeded the 90% target for 3 consecutive years, demonstrating strong member commitment.
OHS Team Meeting Frequency Compliance	At least 1 meeting per quarter (100% compliance)	N/A	125%	100%	100% compliance in conducting OHS meetings
Grievance Cases — External Stakeholders' Human Rights	Zero	Zero	Zero	Zero	Number of grievance mechanism cases reported on external stakeholders' human rights incidents affected by company operations has repeatedly been maintained at "Zero" for 3 consecutive years.
In-house Doctor Consultations	Minimum 40 sessions/year	28 sessions	40 sessions	43 sessions	Target missed in FY23/24, met in FY24/25, exceeded in FY25/26 — reflects growing commitment to employee health and wellbeing.
Promotions (% of Total Workforce)	5% benchmark per year	10%	10%	8.6%	Target exceeded in all 3 years; however, FY25/26 shows a declining rate versus the prior two years, worth monitoring against the 5% benchmark going forward.

Sustainable Procurement KPI Update

Key Performance Indicator (KPI)	Target	Performance			Remarks on Progress Made
		FY-2023/24	FY-2024/25	FY-2025/26	
Availability of a publicly declared Sustainable Procurement Policy (SPP) including qualitative objectives, quantitative targets, specific scope, governance, responsibilities and review mechanism.	Publicly available SPP	N/A	N/A	Available	Dilmah SPP was issued in mid-March 2026.
Percentage of main packaging material suppliers, targeted ingredient suppliers and logistics service providers who have signed the Dilmah MJF Supply Chain Partner Code of Conduct	100% signed commitments	N/A	N/A	91%	Dilmah MJF Supply Chain Partner Code of Conduct was launched in 3 sessions for key supply chain partners.
Availability of supply agreements that include clauses on environmental, labour, and human rights requirements.	Development of supply agreements	N/A	N/A	Available	The finalisation of supply agreements, incorporating social, environmental, and other sustainability clauses, was completed at the end of March 2026. The process of obtaining signed agreements is in progress.
Percentage of targeted suppliers covered by on-site audits assessing quality, food safety, and sustainability criteria (including environment, ethics, labour and human rights, and sustainable procurement) in accordance with the annual audit plan.	More than 75% completion of Audit Plan	N/A	86%	96%	In FY 2023/24, on-site audits were not planned due to the prevailing political and economic crisis in Sri Lanka; however, 8 audits were conducted during 2022–2023 including packaging material suppliers and tea estates.
Percentage of targeted suppliers covered by the Supplier Capability Assessment on quality, food safety, and sustainability criteria.	More than 75% responses	N/A	87%	97%	The Supplier Capability Assessment is conducted to approve suppliers prior to onboarding. For existing suppliers, it is carried out for selected suppliers on a three-year cycle, covering key criteria such as environmental management, health and safety, labour standards, ethics, and other relevant sustainability aspects.

Key Performance Indicator (KPI)	Target	Performance			Remarks on Progress Made
		FY-2023/24	FY-2024/25	FY-2025/26	
Percentage of targeted packaging material suppliers covered by the Annual Self-assessment on quality, food safety, and sustainability criteria (System certifications, policies, targets, protocols, emissions etc.)	More than 75% responses	44%	48%	77%	The assessment scheme was introduced in 2023/2024, parallel to the introduction of the Supply Chain Partner Code of Conduct in 2023, for the main packaging material suppliers.
Number of awareness and capacity building sessions held for suppliers related to sustainability advancement in procurement activities.	As per the Requirement	2	1	3	2023/24: Two sessions were held to launch the CoC and raise awareness on key sustainability areas among main packaging material suppliers, tea plantation companies, and tea brokers.
					2024/25: A session was conducted to launch the CoC and raise awareness on key sustainability areas among main ingredient suppliers, logistics and IT service providers, and other miscellaneous suppliers.
					2025/26: ♣ A session for main packaging material suppliers on EUDR readiness. ♣ A workshop for tea estate representatives of Kahawatte Plantation PLC on CoC familiarisation, Quality and food safety in tea cultivation & manufacturing, Climate & sustainability risks and resilience planning etc. ♣ A virtual session for main local packaging material suppliers on Organisational level GHG emission reporting & sustainable procurement.
Number of procurement team employees who have received training on sustainability in procurement.	Whole procurement team	6	6	8	In addition to internal procurement trainings, team members also participated in relevant sustainability-focused supplier training sessions based on their respective working areas.

Report of the Board of Directors

General

The Board of Directors of Dilmah Ceylon Tea Company PLC (DCTC) are pleased to present its Annual Report for the financial year ended 31st March 2026, together with the audited Financial Statements of the Company, consolidated Financial Statements of the Group and the Auditor's Report on those Financial Statements, in conformity with the requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange (CSE).

DCTC was incorporated as a public limited liability company in Sri Lanka on 29th May 1981 under the Companies Ordinance No. 51 of 1938. The Company was re-registered as required under the provisions of the Companies Act No. 07 of 2007 on 13th October 2008. The re-registration number of the Company is PQ 209.

The ordinary shares of the Group were listed on the main board of the Colombo Stock Exchange on 01st January 1982, and subsequently transferred to the Diri Savi Board on 16th August 2017.

The registered office is located at No. 111, Negombo Road, Peliyagoda, Sri Lanka.

The Company has entered into an Agreement with Board of Investment of Sri Lanka (BOI) on and enjoy concessions under Section 17(2) of the BOI Law.

The Annual Financial Statements were reviewed and approved by the Board of Directors on 14th July 2026.

Disclosure Requirements	Reference to the Companies Act No. 07 of 2007	Disclosure Reference for Compliance	Page
The nature of the business of the Company	Section 168 (1) (a)	Note 1.2 to the Financial Statements - Principal Activities and Nature of Business	287
Financial Statements for the accounting period completed and signed in accordance with Section 152	Section 168 (1) (b)	The Financial Statements of the Company and Group for the year ended 31st March 2026	281-328
Auditor's Report on the Financial Statements of the Company	Section 168 (1) (c)	Independent Auditors' Report	278-280
Any change in accounting policies made during the accounting period	Section 168 (1) (d)	Note 2.6 to the Financial Statements - Changes in Accounting Policies	288
Particulars of entries in the interests register made during the accounting period	Section 168 (1) (e)	Directors' Interest in Contracts with the Company Details of the Directors' shareholdings	267
Remuneration and other benefits of Directors during the accounting period	Section 168 (1) (f)	Note 33.2 to the Financial Statements - Profit / (Loss) Before Tax	324
Total amount of donations made by the Company during the accounting period	Section 168 (1) (g)	Note 25 to the Financial Statements - Profit / (Loss) Before Tax	315
Names of the persons holding office as Directors of the company as at the end of the accounting period and the name of any persons who ceased to hold office as Directors of the Company during the accounting period	Section 168 (1) (h)	Board Profiles (Pages 34 – 38). Demise of Mr. Rajan Asirwatham on 12.12.2025. In terms of Article 24 of the Articles of Association of DCTC, Mr. Roshan Tissaaratchy retires by rotation and being eligible, offers himself for re-election.	34-38
Amounts payable by the Company to the person or firm holding office as auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm.	Section 168 (1) (i)	Note 25 to the Financial Statements.	315

Disclosure Requirements	Reference to the Companies Act No. 07 of 2007	Disclosure Reference for Compliance	Page
Particulars of any relationship (other than that of auditor) which the auditor has with, or any interests which the auditor has in the Company or any of its subsidiaries.	Section 168 (1) (j)	External Auditors	278
Signed on behalf of the board by two Directors and the Company Secretary.	Section 168 (1) (k)	-	268

Principal Activities of the Group

The principal activity of the Group is to carry on the business of manufacture, export and marketing of value-added tea and cinnamon under the brand name "Dilmah". The principal activity of the Subsidiary Company is to manufacture, export and market tea in the form of liquid tea concentrate and ready-to-drink tea.

The Directors to the best of their knowledge and belief, confirm that the Company and the Group have not engaged in any activity that contravene laws and regulations.

Review of Operations

A review of the operations of the Group and results of its performance during the financial year are contained in the Chairman's Message (pages 30 to 33) and Financial Capital Report (pages 116 to 121).

Future Developments

An overview of the future developments of the Group is given in the Chairman's Message (pages 30 to 33).

Financial Statements

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and comply with the requirements of the Companies Act No. 07 of 2007. The Financial Statements of the Company and the Group for the year ended 31st March 2026 duly signed by the Chief Financial Officer and two Directors of the Company, are given in pages 281 to 328.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Group and to present a true and fair view of its state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, (SLFRSs and LKASs), Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and Listing Rules of the CSE.

The Statement of Directors' Responsibility for Financial Reporting is given on page 275.

Going Concern

The Board has made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Group Results and Appropriations. For the year ended 31st March 2026.

Group Results and Appropriations

For the year ended 31st March	2026 Rs. '000	2025 Rs. '000
Revenue	22,140,443	21,157,914
Profit for the Year	1,893,108	725,829
Other Comprehensive Income Net of Tax	(53,336)	46,070
Total Comprehensive Income Net of Tax	1,839,772	771,899
Interim Dividend for the Current Year	-	-
Proposed Final Dividend	518,438	414,750

Dividends

The Directors recommend paying first and final dividend of 25/- for the year ended 31st March 2026.

Report of the Board of Directors

The Board of Directors provided the Statements of Solvency to the Auditors and obtained Certificates of Solvency from the Auditors in respect of each dividend payment in terms of Section 56 (2) of the Companies Act No. 07 of 2007.

The Board also fulfilled the requirement of the Solvency Test in terms of Section 56 (3) of the Companies Act No. 07 of 2007 immediately after the payment of each interim dividend, and ensured compliance with the Solvency Test after payment of each.

Corporate Donations
We continue with the Company philosophy that "business is a matter of human service". For the current year, the Company made a donation of Rs. 215 million (2024/2025 Rs. 190 million) to the MJF Charitable Foundation. The activities of the Foundation are given on the pages 205 to 211. Other Donations by the Company during the year amounted to Rs. 189,864/- (2024/2025 - Rs. 460,037/-).

Taxation
The taxable income is determined according to the provisions of the Inland Revenue Act No.24 of 2007 as amended.

Human Resources
The Group continues to invest in human capital development and implement effective human resource practices and policies to improve workforce efficiency, effectiveness and productivity, offering equal career opportunities regardless of gender, race or religion.

There were no material issues pertaining to employees and industrial relations of the Company that occurred during the year under review which requires disclosure.

As at 31st March 2026, 871 persons were employed by the Company (31st March 2025 - 822)

Statutory Payments
The Directors confirm that to the best of their knowledge and belief, all statutory payments in relation to taxes and duties, and in relation to employees have been made promptly on the due dates.

Compliance with Laws & Regulations
To the best of the knowledge and belief of the Directors, the Group has not engaged in any activities contravening the laws & regulations of the country. The Group has also formulated and implemented Policy framework relating to business conduct and ethics, workplace conduct and dignity and anti-bribery & corruption to emphasise its commitment towards responsible decision making and corruption free business conduct.

Policies
In compliance with Rule 9.2.1 of the listing rules, the Company has articulated its governance practices in the form of 12 polices. An overview of these policies are available at https://www.dilmahtea.com/

Capital Expenditure
Capital expenditure incurred on the acquisition of Property, Plant & Equipment during the year of the Company and Group amounted to Rs. 1,134 million and Rs. 1,140 million respectively (2024/25 Company and Group Rs. 2,776 million and Rs. 2,776 million respectively). Details are given in Note 4 of the Notes to the Financial Statements on pages 298 to 301. Capital expenditure approved and contracted for and not contracted for, as at Balance Sheet date are given in Note 30 to the Financial Statements on page 321.

Property, Plant and Equipment (PPE)
Details of property, plant and equipment are given in Note 4 to the Financial Statements on pages 298 to 301. The net book values of freehold properties owned by the Company and the Group as at 31st March 2026 are included in the accounts at Rs. 7,351million and Rs. 7,437 million respectively (2024/25 Company and Group Rs. 7,146 million and Rs. 7,234 million).

The market value of Property, Plant & Equipment is considered not materially different to the values stated.

Investments
Investments made by the Company are detailed in Note 8 of the Financial Statements.

Stated Capital
The Stated Capital of the Company is Rs. 642,500,000/- divided into 20,737,500 Ordinary Shares.

Shareholding
As at 31st March 2026, there were 1,284 (1,102 as at 31st March 2025) registered shareholders and their distribution is given on page 330. The twenty major shareholders as at 31st March 2026, the number of shares held and their percentage shareholdings are disclosed on page 331.

Reserves
The total reserves as at 31st March 2026 stand at Rs. 23,700 million (2024/25 - Rs. 22,275 million) including the FVOCI Reserve of Rs. 12 million (2024/25- Rs. 67 million).

Events Occurring after the Balance Sheet Date

No significant events have occurred after the Balance Sheet date, which require adjustments to or disclosure in the Financial Statements.

Risk Management and System of Internal Controls

The Group has an ongoing process in place to identify, evaluate, and manage the risks that are faced by the Group, as detailed in the Risk Management Report on pages 61 to 68. An effective and comprehensive system of internal controls is in place comprising of internal checks, internal audit, and financial and other controls required to carry out Group business and safeguard assets. The Audit Committee Report and the Independent Auditors' Report thereon are given on pages 269 and 278.

Sustainability

A Sustainability Board Committee was formally appointed by Company during the year as part of its commitment to strengthening governance and enhancing oversight of environmental, social, and governance (ESG) matters.

This sub-committee supports the Board in integrating sustainability principles into the Company's strategic direction, monitoring ESG performance, and ensuring alignment with applicable regulatory requirements and global best practices. Its establishment reflects Dilmah's continued dedication to responsible business practices, transparency, and long-term value creation for all stakeholders. The report of the Board Sustainability Committee is given In page 273.

Sustainability at Dilmah on pages 16 to 21 covers Dilmah's sustainability scope at the high-level.

Directorate

The profiles of the Directors who held office as at the date of the Statement of Financial Position appear on pages 34 to 38 of this Annual Report.

The Nominations and Governance Committee of the Company has recommended that Mr. Himendra S. Ranaweera the Deputy Chairman who makes an invaluable contribution to the Board and the Company with the pivotal role he plays and the wealth of experience, industry knowledge and business acumen he brings; is eligible to be reappointed by the shareholders in terms of section 211 of the Companies Act, notwithstanding the age limit of seventy years stipulated by section 210 of the Companies Act.

An ordinary resolution is proposed to re-appoint him to the Board as a Director in terms of Section 211 (1) of the said Companies Act No. 07 of 2007.

In terms of Article 24 of the Articles of Association of the Company which stipulates that one Director who has served the longest on the Board shall retire at every Annual General Meeting, except the persons appointed to the office of managing or joint managing Director, the Nominations and Governance Committee have recommended that Mr. Roshan Tissaaratchy who is due to retire by rotation is eligible to be re-elected by the shareholders at the Annual General Meeting.

The Board is of the opinion that Mr. Dilhan C. Fernando should continue in the role of Chairman and Chief Executive of the Company in line with the vision the founder Chairman Late Merrill J. Fernando had for the Dilmah brand in taking forward his legacy. Dilhan Fernando as the younger son of Late Merrill Fernando is expected to hold the same vision, heritage and core values the Company has painstakingly cultivated over the years, thereby eliminating any potential conflicts and unnecessary distractions to delivering a high degree of value to all shareholders of the Company. Accordingly, the Company continues to have a Senior Independent Director in compliance with Section 9.6.3 of the Governance Rules of the Colombo Stock Exchange. Mr. John Lo being so appointed currently also serves as the Senior Independent Director of the Company.

The role and responsibilities of the Senior Independent Director is given on page 276 in the Statement by the Senior Independent Director.

Name of the Director	Status
Mr. Dilhan C. Fernando – Chairman/Chief Executive Officer	ED
Mr. Himendra S. Ranaweera - Deputy Chairman	ED
Mr. John M. Lo	SID
Mr. Malik J. Fernando	ED
Mr. Roshan C. Tissaaratchy	ED
Mr. J Darshana N Gunasekera	ED
Ms. Minette D. A. Perera	NED
Mr. Rajanayagam Asirwatham (Deceased 12.12.2025)	NED
Dr. Ravindra A. Fernando	IND
Mr. Anil L. N. Dias	IND

(IND - Independent Director, NED - Non-Executive Director and ED - Executive Director, SID- Senior Independent Director)

Directors of the Subsidiary - MJF Beverages (Pvt) Ltd.

Name of the Director	Status
Mr. Dilhan C. Fernando - Chairman/ Chief Executive Officer	ED
Mr. Himendra S. Ranaweera - Deputy Chairman	ED
Mr. Malik J. Fernando	ED
Mr. Roshan C. Tissaaratchy	ED
Mr. Daya P. Wickramatunga	IND

Interests Register

The Company maintains an Interests Register as required by the Companies Act No. 07 of 2007. All Directors have made general disclosures relating to share dealings and indemnities and remuneration to the Board of Directors as permitted by Section 192 (2) of the Companies Act No. 07 of 2007.

The Nominations and Governance

Committee has ensured that all members of the Board have fulfilled the fit and proper criteria assessment as set out in CSE Rule 9.7.3. As such there were no non-compliance/s by any Board Member of the Listed Entity with the Fit and Proper Assessment Criteria. Their profiles are provided in pages 34 to 38. Their other principal commitments and directorships are given in page 34 to 38. All relevant declarations made by Board Members during the year under review are duly entered in the Interests Register, and is available at the registered head office of the Company, in keeping with the requirements of the Section 119 (1) (d) of the Companies Act No. 07 of 2007.

Board Sub-Committees

The Board delegates functions warranting greater attention to five (5) Board Sub-Committees with oversight responsibility for the same. Accordingly, the following Sub-Committees have been constituted by the Board in compliance with the Listing Rules of the CSE and inline with Company's ESG Commitment.

Board Committee	Members	
Audit Committee	Mr. Anil L. N. Dias – Chairman Mr. Rajanayagam Asirwatham (deceased on 12.12.2025) Ms. Minette D. A. Perera Dr. Ravindra A. Fernando Mr. John M. Lo	Report of the Audit Committee is given on page 269
Remuneration Committee	Dr. Ravindra A. Fernando – Chairman Ms. Minette D. A. Perera Mr. John M. Lo Mr. Rajanayagam Asirwatham (deceased on 12.12.2025)	Report of the Remuneration Committee is given on page 271
Related Party Transactions Review Committee	Dr. Ravindra A. Fernando – Chairman Mr. Rajanayagam Asirwatham (deceased on 12.12.2025) Ms. Minette D. A. Perera Mr. John M. Lo	Report of the Related Party Transaction Review Committee is given on page 272
Nominations and Governance Committee	Dr. Ravindra A. Fernando – Chairman Mr. Rajanayagam Asirwatham (deceased on 12.12.2025) Ms. Minette D. A. Perera Mr. John M. Lo	Report of the Nominations and Governance Committee is given on page 270
Sustainability Board Committee Members	Mr. Dilhan Fernando- Chairman Dr. Ravindra A. Fernando	Report of the Sustainability Board Committee is given on page 273

Related Party Transactions

All Related Party Transactions (RPTs, other than those exempted by the CSE listing rules on the RPTs) are carried out and disclosed in a manner consistent with the CSE Listing Rules. Relevant disclosures made by the Directors on contracts and proposed contracts with the Company or any of the subsidiaries within the Group appear under Note 33 in Related Party Disclosure to the Financial Statements on pages 321 to 323 of the Report. These interests have been declared at Directors meetings in compliance with the requirements on Related Party Transactions of the Listing Rules of the CSE and Section 192 (1) of the Companies Act No. 07 of 2007. The Related Party Transaction Review Committee is responsible for reviewing the Related Party Transactions of the Company. The Committee Report is given on page 272.

Directors Emoluments

During the year under review, total remuneration of the Executive Directors amounted to Rs. 246,684,121/- and Non-Executive Directors amounted to Rs. 5,780,000/- (2024/25 - Executive Directors Rs. 245,742,110/- and Non-Executive Directors Rs. 4,205,000/-)

Directors Interests in Shares and Shareholding

Directors of the Company and its subsidiaries who have relevant interests in the shares of the respective Companies have disclosed their shareholding and any acquisitions/ disposals to their respective Boards in compliance with Section 200 of the Companies Act No. 7 of 2007. The direct shareholdings of Directors together with that of their spouses & dependent children are as follows:

Name of the Director	2026	2025
Mr. Dilhan C. Fernando	65,320	60,400
Mr. Malik J. Fernando	27,480	24,200
Mr. Himendra S. Ranaweera	22,984	22,984
Ms. Minette D. A. Perera	200	200
Mr. Roshan C. Tissaaratchy	4,000	4,000
Mr. Rajanayagam Asirwatham (deceased 12.12.2025)	4,800	4,800
Mr. J. Darshana N Gunasekera	-	-
Dr. Ravindra A. Fernando	-	-
Mr. John M. Lo	-	-
Mr. Anil L.N. Dias	-	-

The indirect shareholdings of Directors, Mr. Malik J. Fernando & Mr. Dilhan C. Fernando, together with that of their spouses & dependent children are as follows:

As at 31st March	2026	2025
MJF Teas (Pvt) Ltd.	13,812,882	13,812,882
MJF Exports (Pvt) Ltd.	4,256,712	4,256,712
Merrill J. Fernando and Sons (Pvt) Ltd.	25,300	25,300

Corporate Governance

The Directors are responsible for the formulation and implementation of overall business strategies, policies and setting standards in the short, medium and long-term basis adopting good governance in the management of the affairs of the Company. Accordingly, systems and structures have been introduced and improved from time-to-time to enhance risk management measures and to improve accountability and transparency. A separate report on Corporate Governance Practices adopted by the Company is given on pages 239 to 256 of this Annual Report. The Company has complied with the Continued Listing Rules of Colombo Stock Exchange (CSE) on Corporate Governance.

Group Auditors

Ernst & Young, Chartered Accountants, served as the Group Auditors during the year under review and the Auditors' Report is given on pages 278 to 280 of the report. The Auditors have confirmed that they have no interest in, or relationship with the Company or its Subsidiary other than that of Auditors. They also confirm that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Audit Fees payable and fees for other services rendered are noted hereunder: Fees payable to Auditors for the current financial year Rs. 1,947,132/- (2024/25 - 1,664,869/-). Fees payable for other services rendered Rs. 5,350,080/- (2024/25 - Rs. 3,916,997/-).

Report of the Board of Directors

Auditors Ernst & Young have expressed their willingness to continue in office.

A resolution to reappoint them as Auditors and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

Transfer Pricing Regulations

It is certified that the Group has complied with the transfer pricing regulations issued under Section 104 of the Inland Revenue Act No. 10 of 2006. The information pursuant to these regulations are given under certificate produced under Section 107 (2) (a) of the said Act. We believe that the transactions entered into with related parties during the period 01.04.2025 to 31.03.2026 are at arm's length and not prejudicial to the interests of the Group. The transactions are entered into on the basis of transfer pricing policy adopted by the Group. All transactions have been submitted to the independent auditor for audit and no adverse remarks have been made in their report on the audit of such transactions.

Outstanding Litigation

There is no litigation against the Company that will have a material impact on the reported financial results or future operations.

Notice of Annual General Meeting

The 45th Annual General Meeting of Dilmah Ceylon Tea Company PLC is to be convened on 06th August 2026 at 1530 hours from the broadcasting venue of 111, Negombo Road, Peliyagoda as a fully virtual meeting. Notice of the Annual General Meeting appears on page 349.

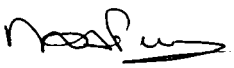
Acknowledgment of the Contents of the Report

As required by Section 168 (1) (k) of the Companies Act No. 07 of 2007, the Board of Directors hereby acknowledges the contents of this Annual Report.

For and on behalf of the Board of Directors.

Mr. Dilhan C. Fernando
Chairman/CEO

Mr. Himendra S. Ranaweera
Deputy Chairman



MJF Corporate Services (Private) Limited
Secretaries

At Colombo
on this 14th day of July 2026

Report of the Audit Committee

Committee Composition
The Audit Committee appointed by the Board of Directors of Dilmah Ceylon Tea Company PLC, comprises of four Non-Executive Directors. Three of them are 'Independent' as per the Listing Rules. Mr.Anil Dias Non Executive Independent Director functions as the Chairman of the Committee. Ms. Minette Perera, Dr. Ravindra Fernando and Mr. John Lo serve as Members of the Committee. Mr. Rajan Asirwatham served as a member of the Committee until his demise on the 12.12.2025. The Secretary to the Board functions as the Secretary of the Committee.

Committee Meetings
The Committee held five meetings during the financial year under review, one each quarter and one special meeting with the external auditors. Mr. Anil Dias, the Chairman, and Ms. Minette Perera attended all five meetings, while Dr. Ravindra Fernando attended four, Mr. Rajan Asirwatham attended two, and Mr. John Lo attended one meeting respectively. The Group Finance Director and the Chief Financial Officer attended all meetings of the Committee by invitation. Messrs. Ernest and Young were represented by Ms. Hiranthi Fonseka – EY Partner at the special meeting prior to the finalisation of the Financial Statements, while senior management of KPMG attended quarterly meetings to present their Internal Audit reports.

Role of the Committee
The primary function of the Committee is to assist the Board in fulfilling its responsibilities, overseeing management's conduct of the Company's financial reporting process and systems of internal accounting and financial controls, overseeing the internal audit function, monitoring the independence and performance of the Company's external auditors, and providing an avenue of communication among the external auditors, the management and the Board.

Internal Audit
The Committee regularly reviews the scope of the internal audit function and reviews audit programs proposed. Our internal audit function is outsourced to KPMG who are an internationally recognised team of accounting professionals. The internal audit findings are discussed and follow up reviews of audit findings are undertaken, to ensure that audit recommendations are being implemented. The Committee also assesses the effectiveness of the internal audit function. The Committee is of the view that the internal controls prevalent within the Group are satisfactory and provide reasonable assurance that the financial position of the Company is well monitored and the assets are safeguarded.

External Audit
The Committee is empowered to recommend the appointment of the External Auditor in compliance with the relevant statutes, the service period, audit fee and any resignation or dismissal of the Auditor. The Committee is satisfied that there is no conflict of interest between the Company and the Auditor, other than for the payment of audit fees. The Committee is thus satisfied that there is no cause to compromise the independence and objectivity of the Auditor.

The Committee has recommended to the Board of Directors that Messrs Ernst & Young be re-appointed as the Auditors for the year ending 31st March 2027 subject to the approval of the shareholders at the Annual General Meeting. The Committee has also made its recommendations to the Board of Directors on the fees payable to the Auditors for approval by the Board.

Financial Reporting
The Committee reviewed and recommended the Group's interim and annual financial statements for approval of the Board prior to submission to the Colombo Stock Exchange and shareholders.

The Committee reviewed and certified the profit reconciliation based on SLFRS/ LKAS rules and directions and impact to the prudential ratios with regard to dividend declarations in compliance with relevant regulations. The Committee reviewed the internal controls on the financial reporting system to ensure the reliability and integrity of information provided. The review included the extent of compliance with SLFRS/LKAS and applicable laws and regulations, review of critical accounting policies and practices and any changes thereto, alternative accounting treatments, going concern assumptions, major judgemental areas and material audit judgments.

Mr. Anil L. N. Dias
Chairman
Audit Committee

14th July 2026

Report of the Nomination and Governance Committee

Committee Composition GRI 2-10

The Nominations and Governance Committee appointed by the Board of Directors of Dilmah Ceylon Tea Company PLC, comprised of three Non-Executive Directors as at the date of this report. Majority of them are 'Independent' as per the Listing Rules. Dr. Ravindra Fernando who is a Non-Executive Independent Director functions as its Chairman. Ms. Minette Perera and Mr. John Lo serves as its members. Mr. Rajan Asirwathan served as a member until his demise on 12.12.2025. The Secretary to the Board functions as the Secretary of the Committee.

Committee Meetings

The Committee had one meeting during the financial year under review. Dr. Ravi Fernando, the Chairman, and Ms. Minette Perera attended the meeting, while Mr. John Lo was excused.

Role of the Committee

The function of the Committee is mandated by Terms of Reference approved by the Board of Directors which have been developed in line with Rule 9.11.5 of the Listing Rules. Accordingly, the Committee is delegated with the authority by the Board to review the Board's composition and diversity, formulate and implement the policy for nominating Board candidates for election by Shareholders, make recommendations to the Board on the appointment of Directors and members to the Board committees, and assess Independent Non-Executive Director's independence and commitment. The Committee is also responsible for succession planning for Directors, CEO and senior executives, leadership training and development, and oversight of matters relating to corporate governance. The Nominations and Governance Committee is expected to enhance efficiency of the Board of Directors in steering the operation of the Company forward in line with new strategies and help build confidence among the shareholders, investors and all stakeholders.

The Committee performed its duties with responsibility, ethics and independence. Ensuring that the nomination and remuneration procedures are transparent and fair in accordance with the corporate governance rules.

Activities during year 2025/26

During the year, the Committee reviewed and evaluated the profiles of proposed Directors and recommended their appointment to the Board. The Committee also reviewed the structure and composition of the Board and Board Sub Committees and the need for additions to Committees. A Board performance evaluation was carried out and its findings were discussed at Board level. This entailed the evaluation of the performance of the Board, its Committees and the performance of the Chairman/CEO.

Any major issues relating to the Company are updated to the Independent Directors by the Chairman. Special Board meetings are called if the need arises to discuss any important or critical matters. No such special meeting were held during the financial year

The Company has adopted 12 Policies in line with the requirements of the listing rules. A summary statement of the Policies are published on the Company website, while the full policies are made available to shareholders upon request.

The Committee also checked the Independence of the Directors against the criteria for independence as set out in the Listing Rules. The Committee ensured that the declaration of independence is carried out by the Independent Directors and concluded that all Independent Directors of the Company meet the criteria for determining independence. The Committee also evaluated all the Directors against the Fit and Proper assessment criteria. The Committee ensured that Corporate Governance rules stipulated by the Colombo Stock Exchange are adhered to by the Board and the Company throughout the year. It has further established Board diversity by bringing a wide range of experience and skills, age and gender diversity to the Board to make certain that the Board effectively performs its duties.

Where new Directors are inducted to the Board the Committee is entrusted with the duty of their orientation which includes inviting such Directors to the factories and estates to gain an understanding of the operations of the Company and its subsidiaries. Also the requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable Laws.

Reappointments/Re-elections

One Director except the persons appointed to the office of managing or joint managing Director who has served the longest on the Board retire by rotation at every Annual General Meeting, in terms of the Articles of Association of the Company, and being eligible submit him/herself for re-election at the Annual General Meeting. Accordingly, the Committee has recommended to re-elect Mr. Roshan Tissaaratchy to the Board at the Annual General Meeting to be held on 06th August 2026, based on his performance and the contribution made to achieve the objectives of the Board.

There were no new nominations to the Board during the year Under review.

Due to the invaluable contribution made to the Board as a result of many years of experience, industry knowledge and business acumen, the Committee has recommended to reappoint the Mr. Himendra Ranaweera who serves as the Deputy Chairman of the Company and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

The Committee affirms that it has met the Corporate Governance requirements stipulated in the Listing Rules of the Colombo Stock Exchange and further details are given in the Corporate Governance narrative from pages 239 to 256.

Dr. Ravindra Fernando
Chairman
Nomination and Governance Committee

14th July 2026

Report of the Remuneration Committee

Committee Composition GRI 2-19, 2-20

The Remuneration Committee, appointed by the Board of Directors of Dilmah Ceylon Tea Company PLC, comprises of three Non-Executive Directors as at the date of this report. Majority of them are 'Independent' as per the Listing Rules Dr. Ravindra A. Fernando functions as its Chairman. Ms. Minette Perera and Mr. John Lo continue to serve as members of the Committee. Mr. Rajan Asirwatham served as a member of the Committee until his demise on the 12.12.2025. The Secretary to the Board functions as the Secretary of the Committee.

Committee Meetings

The Committee held one meeting during the year which was attended by all four members as at the date of the meeting. Deputy Chairman Mr. Himendra Ranaweera and Group Finance Director Mr. Darshana Gunasekera together with Group Head of Human Resources attended the meeting by invitation.

Role of the Committee

The Committee is responsible for determining the policy of the remuneration package of Directors and Senior Management.

The Committee evaluates, assesses and recommends to the Board of Directors on matters that may affect Human Resources Management of the Company. These specifically include :

- Reviewing and providing recommendations to the Board on the Remuneration Policy of the Company and its specific application to the Directors and Senior Management.
- Reviewing the process of determination of the compensation of the Chief Executive, Executive Directors and Senior Management.
- Review the guidelines and parameters for annual salary increments and bonuses.
- Ensure that the necessary disclosures required in the Annual Report relating to director remuneration are made.

Remuneration Policy

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

The remuneration packages which are linked to individual performances are aligned with the Companies short term and long-term strategy.

Non-Executive Directors receive a fee for serving on the Board and serving on sub committees. They do not receive any performance related incentive payments.

Activities in 2025/26

During the year the Committee reviewed and made recommendations to the Board on the Remuneration Policy of the Company and its specific application to the Directors and Senior Management.

The aggregate remuneration of the Executive and Non-Executive Directors for the financial year amounted to Rs. 252 Million.

Dr. Ravindra Fernando
Chairman
Remuneration Committee

14th July 2026

Report of the Related Party Transactions Review Committee

Committee Composition GRI 2-15

The Related Party Transaction Review Committee appointed by the Board of Directors of Dilmah Ceylon Tea Company PLC, comprises of three Non-Executive Directors as at the end of the reporting period, two of them are 'Independent' as per the Listing Rules.

Dr. Ravindra Fernando serves as the Chairman of the Committee while Ms. Minette Perera and Mr. John Lo continue to serve as members. Mr. Rajan Asirwatham served as a member of the Committee until his demise on the 12.12.2025.

The Secretary to the Board functions as the Secretary of the Committee.

Committee Meetings

The Committee held four quarterly meetings during the financial year under review. Dr. Fernando, Ms. Minette Perera attended all four meetings while Mr. Rajan Asirwatham attended two and Mr. John Lo attended one meeting. Group Finance Director and the Chief Finance Officer attended the meetings of the Committee by invitation.

Role of the Committee

- The Primary role of the Committee is to review in advance all proposed Related Party Transactions of the Company either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction. It is free to seek any information it requires from the Management, employees or external parties with regard to any transaction entered into with a related party.
- Establish and maintain a clear policy, procedure and process for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Company and the Company. The Committee is to communicate its observations on the related party transactions if any to the Board of Directors.
- To monitor that all related party transactions of the Company are transacted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.
- To review the economic and commercial substance of both recurrent/non-recurrent related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining competent independent advice from independent professional experts with regard to the value of the substantial assets of the related party transaction.
- The Committee also ensures that immediate market disclosure of any related party transaction is made in accordance with the CSE Rules to the Colombo Stock Exchange.
- The Committee identifies persons who shall be considered as "Key Management Personnel" of the Company and self-declarations are obtained from each such person for the purpose of identifying related parties to them. Based on the information furnished on these declarations, the Company has developed a system that enables the Company to retrieve data on related party transactions.

Related Party Transactions during the Year 2025/26.

The Committee has reviewed the related party transactions during the financial year 2025/26 and has communicated its comments/ observations to the Board. There were no nonrecurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange. The company is therefore compliant with the said Rules on related party transactions. Details of other related party transactions entered into by the Company during the period under review is disclosed in note 33 to the financial statements.

The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the Management.

Declarations

The Committee reviewed the disclosures made by each of the members of the Board on transactions in which he/she is interested or which is proposed to be entered into with a related party on quarterly basis. The declarations made by them on compliance with regulatory requirements as set out in the Listing Rules pertaining to Related Party Transactions are recorded in an Interest Register maintained by the Company.

Dr. Ravindra Fernando
Chairman
Related Party Transactions Review Committee

14th July 2026

Report of the Sustainability Board Committee GRI 2-17

Sustainability has always been deeply rooted in Dilmah's values and purpose. Guided by our commitment to business as a matter of human service, we have continued to take voluntary action to protect nature and create positive environmental and social impact. The formation of the Sustainability Board Committee and Sustainability Executive Committee in 2024, and their full operationalisation in 2025, further strengthened our governance framework. During the year, we also focused on advancing our readiness for SLFRS S1 and S2, reaffirming our commitment to transparent, responsible and sustainable growth

Chairman - SBC

Formation of the committee

The Sustainability Board Committee (SBC) of Dilmah was constituted in 2024 and became fully operationalised and appointed as a Board subcommittee in August 2025. It is responsible for providing Board-level oversight of sustainability matters across Dilmah Ceylon Tea Company PLC. The Committee supports the integration of ESG principles into the Company's strategy, risk management framework and operational activities, ensuring that sustainability remains central to long-term value creation. In keeping with the Company's founder-led philosophy of making business a matter of human service, the SBC oversees sustainability initiatives related to responsible sourcing, environmental management, climate resilience, employee well-being and community development, while promoting alignment with emerging sustainability reporting requirements and global best practices.

TOR's of the Committee

The SBC has a Board-approved Terms of Reference clearly defining its scope, authority, composition, quorum and duties of the Committee and is subject to periodic review at least annually.

Committee composition

Chairman /CEO Mr. Dilhan Fernando functions as the Chairman of the Committee while Dr. Ravindra Fernando serves as a member thereof. The Secretary to the Board functions as the Secretary of the Committee.

Key Activities Undertaken by the Sustainability Board Committee During the Year

- Oversaw the integration of sustainability and ESG considerations into the Company's strategic planning process, ensuring alignment with Dilmah's purpose-driven business philosophy.
- Reviewed and monitored the implementation of the Company's sustainability roadmap, including initiatives relating to environmental stewardship, responsible sourcing, sustainable agriculture and community empowerment.
- Guided the Company's readiness for the adoption of SLFRS Sustainability Disclosure Standards (SLFRS S1 and SLFRS S2), including gap assessments, governance enhancements, data readiness initiatives and external assurance.

Actively contributed to the SBC readiness skills assessment for SLFRS implementation and participated in related awareness sessions.

- Reviewed and validated the Company's material sustainability topics for the reporting period, ensuring focus on ESG issues most relevant to stakeholders and long-term value creation.
- Monitored climate-related risks and opportunities affecting the tea value chain, including potential impacts on tea cultivation, supply chain resilience, biodiversity and water resources.
- Oversaw the strengthening of ESG governance structures, policies and reporting processes to align with evolving regulatory requirements and global best practices.
- Reviewed progress on environmental initiatives relating to energy efficiency, waste management, resource conservation, emissions management and responsible environmental practices across operations.
- Monitored sustainability initiatives undertaken through the MJF Charitable Foundation and Dilmah Conservation, ensuring continued alignment between business objectives and social and environmental impact.
- Supported capacity-building initiatives on sustainability, ESG and climate-related matters for Directors, senior management and key operational teams to enhance organisational readiness and awareness.
- Reviewed sustainability-related performance indicators and targets to strengthen accountability, monitoring and reporting of ESG outcomes across the organisation.
- Evaluated stakeholder engagement mechanisms and sustainability-related feedback received from customers, employees, suppliers, tea-growing communities, regulators and other stakeholders.

Report of the Sustainability Board Committee

- Worked closely with management to enhance the quality, reliability and transparency of sustainability disclosures in preparation for future reporting requirements and external assurance considerations.
- Reviewed and recommended updates to the Company's ESG and Sustainability Policy to ensure continued alignment with emerging sustainability expectations and international best practices.
- Received regular updates from management on the implementation of sustainability initiatives and provided strategic guidance on opportunities to strengthen long-term environmental, social and economic value creation.
- Monitored progress towards embedding sustainability considerations into business decision-making, risk management processes and operational activities across the Company.

Reporting to the Board

The SBC reports directly to the Board of Directors and supports the Board in fulfilling its oversight responsibilities relating to environmental, social and governance (ESG) matters. The Committee provides regular updates on sustainability-related risks and opportunities, stakeholder concerns, ESG performance, material sustainability topics and progress against approved goals and targets.

Recommendations arising from Sustainability Executive Committee (SEC) deliberations are submitted to the Board for consideration, while significant ESG matters requiring strategic direction or approval as spearheaded by Chairman himself are presented to the Board in a timely manner. Meeting minutes and key decisions of the Committee are also submitted to the Board to facilitate effective oversight and informed decision-making.

Governance oversight

The Committee supports the Board in integrating sustainability considerations into strategy, risk management and decision-making processes, while promoting transparency, accountability and stakeholder responsiveness. Through its oversight of sustainability-related risks and opportunities, material ESG topics, stakeholder engagement and sustainability disclosures, the Committee contributes to the creation of long-term sustainable value and reinforces the Board's commitment to responsible corporate governance.

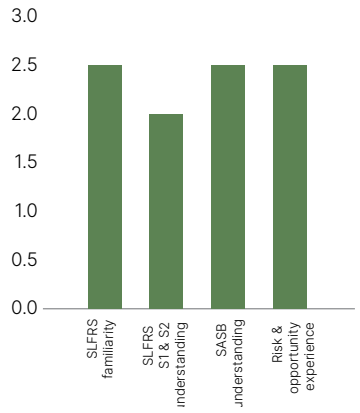
Compliance assurance

We confirm that the Company has complied with the applicable corporate governance requirements relating to the SBC, including the Listing Rules of the Colombo Stock Exchange, the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, and other relevant regulatory requirements and governance best practices applicable to the Company. The Committee has also diligently discharged the duties and responsibilities assigned to it under its Terms of Reference during the year under review.

During the reporting period, the Committee reviewed material sustainability topics, stakeholder feedback, sustainability-related risks and opportunities, including climate risks (SRROs and CRROs), related strategies, resource allocations, metrics, targets, ESG KPIs and performance, sustainability disclosures, and progress against established objectives. The Committee also made recommendations to the Board on sustainability strategy and ESG priorities to support the Company's long-term value creation objectives.

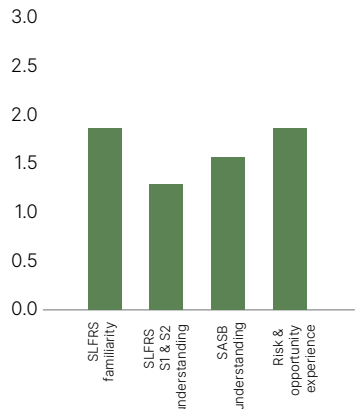
SLFRS Implementation – Skill Assessment outcomes of the SBC

SBC AVERAGE READINESS BY DIMENSION



SLFRS Implementation – Skill Assessment outcomes of the Members of the Main Board

MAIN BOARD-AVERAGE READINESS BY DIMENSION



Mr. Dilhan Fernando
Chairman
Board Sustainability Committee

14th July 2026

Statement of Directors' Responsibilities in Relation to the Preparation of Financial Statements

The following statement sets out the responsibilities of Directors, in relation to the Financial Statements. This should be read in conjunction with the Auditors responsibility in relation to the Financial Statements, set out in the report of the Auditors on page 278 to 280 of this report.

The Companies Act No. 07 of 2007 requires the Directors to prepare Financial Statements for each year giving a true and fair view of the state of the affairs of the Company as at end of the financial year and the financial performance for the year. The Directors are also responsible to ensure that proper accounting books and records are maintained, to prepare the Financial Statements with reasonable accuracy.

The Financial Statements comprise of the statement of financial position as at 31st March 2026, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended together with the notes thereto.

The Directors confirm that the consolidated Financial Statements of the Company give a true and fair view of :

- The state of affairs of the Company as at 31st March 2026
- The profit or loss of the Company and its subsidiary for the financial year then ended.

The Board accepts the responsibility for the integrity and objectivity of the Financial Statements and the Directors are responsible for ensuring that in preparing the Financial Statements, appropriate accounting policies have been selected and applied in a consistent manner and that material departures, if any, have been disclosed and explained.

It is the responsibility of the Directors to ensure that the Financial Statements have been prepared in conformity with Sri Lanka Accounting Standards (LKAS/ SLFRS), Companies Act No.07 of 2007 and the Listing Rules of the Colombo Stock Exchange and be certified by the Chief Financial Officer of the Company and signed by the two Directors as required by the Companies Act No.07 of 2007.

The Directors consider that in preparing the Financial Statements exhibited on pages 281 to 286 they have adopted appropriate accounting policies on a consistent basis, supported by reasonable and prudent judgment, assumptions and estimates.

The Directors are required to prepare these Financial Statements on a going concern basis, unless it is inappropriate to presume that the Company will continue as a going concern. The Directors are required to take reasonable steps to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the Company's business in an orderly manner and to safeguard its assets and ensure as far as practicable the accuracy and reliability of records.

The Directors confirm that the Auditors of the Company, Messrs Ernst & Young were provided every opportunity to undertake whatever inspections they considered necessary to enable them to form their opinion on the Financial Statements.

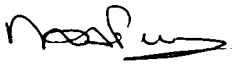
Messrs Ernst & Young have examined the Financial Statements made available together with all other financial records, minutes of shareholders' and directors' meetings and related information, and have expressed their opinion which appears on page 278 to 280 of this annual report.

The Directors confirm that to the best of their knowledge all taxes, duties and levies payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid, or where relevant provided for.

The Board of Directors confirm that they have authorised distribution of dividends upon being satisfied that the Company satisfies the solvency test immediate after such distributions are made in accordance with Section 57 of the Companies Act No.07 of 2007 and as required by Section 56(2) of the said Companies Act, have obtained solvency certificates from the Auditor, prior to authorising interim/final dividends for this year as relevant.

The Directors are of the opinion that the Financial Statements presented in the report from pages 281 to 328 have been prepared in accordance with the above and that they discharged their duties as set out in this statement.

By Order of the Board,



MJF Corporate Services (Private) Limited
Secretaries

14th July 2026

Statement by the Senior Independent Director

On 01st January 2025, I was appointed by the Board of Dilmah Ceylon Tea Company Plc as the Senior Independent Director (SID) of the Company. It is a requirement for listed companies to appoint an Independent Director as the SID if the Chairperson is an Executive Director, and /or if the position of the Chairperson and Chief Executive Officer is held by the same person and/ or if the Chairperson and the CEO are close family members. These rules are provided in Section 9.6.3 of the Listing Rules and the Code of Best Practice on Corporate Governance 2023.

At Dilmah Ceylon Tea Company PLC, Mr. Dilhan Fernando serves as both Chairman and Chief Executive Officer and is an Executive Director of the Company. The Board has determined that this leadership structure remains the most appropriate arrangement for the Company, consistent with the vision of the Founder Chairman, the Late Merrill J. Fernando. His vision was to preserve the Dilmah brand as a family legacy for future generations while upholding the values, heritage, and principles upon which the Company was built. In carrying forward this legacy, Mr. Dilhan Fernando, as the younger son of the Founder, continues to provide leadership aligned with these enduring values and long-term strategic objectives

Role of the Senior Independent Director

The Senior Independent Director provides an independent channel of communication and serves as a sounding board to the Chairman on governance-related matters. The role supports transparency, accountability, and effective corporate governance by facilitating objective evaluation of Board effectiveness and leadership performance.

In addition, the SID is available to Directors, employees, and other key stakeholders who may wish to raise concerns or discuss matters confidentially, particularly where normal channels may not be appropriate. The SID thereby contributes to maintaining the integrity and effectiveness of the Board and the governance framework of the Company.

Activities During the Year

During the year under review, I presided over the Board performance evaluation process and exercised my responsibilities as Senior Independent Director whenever required. A virtual meeting was convened exclusively with the Non-Executive Directors, in the absence of the Executive Directors, to evaluate the performance of the Chairman and the Executive Directors.

The Non-Executive Directors expressed their satisfaction with the Company's governance practices and acknowledged the effective leadership of the Chairman in fostering an environment that encourages constructive dialogue, independent thinking, and open discussion. The conclusions reached at the meeting were unanimous, and it was not necessary for me to exercise my casting vote.

The meeting also provided an opportunity for a candid discussion on the Company's performance, strategic direction, and Board operations. The Independent Directors commended the Company's strong performance, robust governance framework, and achievement of its annual objectives. They also identified several areas for further improvement to support the Company's continued growth and long-term sustainability.

In accordance with my responsibilities, the observations, conclusions, and recommendations arising from these discussions were communicated to the Chairman and the Board for consideration and appropriate action.

The Company continues to maintain a strong culture of compliance, adhering rigorously to all mandatory requirements while embracing voluntary governance best practices wherever appropriate. As Senior Independent Director, I remain accessible to shareholders and other stakeholders who may wish to raise concerns or seek independent engagement on governance-related matters.

I believe that such independent oversight and engagement contribute positively to stakeholder confidence, sustainable value creation, and the overall effectiveness of the Company's governance framework. Accordingly, I am satisfied that I have discharged the responsibilities entrusted to me as Senior Independent Director in accordance with applicable corporate governance principles and best practices.

Mr. John M. Lo
Senior Independent Director

14th July 2026

FINANCIAL INFORMATION

40 Years of Continuous Evolution

Dilmah's evolution over forty years is seen in the discipline behind its endurance. Across changing markets, rising costs and shifting consumer expectations, the brand has continued to protect value by staying close to its founding promise: quality at source, integrity in growth and a long-term view of success.

A multivariant identity – of being every household's choice, and the highlight in every luxury space – allows Dilmah to continue on an upward trajectory; with every milestone achieved, stability is strengthened, and the essence of Dilmah's success – pure Ceylon tea – remains.

Independent Auditor's Report

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF DILMAH CEYLON TEA COMPANY PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Dilmah Ceylon Tea Company PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Revenue	
Revenue from Contracts with Customers The Group derived its revenue of Rs. 22.14 Bn as disclosed in Notes 2.18 & 20 to the financial statements. Revenue was a key audit matter due to the materiality of the reported balance.	Our audit procedures included the following key procedures: • Tested the relevant key controls relating to the sale of goods. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to revenue. • Performed analytical procedures to understand and assess the reasonableness of the reported revenues. • Tested revenue transactions by reviewing sales contracts, shipping documents and other relevant supporting documents. Our procedures included testing revenue cut off at the period-end to determine whether transactions are recorded in the proper period. We also assessed the adequacy of the disclosures in respect of revenue in Notes 2.18 and 20 to the financial statements

Other information included in the 2025/26 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuS, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company and the Group

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2471.

14 July 2026
Colombo

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

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

A member firm of Ernst & Young Global Limited

Statement of Financial Position

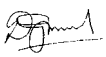
As at 31 March 2026	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	4	7,436,815	7,233,780	7,351,437	7,145,911
Investment Property	5	664,130	633,064	664,130	633,064
Intangible Assets	6	111,674	138,353	111,674	138,353
Right of Use Asset	7	965,521	995,327	956,718	986,068
Investment in Subsidiary	8	-	-	260,000	-
Other Non-Current Financial Assets	8	246,497	300,818	246,497	300,818
Total Non-Current Assets		9,424,637	9,301,342	9,590,456	9,204,214
Current Assets					
Inventories	9	3,193,233	3,235,912	3,126,753	3,179,363
Trade and Other Receivables	10	8,182,632	7,180,754	8,091,982	7,098,803
Advances and Prepayments	11	812,399	1,302,060	755,747	1,255,754
Amounts Due from Related Party	12	-	24,157	-	205,932
Other Current Financial Assets	13	4,321,684	4,764,061	4,321,684	4,764,061
Cash and Cash Equivalents	14	4,435,479	3,091,576	4,428,617	3,053,514
Total Current Assets		20,945,427	19,598,520	20,724,783	19,557,427
Total Assets		30,370,064	28,899,862	30,315,239	28,761,641
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	15	642,500	642,500	642,500	642,500
Other Components of Equity		12,643	67,010	12,643	67,010
Retained Earnings		23,687,010	22,207,621	23,690,465	22,147,066
Total Equity		24,342,153	22,917,131	24,345,608	22,856,576
Non-Current Liabilities					
Lease Liability	7	1,139,755	1,140,163	1,129,248	1,129,591
Retirement Benefit Obligations	16	651,455	597,908	645,282	591,273
Deferred Tax Liability	26	537,479	466,142	526,854	453,688
		2,328,689	2,204,213	2,301,384	2,174,552
Current Liabilities					
Trade and Other Payables	17	1,020,085	1,532,725	995,120	1,495,629
Provisions and Accrued Expenses	18	1,660,547	1,695,088	1,646,571	1,678,888
Lease Liability	7	57,817	64,511	57,207	63,824
Income Tax Payable	26	960,773	486,194	969,349	492,172
		3,699,222	3,778,518	3,668,247	3,730,513
Total Liabilities		6,027,911	5,982,731	5,969,631	5,905,065
Total Equity and Liabilities		30,370,064	28,899,862	30,315,239	28,761,641

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

R. N. Malinga
Chief Financial Officer

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the board by:

Dilhan C Fernando
Chairman/CEO



Darshana Gunasekera
Group Finance Director

The accounting policies and notes on pages 287 through 328 form an integral part of these financial statements.

14 July 2026
Colombo

Statement of Profit or Loss

		Group		Company	
Year Ended 31 March 2026	**Notes**	**2026**	**2025**	**2026**	**2025**
		Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
Revenue from Contracts with Customers	20	**22,140,443**	21,157,914	**21,989,220**	20,988,308
Cost of Sales		**(13,833,371)**	(13,494,549)	**(13,694,802)**	(13,349,011)
Gross Profit		**8,307,072**	7,663,365	**8,294,418**	7,639,297
Other Income	21	**49,284**	34,006	**49,273**	33,983
Administrative Expenses		**(3,319,411)**	(3,094,268)	**(3,313,353)**	(3,082,308)
Selling and Distribution Costs		**(4,325,572)**	(3,570,133)	**(4,324,507)**	(3,567,498)
Foreign Exchange Gain/(Loss)	22	**1,534,438**	451,933	**1,523,492**	450,055
Finance Costs	23	**(149,393)**	(148,341)	**(148,035)**	(146,966)
Finance Income	24	**355,071**	352,683	**355,016**	352,645
Profit Before tax	25	**2,451,489**	1,689,245	**2,436,304**	1,679,208
Income Tax Expense	26	**(558,381)**	(963,416)	**(560,061)**	(960,044)
Profit for the year		**1,893,108**	725,829	**1,876,243**	719,164
Earnings per Share (Rs.)	27	**91.29**	35.00	**90.47**	34.68
Dividend per Share (Rs.)	28	**20.00**	8.00	**20.00**	8.00

The accounting policies and notes on pages 287 through 328 form an integral part of these financial statements.

Statement of Other Comprehensive Income

		Group		Company	
Year Ended 31 March 2026	**Notes**	**2026**	**2025**	**2026**	**2025**
		Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
Profit for the year		**1,893,108**	725,829	**1,876,243**	719,164
Other Comprehensive Income					
		-	-	**-**	-
Other Comprehensive Income/(Loss) not to be classified to profit or loss in subsequent periods:					
Re-measurement Gain / (Loss) on Employee Retirement Benefit Obligation	16	**1,473**	(41,873)	**1,657**	(42,520)
Deferred Tax attributable to re-measurement Gain / (Loss) on Employee Retirement Benefit Obligation	26	**(442)**	12,562	**(497)**	12,756
Change in Fair Value of FVOCI Investments	8.3	**(54,367)**	75,381	**(54,367)**	75,381
Net Other Comprehensive Income/(Loss) not to be reclassified to Profit or Loss in Subsequent periods;					
Other Comprehensive Income/(Loss) for the year, Net of Tax		**(53,336)**	46,070	**(53,207)**	45,617
Total Comprehensive Income for the year, Net of Tax		**1,839,772**	771,899	**1,823,036**	764,781

The accounting policies and notes on pages 287 through 328 form an integral part of these financial statements.

Statement of Changes in Equity

Year Ended 31 March 2026	Notes	Other Components of Equity			
		Stated Capital	FVOCI Reserve	Retained Earnings	Total
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Group					
As at 01 April 2024		642,500	(8,371)	21,677,003	22,311,132
Profit for the Year		-	-	725,829	725,829
Other Comprehensive Income/(Loss)		-	75,381	(29,311)	46,070
Total Comprehensive Income/(Loss) for the year		-	75,381	696,518	771,899
Final Dividend - 2023/24	28	-	-	(165,900)	(165,900)
As at 31 March 2025		642,500	67,010	22,207,621	22,917,131
Profit for the Year		-	-	1,893,108	1,893,108
Other Comprehensive Income/(Loss)		-	(54,367)	1,031	(53,336)
Total Comprehensive Income/(Loss) for the year		-	(54,367)	1,894,139	1,839,772
Final Dividend - 2024/25	28	-	-	(414,750)	(414,750)
As at 31 March 2026		642,500	12,643	23,687,010	24,342,153
Company					
As at 01 April 2024		642,500	(8,371)	21,623,566	22,257,695
Profit for the Year		-	-	719,164	719,164
Other Comprehensive Income/(Loss)		-	75,381	(29,764)	45,617
Total Comprehensive Income/(Loss) for the year		-	75,381	689,400	764,781
Final Dividend - 2023/24	28	-	-	(165,900)	(165,900)
As at 31 March 2025		642,500	67,010	22,147,066	22,856,576
Profit for the Year		-	-	1,876,243	1,876,243
Other adjustment		-	-	80,746	80,746
Other Comprehensive Income/(Loss)		-	(54,367)	1,160	(53,207)
Total Comprehensive Income/(Loss) for the year		-	(54,367)	1,958,149	1,903,782
Final Dividend - 2024/25	28	-	-	(414,750)	(414,750)
As at 31 March 2026		642,500	12,643	23,690,465	24,345,608

The accounting policies and notes on pages 287 through 328 form an integral part of these financial statements.

Statement of Cash Flows

		Group		Company	
Year Ended 31 March 2026	**Notes**	**2026**	**2025**	**2026**	**2025**
		Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
Cash Flows From / (Used in) Operating Activities					
Profit before Income Tax Expense		**2,451,489**	1,689,245	**2,436,304**	1,679,208
Adjustments for					
Depreciation	4,5	**861,403**	637,479	**852,576**	628,732
Amortisation of Intangible Assets	6	**43,428**	35,890	**43,428**	35,890
Depreciation on Right of Use Asset	7	**29,806**	29,805	**29,350**	29,350
Interest Expense on Lease Liability	23	**149,393**	148,341	**148,035**	146,966
Unrealised Foreign Exchange Gain / (Loss)		**1,215,458**	592,052	**1,207,756**	590,045
Dividend Income	21	**(80)**	(40)	**(80)**	(40)
Interest Income	24	**(355,071)**	(352,683)	**(355,016)**	(352,645)
Profit on disposal of Property, Plant and Equipment	21	**(9,046)**	(10,684)	**(9,046)**	(10,684)
Provision for Impairment of Receivables		**(15,082)**	38,528	**(15,082)**	32,383
Provision for Defined Benefit Plans	16	**110,449**	151,138	**109,115**	149,831
Impairment Loss on Amounts due from Related Party		**-**	-	**-**	(36,540)
Operating Profit before Working Capital Changes		**4,482,147**	2,959,071	**4,447,340**	2,892,496
Working Capital Changes:					
(Increase)/ Decrease in Inventories		**42,679**	(481,259)	**52,610**	(489,172)
(Increase)/ Decrease in Trade and Other Receivables		**(1,181,044)**	(1,060,055)	**(1,169,894)**	(1,028,179)
(Increase)/ Decrease in Advances and Prepayments		**489,661**	(404,577)	**496,276**	(373,062)
Increase/ (Decrease) in Trade and Other Payables		**(509,398)**	445,864	**(493,626)**	429,636
(Increase)/ Decrease in Amounts Due From Related Party		**24,157**	(885)	**26,678**	(885)
Increase/ (Decrease) in Provisions and Accrued Expenses		**(34,540)**	283,800	**(32,317)**	273,921
Cash Flows from Operations		**3,313,662**	1,741,959	**3,327,067**	1,704,755
Retirement Benefit Obligation Paid	16	**(55,429)**	(42,861)	**(53,449)**	(42,861)
Income Tax Paid		**(9,175)**	(518,076)	**(6,484)**	(515,620)
Net Cash Flows from/(used) in Operating Activities		**3,249,058**	1,181,022	**3,267,134**	1,146,274

Statement of Cash Flows

		Group		Company	
Year Ended 31 March 2026	**Notes**	**2026**	**2025**	**2026**	**2025**
		Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
Investing Activities					
Acquisition of Property, Plant and Equipment	4	**(1,096,207)**	(1,388,210)	**(1,089,871)**	(1,387,865)
Acquisition of Investment Properties	5	**(27,695)**	(26,335)	**(27,695)**	(26,335)
Acquisition of Intangible Assets	6	**(16,518)**	(45,238)	**(16,518)**	(45,238)
Acquisition of Investment in Others		**(45)**	-	**(45)**	-
(Acquisition)/ disposal of Other Current Financial Assets	13	**442,377**	(1,318,062)	**442,377**	(1,318,062)
Proceeds from disposal of Property, Plant and Equipment		**37,213**	56,422	**37,213**	56,422
Dividend Received	21	**80**	40	**80**	40
Interest Received	24	**355,071**	352,683	**355,016**	352,645
Net Cash Flows used in Investing Activities		**(305,724)**	(2,368,700)	**(299,443)**	(2,368,393)
Financing Activities					
Repayment of Lease Liability	7	**(156,495)**	(169,761)	**(154,995)**	(168,261)
Dividends Paid	28	**(414,750)**	(165,900)	**(414,750)**	(165,900)
Net Cash Flows used in from Financing Activities		**(571,245)**	(335,661)	**(569,745)**	(334,161)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**(1,028,186)**	(500,006)	**(1,022,843)**	(497,100)
Net Increase/ (Decrease) in Cash and Cash Equivalents		**1,343,903**	(2,023,345)	**1,375,103**	(2,053,380)
Cash and Cash Equivalents at the beginning of the year		**3,091,576**	5,114,921	**3,053,514**	5,106,894
Cash and Cash Equivalents at the end of the year		**4,435,479**	3,091,576	**4,428,617**	3,053,514

The accounting policies and notes on pages 287 through 328 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Dilmah Ceylon Tea Company PLC ("the Company") is a public limited liability Company, incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company and the principal place of business is situated at No. 111, Negombo Road, Peliyagoda.

1.2 Principal Activities and Nature of Operations

The principal activities of the Company are to manufacture, export and market tea bags and packets under the brand name "Dilmah".

MJF Beverages (Private) Limited is a private limited liability Company incorporated and domiciled in Sri Lanka and is engaged in manufacture, export, and market tea in the form of liquid tea concentrate and ready to drink tea.

1.3 Parent Entity and Ultimate Parent Entity

The Company's parent undertaking is MJF Teas (Private) Limited. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is MJF Holdings (Pvt) Limited, which is incorporated in Sri Lanka.

1.4 Date of Authorisation for Issue

The Financial Statements of the Group as at and for the year ended 31 March 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 14 July 2026.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The consolidated financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter referred as "SLAS") as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

These consolidated financial statements presented in Sri Lankan Rupees have been prepared on a historical cost basis, except for investment properties, buildings classified as property, plant and equipment, short term investments that have been measured at fair value.

The preparation and presentation of these consolidated financial statements are in compliance with the Companies Act No. 07 of 2007

2.2 Basis of Preparation

The Financial Statements have been prepared on a historical cost basis, except for the following material items in the Statement of Financial Position;

- Fair Value through other comprehensive income investment are measured at fair value.
- Retirement Benefit Obligation at present value of the obligation.

Where appropriate, the specific policies are explained in the succeeding notes.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is also the Group's functional currency.

2.4 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiary as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has;

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The country of incorporation, effective shareholding and principal activities of the subsidiary incorporated in the Financial Statements are as follows:

Name of the subsidiary	Country of incorporation	Effective shareholding	
		2026	2025
MJF Beverages (Private) Limited	Sri Lanka	100%	100%

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the

parent of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated full on consolidation.

If the Group losses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities and other components of equity while any resultant gain or loss is recognised in the Consolidated Statement of Profit or Loss.

The Financial Statements of the subsidiary is prepared for the same reporting period as the holding Company. The accounting policies set out below have been applied consistently by the Group entities to all periods presented in the Financial Statements.

2.5 Common Control Business Combinations

Business combinations between entities under common control are accounted for using pooling of interest method. Accordingly,

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No new goodwill is recognised as a result of the combination. Net outcome of the net assets acquired and the shares issued is reflected within equity.

2.6 Changes in Significant Accounting Policies

Amended standards and interpretations

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective (Refer Note 3).

2.7 Comparative Information

The accounting policies have been consistently applied by the Group and, are consistent with those used in the previous year. Previous period figures and notes have been reclassified wherever necessary to conform to the current year's presentation. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

2.8 Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.9 Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment loss. Such cost includes the cost of replacing part of the property, plant and equipment. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment and the cost can be reliably measured. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. All other expenditure is recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets except land, as follows:

Buildings on Leasehold Land	Over the lease period
Plant and Machinery	Over 10-15 years
Buildings	Over 40 years
Factory Equipment	Over 5 years
Furniture and Fittings	Over 7 years
Office and Stores Equipment	Over 5 years
Computer Hardware	Over 3 years
Motor Vehicles	Over 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at end of each reporting period. An estimation change in the useful life of fixed asset during the period has occurred and the underlying assumptions considered are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised prospectively.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9.1 Capital Work-in-Progress

Capital work-in-progress is stated at cost, net accumulated impairment losses, if any, which include all costs incurred from the date of acquisition to the date recognition criteria are met to consider as property plant and equipment. Capital work-in-progress is transferred to the appropriate category under property, plant and equipment and depreciated over the estimated useful life.

2.10 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at its cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit or Loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.11 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

Research and Development Costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost, less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recorded in the Statement of Profit or Loss. During the period of development, the asset is tested for impairment annually.

A summary of the policies applied to the Group's intangible assets is as follows:

	Software
Useful lives	Finite
Amortisation method used	03-10 years
Internally generated or acquired	Acquired

2.12 Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group considered whether;

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has right to obtain substantially all of the economic benefits of asset throughout the period of use; and
- The Group has right to direct the use of the asset. The Group has this right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;
- The Group has right to operate the asset; or
- The Group designated the asset in a way that predetermines how and for what purpose it will be used.

Group as the Lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset is classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease added to the carrying amount of the leased asset and recognised over the lease term on the same basis rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Group as the Lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment and are in the range of 3 to 36 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option,

depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. (refer Note 7).

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The accounting policies applicable to the Group as a lessor in the comparative period were not difference from SLFRS 16.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of one year. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

2.13 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and are determined as follows:

- Tea (Raw Material) inventory is valued at Lot specific/FIFO Basis
- Finished Goods are valued at weighted average costs, which includes all direct expenditure and appropriate share of production overhead based on normal operating capacity
- Packing materials are valued at weighted average costs
- Consumables and spares are valued at Lot specific/FIFO Basis
- Goods-in-transits are valued at actual costs

Provision for inventory obsolescence is estimated on a systematic basis and deducted from the gross carrying value of the inventory.

Net realisable value is based on the estimated selling price in the ordinary course of business less any further costs expected to be incurred on completion and disposal.

2.14 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell or its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.15 Financial Instruments

Initial recognition of Financial Assets and Financial Liabilities

The Group shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

Measurement of Financial Assets

A financial asset be measured at amortised cost if both of the following conditions are met;

(a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and;

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value unless it is measured at amortised cost in accordance with above criteria. The Group measures Trade Receivables at amortised cost and quoted investments at fair value through other comprehensive income and fair value changes recognised to other comprehensive income.

Fair value through other comprehensive income if both of the following conditions are met,

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial essential assets

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding

Derecognition of financial assets

The Group derecognise a financial asset when and only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset as and the transfer qualifies for derecognition.

A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship be recognised in profit or loss when the financial asset is derecognised, impaired or reclassified in accordance and through the amortisation process.

Financial Liabilities Recognition

The Group measured the financial liability at fair value, including the costs of the transaction which can be directly assigned financial liability, when these are designated at their fair value in the profit and loss account.

The Group assessed that the fair value of loans and borrowings, bank overdrafts, and trade and other payables.

The Group has the following non-derivative financial liabilities comprise of loans and borrowings, bank overdrafts, and trade and other payables.

Financial Liabilities Subsequent measurement

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss.

Derecognition of financial liabilities

The Group derecognises a financial liability (or a part of a financial liability) from its statement of financial position when, and only when its contractual obligations are discharged or cancelled or expire.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

A gain or loss on a financial liability that is measured at amortised cost and is not part of a hedging relationship be recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Offsetting of Financial Instruments
Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and Cash Equivalents
Cash and Cash Equivalents in the Statement of Financial Position comprise cash on hand and at banks and short-term deposits which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash on hand and at banks and short-term deposits with a maturity of three months or less.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

Impairment of Financial Assets

Simplified approach for trade receivables
The Group always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions that are within the scope of SLFRS 15, and that;

(i) do not contain a significant financing component (or when the entity applies the practical expedient for contracts that are one year or less) in accordance with SLFRS 15

2.16 Retirement Benefit Obligations

GRI 201-3

Defined Benefit Plans - Retirement Gratuity
The retirement benefit plan adopted is as required under the Payment of Gratuity Act No. 12 of 1983, Minimum retirement age and workers act No.28 of 2021.

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in the Statement of Comprehensive Income. The Group is liable to pay gratuity in terms of the relevant statute. The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messrs. Smiles Global (Private) Limited as at 31 March 2026. The liability is not externally funded. The gratuity liability is not externally funded.

Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund ("EPF and ETF")
Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively, which are externally funded.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.18 Revenue from Contracts with Customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes. The following specific recognition criteria are used for the purpose of recognition of revenue;

a) Goods transferred at a point in time

Revenue from sale of goods is recognised at the point in time when

control of the asset is transferred to the customer. In relation to sales with local customers, this point is generally the delivery of goods, exports also take in to account the term related to each shipment of goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

b) Presentation and disclosure requirements

As required for the financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to Note 29 for the disclosure on disaggregated revenue.

Gains and Losses
Net gains and losses of a revenue nature arising from the disposal of other non-current assets, are accounted in the Statement of Profit or Loss, after deducting the carrying amount from proceeds on disposal of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a Group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

Interest Income
Interest Income is recognised as the interest accrues unless collectability is in doubt.

Dividend Income
Dividend income is recognised when the Group's right to receive the payments is established.

Others
Other income is recognised on an accrual basis.

2.19 Expenditure Recognition

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Profit or Loss.

For the purpose of presentation of the Statement of Profit or Loss, the Directors are of the opinion that "function of expenses" method presents fairly the elements of the Group's performance, and hence such presentation method is adopted.

Finance Costs
Finance costs comprise interest expense on bank overdrafts. Interest expense is recorded as it accrues using the effective interest method.

Operating Leases
Operating lease payments are charged to the Statement of Profit or Loss on a straight-line basis over the period of the lease.

Others
Other expenses are recognised on an accrual basis.

2.20 Taxation

Current Income Tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The taxable income is determined according to the provisions of the Inland Revenue Act No 24 of 2017 (as amended)

Deferred Taxation
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences, except.

- Where the deferred tax liability arises from an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

  Deferred tax assets are recognised for all deductible differences, carry forward of unused tax credits and unused tax losses, to the extent

that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except;

- Where the deferred tax assets relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in the Statement of Profit or Loss or Statement of Comprehensive Income.

Turnover Based Tax
Turnover based tax includes Value Added Tax. The Group pay such tax in accordance with the respective statutes.

2.21 Current versus Non-Current Classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sell or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

2.22 Segment Reporting

A business segment is distinguishable component of an enterprise that is engaged in providing an individual product or service or a Group of related products or services that is subject to risk and returns that are different from those of other business segments. The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting Consolidated Financial Statements of the Group.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Senior Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

2.23 Earnings Per Share

The Group presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted-average number of

ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.24 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future.

Useful life-time of the Property, Plant, and equipment

The Group reviews the useful lives and methods of depreciation of assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

Impairment of Fair Value of Other Comprehensive Income Investments

The Group treats equity securities designated at fair value through other comprehensive income/ available for sale as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. The Group treats "significant" generally as 20% or more and 'prolonged' greater than six (6) months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Impairment of Trade Receivables

The Group assess on a forward-looking basis the expected credit loss associated with its Trade Receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk for trade receivables the Group applies the simplified approach permitted by SLFRS 9 which requires expected lifetime losses to be recognise from initial recognition of the receivables.

At the reporting date, gross trade receivables of the Group were Rs. 8,044 million (2025 - Rs. 7,463 million) with allowance for impairment of trade receivables amounting to Rs.502 million (2025 – Rs. 458 million) and gross trade receivables of the Company were Rs. 7,962 million (2025 - Rs. 7,378 million) with allowance for impairment of trade receivables amounting to Rs. 502 million (2025 – Rs.450 million).

Employee Defined Benefit Plan – Gratuity

The employee benefit liability of the Group is based on the actuarial valuation carried out by Independent actuarial specialists. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. Management reviews all assumptions at each reporting date and revised assumptions where appropriate.

3. EFFECT OF SRI LANKA ACCOUNTING STANDARDS (SLFRS) ISSUED BUT NOT YET EFFECTIVE:

The new and amended accounting standards issued up to the date these financial statements are authorised for issue, but not yet effective for the current reporting period, are disclosed below. These standards and amendments will be adopted, if applicable, when they become effective.

3.1 SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts including life, non-life, direct insurance, reinsurance as well as certain guarantees and financial instruments with discretionary participation features:

The standard is built around the General Measurement Model, supported by two supplementary approaches:

- Variable Fee Approach (VFA): for contracts with direct participation features
- Premium Allocation Approach (PAA): a simplified model mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

SLFRS 17 will not have a material impact on the financial statements

3.2 SLFRS 18 Presentation and Disclosure in Financial Statement

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organised and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

3.3 Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability-linked terms and nature-dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted

The impact of these amendments is currently being identified and evaluated

3.4 Annual improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted, if applicable, when they become effective.

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Group

Gross Carrying Amounts	Balance As at 01.04.2025 Rs. '000	Additions Rs. '000	Transfers Rs. '000	Disposals Rs. '000	Balance As at 31.03.2026 Rs. '000
At Cost					
Land	967,124	10,407	-	-	977,531
Buildings on Leasehold Land	68,313	80	-	-	68,393
Buildings	937,328	9,006	-	-	946,334
Plant and Machinery	7,766,697	271,497	90	-	8,038,284
Factory Equipment	13,354	3,167	-	-	16,521
Furniture and Fittings	293,340	95,877	56,346	-	445,563
Office and Store Equipment	712,943	312,217	32,187	(869)	1,056,478
Computer Hardware	261,645	44,790	-	(854)	305,581
Motor Vehicle	376,579	44,405	-	(36,584)	384,400
Total Value of Depreciable Assets	11,397,323	791,446	88,623	(38,307)	12,239,085
In the Course of Construction					
Capital Work In Progress	171,965	304,761	(104,024)	(19,893)	352,809
	171,965	304,761	(104,024)	(19,893)	352,809
Total Gross Carrying Amount	11,569,288	1,096,207	(15,401)	(58,200)	12,591,894

Accumulated Depreciation	Balance As at 01.04.2025 Rs. '000	Charge for the year Rs. '000	Disposals Rs. '000	Balance As at 31.03.2026 Rs. '000
At Cost				
Buildings on Leasehold Land	29,664	1,845	-	31,509
Buildings	62,350	23,433	-	85,783
Plant and Machinery	3,506,489	554,751	-	4,061,240
Factory Equipment	9,293	575	-	9,868
Furniture and Fittings	56,747	48,047	-	104,794
Office and Store Equipment	217,545	142,216	(655)	359,106
Computer Hardware	201,407	37,859	(854)	238,412
Motor Vehicle	252,013	40,878	(28,524)	264,367
Total Depreciation	4,335,508	849,604	(30,033)	5,155,079

Net Carrying Amounts	2026	2025
	Rs. '000	Rs. '000
Land	977,531	967,124
Buildings on Leasehold Land	36,884	38,649
Buildings	860,551	874,978
Plant and Machinery	3,977,044	4,260,208
Factory Equipment	6,653	4,061
Furniture and Fittings	340,769	236,593
Office and Store Equipment	697,372	495,398
Computer Hardware	67,169	60,238
Motor Vehicle	120,033	124,566
	7,084,006	7,061,815
Capital Work In Progress	352,809	171,965
	352,809	171,965
Total Net Carrying Amount		
	7,436,815	7,233,780

4.1.1 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 1,096,206,781/- (2025-Rs. 2,704,823,735/-). Cash payments amounting to Rs.1,096,206,781/- (2025 - Rs.1,388,208,433/-) were made during the year for purchase of Property, Plant and Equipment.

4.1.2 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 2,564,636,827/- (2025 - Rs. 1,729,500,788/-) and continue to be in used by the Group.

4.1.3 The Subsidiary of the Group has entered in to a long-term operating lease agreement with Kahawatte Plantations PLC from 01 January 2006 to 14 June 2045 for the use of portion of a building situated at Rilhena Estate. Buildings on leasehold land as reflected above represent buildings constructed by the Subsidiary of the Group on the said leased land.

4.1.4 Details of Group's land and buildings stated at cost are indicated below;

Land

Location	Extent
111, 115A, 147, 147 1/1, 147/2, 147/3, 167, 179, 119/4, 127, 133, 149, 149 1/1, Negombo Road, Peliyagoda	316.84P

Buildings

Location	Number of Buildings
111, Negombo Road, Peliyagoda	01
Rilhena, Palmadulla, Ratnapura	01

4.2 Company

Gross Carrying Amounts	Balance As at 01.04.2025 Rs. '000	Additions Rs. '000	Transfers Rs. '000	Disposals Rs. '000	Balance As at 31.03.2026 Rs. '000
At Cost					
Land	967,124	10,407	-	-	977,531
Building	937,328	9,006	-	-	946,334
Plant and Machinery	7,539,221	268,686	90	-	7,807,997
Furniture and Fittings	290,790	95,877	56,346	-	443,013
Office and Stores Equipment	713,902	311,999	32,187	(869)	1,057,219
Computer Hardware	261,056	44,730	-	(854)	304,932
Motor Vehicles	376,583	44,405	-	(36,584)	384,404
Total Value of Depreciable Assets	11,086,004	785,110	88,623	(38,307)	11,921,430
In the Course of Construction					
Capital Work In Progress	171,965	304,761	(104,024)	(19,893)	352,809
	171,965	304,761	(104,024)	(19,893)	352,809
Total Gross Carrying Amount	11,257,969	1,089,871	(15,401)	(58,200)	12,274,239

Accumulated Depreciation	Balance As at 01.04.2025 Rs. '000	Charge for the year Rs. '000	Disposals Rs. '000	Balance As at 31.03.2026 Rs. '000
At Cost				
Building	62,350	23,433	-	85,783
Plant and Machinery	3,324,825	548,876	-	3,873,701
Furniture and Fittings	55,726	47,743	-	103,469
Office and Stores Equipment	216,323	141,989	(655)	357,657
Computer Hardware	200,817	37,858	(854)	237,821
Motor Vehicles	252,017	40,878	(28,524)	264,371
Total Depreciation	4,112,058	840,777	(30,033)	4,922,802

Net Carrying Amounts	2026 Rs. '000	2025 Rs. '000
Land	977,531	967,124
Building	860,551	874,978
Plant and Machinery	3,934,296	4,214,396
Furniture and Fittings	339,544	235,064
Office and Stores Equipment	699,562	497,579
Computer Hardware	67,111	60,239
Motor Vehicles	120,033	124,566
	6,998,628	6,973,946
Capital Work In Progress	352,809	171,965
	352,809	171,965
Total Net Carrying Amount	7,351,437	7,145,911

4.2.1 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 1,089,871,042/- (2025 - Rs. 2,704,478,232/-). Cash payments amounting to Rs. 1,089,871,042/- (2025 - Rs. 1,387,862,930/-) were made during the year for purchase of Property, Plant and Equipment.

4.2.2 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 2,384,595,834/- (2025 - Rs. 1,549,702,563/-) which are still in use.

4.2.3 Details of Company's land and buildings stated at cost are indicated below;

Land

Location	Extent
111, 115A, 147, 147 1/1, 147/2, 147/3, 167, 179, 119/4, 127, 133, 149, 149 1/1, Negombo Road, Peliyagoda	316.84P

Buildings

Location	Number of Buildings
111, Negombo Road, Peliyagoda	01

5. INVESTMENT PROPERTY

Group/Company

Gross Carrying Amounts	Balance As at 01.04.2025 Rs. '000	Additions Rs. '000	Transfers Rs. '000	Disposals Rs. '000	Balance As at 31.03.2026 Rs. '000
At Cost					
Land	234,064	-	-	-	234,064
Building	454,137	27,695	15,170	-	497,002
Total Value of Investment Property	688,201	27,695	15,170	-	731,066
Total Gross Carrying Amount	688,201	27,695	15,170	-	731,066

Accumulated Depreciation	Balance As at 01.04.2025 Rs. '000	Charge for the year Rs. '000	Transfers Rs. '000	Disposals Rs. '000	Balance As at 31.03.2026 Rs. '000
At Cost					
Building	55,137	11,799	-	-	66,936
Total Depreciation	55,137	11,799	-	-	66,936

Net Carrying Amounts	2026 Rs.'000	2025 Rs.'000
Land	234,064	234,064
Building	430,066	399,000
	664,130	633,064
Total Net Carrying Amount	664,130	633,064

5.1 Investment Property of the Group/Company relates to land acquired by the Company in February 2012. The land with an extent of 2 Acres, 3 Roods and 23 Perches together with a building is situated at No 480, Hendala, Wattala.

5.2 Level 3 fair value of the Investment Property as at 31 March 2026 is estimated to be Rs. 2,000,000,000/- (2025 – Rs. 1,244,000,000/-), based on a valuation performed by Mr. M.C.N.Perera, Chartered Valuer. The valuation was carried out using a model in line with International Valuation Standards, applying the market and cost approaches. The land component was valued based on prevailing market prices of similar properties in the Hendala area, using a rate of Rs. 2,100,000/- per perch (2025 – Rs. 1,750,000/-). The building included in the investment property has been valued at Rs. 857,000,000/- (2025 – Rs. 468,000,000/-), based on replacement cost.

5.3 The Group/Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct, or develop investment properties or for repairs, maintenance and enhancements.

5.4 The Group/Company has generated income during the year amounting to Rs. 19,509,840/- (2025 - 8,983,375/-). The operational expenses of the property had been limited to general maintenance expenses amounting to Rs. 3,134,646/- (2025 - Rs. 3,908,858/-) for the year.

6. INTANGIBLE ASSETS

Group/Company

Computer Software	2026 Rs. '000	2025 Rs. '000
At Cost		
As at 1 April	765,080	719,842
Acquired during the year	16,518	28,131
Transferred From CWIP	231	-
Work in Progress	-	17,107
As at 31 March	781,829	765,080
Amortisation		
As at 1 April	626,727	590,837
Amortisation for the year	43,428	35,890
As at 31 March	670,155	626,727
Net Book Value	111,674	138,353

6.1 During the financial year, the Group/Company acquired Intangible Assets to the aggregate value of Rs.16,517,781/- (2025 - Rs. 45,238,531/-). Cash payments amounting to Rs.16,517,781/- (2025- Rs. 45,238,531/-) were made by the Group/Company during the year for purchase of Intangible Assets.

7. SLFRS 16 - LEASES

7.1 Right of Use Asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Group's incremental borrowing rate) adjusted for any lease payments made at or before the initial application date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the initial application date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of Right of Use Lease assets of the Group is as follows;

7.1.1 Group

At Gross Value	Balance As at 01.04.2025 Rs. '000	Additions Rs. '000	Advance Payment for Leases Rs. '000	Balance As at 31.03.2026 Rs. '000
Land	789,341	-	-	789,341
Buildings and installations	384,795	-	-	384,795
	1,174,136	-	-	1,174,136

Depreciation	Balance As at 01.04.2025 Rs. '000	Charge for the year Rs. '000	De-Recognition Rs. '000	Balance As at 31.03.2026 Rs. '000
Land	120,047	19,934	-	139,981
Buildings and Installations	58,762	9,872	-	68,634
	178,809	29,806	-	208,615

7.1.1 Group (Contd.)

Net book values	2026 Rs. '000	2025 Rs. '000
Land	649,360	669,294
Buildings and Installations	316,161	326,033
	965,521	995,327

7.1.2 Company

At Gross Value	Balance As at 01.04.2025 Rs. '000	Additions Rs. '000	Advance Payment for Leases Rs. '000	Balance As at 31.03.2026 Rs. '000
Land	789,341	-	-	789,341
Buildings and Installations	372,824	-	-	372,824
	1,162,165	-	-	1,162,165

Depreciation	Balance As at 01.04.2025 Rs. '000	Charge for the year Rs. '000	De-Recognition Rs. '000	Balance As at 31.03.2026 Rs. '000
Land	119,605	19,934	-	139,539
Buildings and Installations	56,492	9,416	-	65,908
	176,097	29,350	-	205,447

Net book values	2026 Rs. '000	2025 Rs. '000
Land	649,802	669,736
Buildings and Installations	306,916	316,332
	956,718	986,068

7.2 Lease Liability/Lease Creditor

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Group's incremental borrowing rate. The movement of Lease creditor for the year is as follows;

7.2.1 Group

	Balance As at 01.04.2025 Rs. '000	Additions Rs. '000	Accretion of Interest Rs. '000	Repayment During the Year Rs. '000	Balance As at 31.03.2026 Rs. '000
Land	813,813	-	100,544	(96,303)	818,054
Buildings and installations	390,861	-	48,849	(60,192)	379,518
	1,204,674	-	149,393	(156,495)	1,197,572

	Amount repayable within 1 year	Amount repayable after 1 year	Total
	Rs. '000	Rs. '000	Rs. '000
Lease Liability/Lease Creditor	57,817	1,139,755	1,197,572
	57,817	1,139,755	1,197,572

7.2.2 Company

	Balance As at 01.04.2025	Additions	Accretion of Interest	Repayment During the Year	Balance As at 31.03.2026
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Land	813,813	-	100,544	(96,303)	**818,054**
Buildings and installations	379,602	-	47,491	(58,692)	**368,401**
	1,193,415	-	148,035	(154,995)	**1,186,455**

	Amount repayable within 1 year	Amount repayable after 1 year	Total
	Rs. '000	Rs. '000	Rs. '000
Lease Liability/Lease Creditor	57,207	1,129,248	1,186,455
	57,207	1,129,248	1,186,455

7.2.3 Maturity analysis of lease liability as follows:

	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Payable within one year				
Gross liability	**142,194**	140,801	**140,694**	139,301
Finance cost allocated to future periods	**(84,377)**	(76,290)	**(83,487)**	(75,477)
Net liability transferred to current liabilities	**57,817**	64,511	**57,207**	63,824
Payable within two to five years				
Gross liability	**582,984**	577,272	**576,984**	571,272
Finance cost allocated to future periods	**(405,805)**	(379,578)	**(401,631)**	(375,636)
Net liability	**177,179**	197,694	**175,353**	195,636
Payable after five years				
Gross liability	**4,772,320**	4,920,226	**4,750,945**	4,897,351
Finance cost allocated to future periods	**(3,809,744)**	(3,977,757)	**(3,797,050)**	(3,963,396)
Net liability	**962,576**	942,469	**953,895**	933,955
Net liability payable after one year	**1,139,755**	1,140,163	**1,129,248**	1,129,591

8. OTHER NON-CURRENT FINANCIAL ASSETS

Group/Company

		2026 Rs. '000	2025 Rs. '000
Equity Securities designated as FVOCI	- Quoted Investments	240,637	294,958
	- Unquoted Investments	5,860	5,860
		246,497	300,818

8.1 Investment in Subsidiary

	Holding %		Company	
Non-quoted	2026	2025	2026 Rs.'000	2025 Rs.'000
MJF Beverages (Private) Limited	100%	100%	300,750	300,750
Provision for Impairment of Investment in Subsidiary			(300,750)	(300,750)
Additions			260,000	-
			260,000	-

8.2 An impairment assessment on investment in MJF Beverages (Private) Limited was carried out by the Board of Directors as the carrying value of the investment exceeds the net assets attributable to the Subsidiary as at 31 March 2026. Based on that assessment, the opening investment has been fully provided for as at 31 March 2026.

8.3 Group/Company

	Quoted Investments		Unquoted Investments		Total	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Equity Securities designated as FVOCI						
At the beginning of the year	294,958	213,735	5,860	11,702	300,818	225,437
Acquisition of Shares	46	-	-	-	46	-
Gain/(Loss) on Change in Fair Value	(54,367)	81,223	-	(5,842)	(54,367)	75,381
At the end of the year	240,637	294,958	5,860	5,860	246,497	300,818

8.4 Quoted Investments

	No. of Shares		Company	
	2026	2025	2026 Rs.'000	2025 Rs.'000
Kahawatte Plantation PLC	12,571,800	12,571,800	226,292	286,637
Hatton Plantation PLC	6,000	-	139	-
Renuka City Hotels PLC	17,500	17,500	14,206	8,321
			240,637	294,958

The Group/Company mainly holds a non-controlling interest of 12.65% (2025 - 12.65%) in Kahawatte Plantations PLC. The fair value of quoted equity shares is determined by reference to published prices on the Colombo Stock Exchange.

8.5 Unquoted Investments

	No. of Shares		Company	
	2026	2025	2026	2025
			Rs.'000	Rs.'000
Rainforest Ecolodge (Private) Limited	2,500,000	2,500,000	5,860	5,860
			5,860	5,860

The Group/Company holds a non-controlling interest of 5.25% (2025 - 5.25%) in Rainforest Ecolodge (Private) Limited – a Resort Company incorporated in Sri Lanka.

The fair value of unquoted investment in Rainforest Ecolodge (Private) Limited has been estimated considering the net assets held by Rainforest Ecolodge (Private) Limited as at 31 March 2026 and potential returns expected through its future operations.

9. INVENTORIES

	Group		Company	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Raw Materials	1,580,080	1,637,833	1,513,600	1,633,080
Packing Materials	658,792	600,919	658,792	570,095
Finished Goods	367,591	314,267	367,591	298,259
Consumables and Spares	586,770	682,893	586,770	677,929
	3,193,233	3,235,912	3,126,753	3,179,363

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2026	2025	2026	2025
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade Debtors	- Related Party - (Note 10.1)	2,201,498	1,892,836	2,182,973	1,872,005
	- Others	5,842,767	5,570,192	5,779,058	5,506,899
		8,044,265	7,463,028	7,962,031	7,378,904
Less: Provision for Bad and Doubtful Debts - (Note 10.2)		(502,054)	(458,286)	(502,054)	(450,948)
		7,542,211	7,004,742	7,459,977	6,927,956
Other Receivables	- Related Party - (Note 10.3)	-	46,482	-	46,482
	- Other	640,421	129,530	632,005	124,365
		8,182,632	7,180,754	8,091,982	7,098,803

10.1 Trade Receivables - Related Party

		Group		Company	
		2026	2025	2026	2025
	Relationship	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dilmah Australia (Pty) Limited	Fellow Subsidiary	1,715,863	1,479,247	1,698,339	1,466,138
Dilmah Europe B.V (MJF Group Europe Holding B.V)	Fellow Subsidiary	392,053	345,385	392,053	338,257
M.J.F. Exports (Private) Limited	Fellow Subsidiary	76,736	40,070	76,305	39,665
MJF Exports Limited - Coimbatore	Fellow Subsidiary	41	20,601	41	20,601
Kahawatte Plantations PLC	Fellow Subsidiary	1,144	773	574	622
Print Care PLC	Fellow Subsidiary	95	89	95	89
Print Care Universal (Pvt) Ltd	Fellow Subsidiary	82	-	82	-
Tea Trails (Pvt) Ltd	Fellow Subsidiary	2,589	2,519	2,589	2,519
Cape Weligama (Pvt) Ltd	Fellow Subsidiary	1,372	1,293	1,372	1,293
Resplendent Ceylon (Pvt) Ltd	Fellow Subsidiary	6,382	720	6,382	714
Forbes & Walker Fine Foods (Private) Limited	Fellow Subsidiary	28	32	28	-
Forbes & Walker (Pvt) Ltd	Fellow Subsidiary	9	-	9	-
MJF Charitable Foundation	Fellow Subsidiary	519	922	519	922
PCL Solutions (Pvt) Ltd	Fellow Subsidiary	-	151	-	151
MJF Epigro Renewables (Pvt) Ltd	Fellow Subsidiary	42	-	42	-
MJF Corporate Services (Pvt) Ltd	Fellow Subsidiary	3,000	-	3,000	-
Forbes & Walker Warehousing (Pvt) Ltd	Fellow Subsidiary	445	568	445	568
MJF Tea Garden (Pvt) Ltd	Fellow Subsidiary	369	281	369	281
Ceylon Tea Farmers (Pvt) Ltd	Fellow Subsidiary	729	185	729	185
		2,201,498	1,892,836	2,182,973	1,872,005

10.2 Movement of Provisions for Bad and Doubtful Debts

	Group		Company	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 01 April	458,286	648,456	450,948	647,501
Impairment Reversal/Settlement on Trade Receivables	(92,275)	(219,206)	(85,175)	(219,206)
Impairment Provision on Trade Receivables	71,393	38,528	71,393	32,383
Exchange Loss/(Gain) on impairment on Trade Receivables	64,650	(9,492)	64,888	(9,730)
As at 31 March	502,054	458,286	502,054	450,948

10.3 Other Receivables - Related Party

		Group		Company	
		2026	2025	2026	2025
	Relationship	Rs.'000	Rs.'000	Rs.'000	Rs.'000
MJF Exports Ltd - Coimbatore	Fellow Subsidiary	49,512	46,482	49,512	46,482
Provision for bad debts		(49,512)	-	(49,512)	-
		-	46,482	-	46,482

10.4 Trade Receivable - Age Analysis

			Past due but not impaired				
	Total	Neither Past due nor Impaired	0-60 days	61-90 days	91-120 days	121-360 days	>360 days
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group							
At 31 March 26	8,044,265	6,694,537	692,114	54,594	93,526	5,523	503,971
At 31 March 25	7,463,028	6,045,602	704,270	137,960	75,942	78,233	421,021
Company							
At 31 March 26	7,962,031	6,642,631	682,785	51,900	92,452	(3,971)	496,234
At 31 March 25	7,378,904	6,000,713	690,079	135,063	66,321	74,504	412,224

11. ADVANCES & PREPAYMENTS

	Group		Company	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Advances	753,394	1,235,223	702,989	1,195,521
Prepayments	59,005	66,837	52,758	60,233
	812,399	1,302,060	755,747	1,255,754

12 AMOUNTS DUE FROM RELATED PARTY

			Group		Company	
	Company	Relationship	2026	2025	2026	2025
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
	MJF Beverages (Private) Limited	Subsidiary	-	-	181,775	145,235
	During the year transactions		-	-	(2,521)	36,540
	Other adjustments		-	-	80,746	-
	Transferred to Investment		-	-	(260,000)	-
			-	-	-	181,775
12.1	The Ceylon Spice Co (Pvt) Ltd	Affiliate	-	20,834	-	20,834
	Dilmah Ceylon Cinnamon Co. (Pvt) Ltd	Affiliate	-	3,323	-	3,323
			-	24,157	-	24,157
			-	24,157	-	205,932

13. OTHER CURRENT FINANCIAL ASSETS

Group/Company

	2026 Rs.'000	2025 Rs.'000
Fixed Deposits	4,287,234	4,729,611
Green Bond - DFCC Bank PLC	34,450	34,450
	4,321,684	4,764,061

The Company has invested Rs. 34.45 million in a listed Green Bond issued by DFCC Bank PLC, classified as a debt instrument measured at amortised cost in accordance with SLFRS 9.

The bond carries a fixed interest rate of 12% and matures on 24th September 2027. It is held within a business model to collect contractual cash flows representing solely payments of principal and interest.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statement of Cash Flows include the following Statement of Financial Position amounts:

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Favourable Cash and Cash Equivalents Balances				
Cash on Hand	2,059	1,523	1,678	1,241
Bank Balances	1,271,939	1,493,618	1,265,458	1,455,838
Short-term Deposits	3,161,481	1,596,435	3,161,481	1,596,435
	4,435,479	3,091,576	4,428,617	3,053,514

15. STATED CAPITAL

	Group/ Company			
	2026		2025	
	Number	Rs.'000	Number	Rs.'000
Fully Paid Ordinary Shares	20,737,500	642,500	20,737,500	642,500
	20,737,500	642,500	20,737,500	642,500

16. RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
As at 1 April	597,908	447,758	591,273	441,783
Current Service Cost	47,018	41,218	46,440	40,645
Interest Cost	63,431	54,632	62,675	53,898
Adjustment due to Employee transfer into the Company	-	55,288	-	55,288
Actuarial (Gain)/Loss	(1,473)	41,873	(1,657)	42,520
Benefits Paid	(55,429)	(42,861)	(53,449)	(42,861)
As at 31 March	651,455	597,908	645,282	591,273

The employee retirement benefit liability of the Group/Company is based on the actuarial valuation carried out by Smiles Global (Private) Limited (2025 - Smiles Global (Private) Limited), Independent actuarial specialists as at 31 March 2026. The principal assumptions used are as follows:

During the previous financial year, an increase of Rs. 55.2 million is recognised in its retirement benefit obligation, arising from the transfer of employees previously engaged in the local sales function, which was restructured and brought under the Company

The principal assumptions used are as follows:

	Group/ Company	
	2026	**2025**
Discount Rate	**11%**	11%
Future Salary Increment rate	**10%**	10%
Average expected future working life time	**5 - 6 Years**	5 - 6 Years

Sensitivity of Principal Assumptions used

A one percentage change in the assumptions would have the following effects:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Discount Rate				
1% increase	**(20,599)**	(18,598)	**(20,001)**	(18,078)
1% decrease	**22,641**	20,322	**21,948**	19,729
Salary Increment Rate				
1% increase	**25,598**	23,121	**24,875**	22,493
1% decrease	**(23,784)**	(21,577)	**(23,152)**	(21,019)

The following are the expected payments or contributions to the defined benefit plan in future years:

	Group		Company	
	2026	**2025**	**2026**	**2025**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
Within the next 12 months (next annual reporting period)	**255,281**	183,432	**255,281**	183,432
Between 1 and 2 years	**2,251**	55,846	**2,251**	55,846
Between 2 and 5 years	**115,226**	102,784	**115,226**	102,784
Between 5 and 10 years	**273,094**	254,486	**272,524**	249,211
Beyond 10 years	**5,603**	1,360	**-**	-
Total expected payments	**651,455**	597,908	**645,282**	591,273

17. TRADE AND OTHER PAYABLES

		Group		Company	
		2026	2025	2026	2025
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade Payables	- Related Party (Note 17.1)	276,287	250,531	276,287	250,531
	- Other	647,593	1,193,502	622,778	1,156,552
		923,880	1,444,033	899,065	1,407,083
Other Payable		96,205	88,692	96,055	88,546
		1,020,085	1,532,725	995,120	1,495,629

17.1 Trade Payables - Related Party

		Group		Company	
	Relationship	2026	2025	2026	2025
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dilmah SEA (Pte) Limited	Fellow Subsidiary	5,852	12,627	5,852	12,627
Forbes and Walker Tea Brokers (Private) Limited	Fellow Subsidiary	121,188	60,283	121,188	60,283
Forbes & Walker Warehousing (Pvt) Ltd	Fellow Subsidiary	-	446	-	446
Kahawatte Plantation PLC	Fellow Subsidiary	811	282	811	282
MJF Group Europe Holding B.V	Fellow Subsidiary	-	4,882	-	4,882
Printcare Universal (Private) Limited	Fellow Subsidiary	36,324	39,579	36,324	39,579
Packages Lanka (Private) Limited	Affiliate Company	35,889	15,349	35,889	15,349
Printcare Digital Solution (Pvt) Ltd	Affiliate Company	45	1,177	45	1,177
Print Care PLC	Fellow Subsidiary	51,911	79,395	51,911	79,395
Dilmah Ceylon Cinnamon Company (Pvt) Ltd	Affiliate Company	188	-	188	-
Timber Concepts (Private) Limited	Fellow Subsidiary	24,079	36,511	24,079	36,511
		276,287	250,531	276,287	250,531

18. PROVISIONS & ACCRUED EXPENSES

	Group		Company	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Other Payables	1,359,962	1,343,240	1,353,998	1,339,041
Accrued Expenses & Provisions	300,585	351,848	292,573	339,847
	1,660,547	1,695,088	1,646,571	1,678,888

19. MATURITY ANALYSIS

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2026.

Based on contractual discounted (principal plus interest) payments.

		Between					
In Rs'000s	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total Over 1 year
Group							
Lease Liabilities	57,817	51,817	46,440	41,621	37,302	962,575	1,139,755
Trade and other payables	743,798	-	-	-	-	-	-
Amount due to related parties	276,287	-	-	-	-	-	-
Total	1,077,902	51,817	46,440	41,621	37,302	962,575	1,139,755
Company							
Lease Liabilities	57,207	51,276	45,960	41,195	36,924	953,893	1,129,248
Trade and other payables	718,833	-	-	-	-	-	-
Amount due to related parties	276,287	-	-	-	-	-	-
Total	1,052,327	51,276	45,960	41,195	36,924	953,893	1,129,248

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2025.

Based on contractual discounted (principal plus interest) payments.

		Between					
In Rs'000s	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total Over 1 year
Group							
Lease Liabilities	64,511	57,817	51,816	46,440	41,621	942,469	1,140,163
Trade and other payables	1,282,194	-	-	-	-	-	-
Amount due to related parties	250,531	-	-	-	-	-	-
Total	1,597,236	57,817	51,816	46,440	41,621	942,469	1,140,163
Company							
Lease Liabilities	63,824	57,206	51,275	45,960	41,195	933,955	1,129,591
Trade and other payables	1,245,099	-	-	-	-	-	-
Amount due to related parties	250,531	-	-	-	-	-	-
Total	1,559,454	57,206	51,275	45,960	41,195	933,955	1,129,591

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

		Group		Company	
		2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Export Sales	- Related Party (Note 20.1)	3,380,481	3,578,667	3,343,540	3,552,122
	- Other	16,766,492	16,031,383	16,652,317	15,888,322
		20,146,973	19,610,050	19,995,857	19,440,444
Local Sales		1,993,470	1,547,864	1,993,363	1,547,864
		22,140,443	21,157,914	21,989,220	20,988,308

20.1 Export Sales - Related Party

		Group		Company	
	Relationship	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Dilmah Australia PTY Ltd	Fellow Subsidiary	3,380,481	3,542,041	3,343,540	3,515,496
Dilmah Europe B.V (MJF Group Europe Holding B.V)	Fellow Subsidiary	-	36,626	-	36,626
		3,380,481	3,578,667	3,343,540	3,552,122

All sales related to export sales are Tea and Value Added Tea sold across the Globe under the brand name Dilmah. Contract Assets arising from Revenue from Contracts from Customers only include Trade and Other Receivables, Refer Note No. 10.

21. OTHER INCOME

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Profit on Disposal of Property, Plant and Equipment	9,046	10,684	9,046	10,684
Income on Hire of Vehicles	4,341	4,065	4,341	4,065
Dividend from Equity Securities	80	40	80	40
Income Rent	19,510	8,983	19,510	8,983
Sundry Income	14,196	8,042	14,185	8,019
Service Fees	2,111	2,192	2,111	2,192
	49,284	34,006	49,273	33,983

22. EXCHANGE GAIN

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Foreign Exchange Gain/(Loss) for the Year	1,599,088	442,441	1,588,380	440,325
Foreign Exchange Gain/(Loss) on Impairment of Trade Receivable	(64,650)	9,492	(64,888)	9,730
	1,534,438	451,933	1,523,492	450,055

23. FINANCE COSTS

	Group		Company	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Expense on Lease Liability	149,393	148,341	148,035	146,966
	149,393	148,341	148,035	146,966

24. FINANCE INCOME

	Group		Company	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest on Deposits and Saving Accounts	342,132	341,887	342,077	341,849
Interest on Repo Deposits/Others	12,939	10,796	12,939	10,796
	355,071	352,683	355,016	352,645

25. PROFIT BEFORE TAX

Profit before tax is stated after charging all expenses including the following:

	Group		Company	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Included in Cost of Sales:				
Consumption of Tea and Packing Material	11,383,443	11,402,759	11,317,101	11,323,003
Employee Benefits including the following;	1,095,882	966,177	1,052,492	927,032
- Defined Benefit Plan Costs - Gratuity	1,334	1,307	-	-
- Defined Contribution Plan Costs - EPF and ETF	82,245	72,194	79,346	69,669
Depreciation	691,174	514,949	682,877	506,731
Included in Administrative Expenses:				
Employee Benefits including the following;	1,473,025	1,210,721	1,472,943	1,210,721
- Defined Benefit Plan Costs - Gratuity	109,115	89,099	109,115	89,099
- Defined Contribution Plan Costs - EPF and ETF	78,741	69,969	78,741	69,969
Directors' Fee and Emoluments	252,464	249,947	252,464	249,947
Donations	216,390	191,875	215,190	190,460
Amortisation of Intangible Assets	43,428	35,890	43,428	35,890
Depreciation	170,228	122,530	169,698	122,001
Impairment Loss on Trade Receivables	(15,082)	38,528	(15,082)	32,383
Auditors Remuneration	1,947	1,897	1,784	1,748
Other Audit Fees	475	1,288	475	1,288
Included in Selling and Distribution Costs:				
Export & Local Promotion	3,294,930	2,812,867	3,294,930	2,812,867

26. INCOME TAX EXPENSE

The major components of income tax expense for the year ended 31 March are as follows:

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Statement of Profit or Loss				
Current Income Tax				
Current Income Tax Expense	2,485	10,526	2,392	6,426
Provision for prior year Tax Assessments	485,000	451,388	485,000	451,388
	487,485	461,914	487,392	457,814
Deferred Income Tax				
Deferred Taxation Charge (Reversed)	70,896	501,502	72,669	502,230
Income Tax Expense recognised in Statement of Profit or Loss	558,381	963,416	560,061	960,044
Statement of Other Comprehensive Income				
Deferred Tax attributable to re-measurement (Gain)/Loss on Employee Defined Benefit Liabilities	442	(12,562)	497	(12,756)
Deferred Tax Charge recognised in Statement of Other Comprehensive Income	442	(12,562)	497	(12,756)

26.1 Reconciliation between Current Tax Expense and the product of Accounting Profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year ended 31 March are as follows:

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Profit before Tax	2,451,489	1,689,245	2,436,304	1,679,207
Intra-Group Eliminations	315	-	-	-
Adjusted accounting profit/(loss) chargeable to Income Tax	2,451,804	1,689,245	2,436,304	1,679,207
Disallowable Expenses	1,750,002	1,275,639	1,736,167	1,256,968
Allowable Expenses	(1,659,585)	(3,207,343)	(1,638,409)	(3,194,753)
Allowable Income	(268,183)	(106,599)	(265,732)	(103,629)
Investment Income	(1,383,333)	(881,193)	(1,377,938)	(881,183)
Group (Utilisation) / Un-utilisation of tax losses	(890,392)	1,243,908	(890,392)	-
Business Income/ (Loss)	313	13,657	-	(1,243,390)
Investment Income	1,383,333	884,136	1,377,938	881,183
Non Taxable Investment Income	(1,375,361)	(862,706)	(1,369,966)	(859,763)
Taxable Investment Income	7,972	21,430	7,972	21,420
Taxable Income	8,285	35,087	7,972	21,420
Income tax charged at				
Standard rate 30%	2,485	10,526	2,392	6,426
Current Tax charge	2,485	10,526	2,392	6,426

26.1 Reconciliation between Current Tax Expense and the product of Accounting Profit (Contd.)

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Reconciliation between Current Tax Expense and the product of Accounting Profit				
Profit before Tax	2,451,489	1,689,245	2,436,304	1,679,207
Income tax not liable for income tax	315	-	-	-
Adjusted accounting profit/(loss) chargeable to Income Tax	2,451,804	1,689,245	2,436,304	1,679,207
Tax effect on chargeable profits/losses	735,541	506,774	730,891	503,762
Tax effect on non deductible expenses	525,001	382,692	520,850	377,090
Tax effect on deduction claimed	(497,876)	(962,203)	(491,523)	(958,426)
Tax effect of non taxable income	(495,455)	(31,980)	(493,100)	(31,089)
Tax effect on Investment Income	2,392	6,429	2,392	6,426
Tax effect on (Utilisation) / Un-utilisation of tax losses	(267,118)	108,814	(267,118)	108,663
Net tax effect of deferred tax for prior years	70,896	501,502	72,669	502,230
(Over)/under provision for previous years	485,000	451,388	485,000	451,388
	558,381	963,416	560,061	960,044

26.2 Income Tax (Receivable) / Payable

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
At the beginning of the year	486,194	542,356	492,172	549,978
Current Income Tax Expense	2,485	10,526	2,392	6,426
Provision of Current Income Tax in respect of prior years	-	(34,358)	-	(34,358)
Income tax paid / Set off	(12,906)	(518,076)	(10,215)	(515,620)
Provision for prior year Tax Assessments	485,000	485,746	485,000	485,746
At the end of the year	960,773	486,194	969,349	492,172
Income tax Payable	960,773	486,194	969,349	492,172

26.3 Tax Losses

	Group		Company	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
At the beginning of the year	(1,243,390)	-	(1,243,390)	-
Adjustment for tax losses brought forward	(18,177)	-	(18,177)	-
Loss incurred during the year	-	(1,243,390)	-	(1,243,390)
Loss set-off for the current year	890,392	-	890,392	-
At the end of the year	(371,175)	(1,243,390)	(371,175)	(1,243,390)

26.4 Deferred Tax Liability

26.4.1

Group	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Deferred Tax Liability						
Accelerated Depreciation for Tax Purposes	**726,493**	631,904	**94,589**	194,332	-	-
Net Unrealised Exchange Gain	**364,637**	177,014	**187,638**	240,005	-	-
Deferred Tax Assets						
Unclaimed Right of Use Asset Rentals	**(68,921)**	(23,910)	**(45,012)**	35,465	-	-
Defined Benefit Plans	**(195,436)**	(179,372)	**(16,506)**	(32,483)	**442**	(12,562)
Provision for Doubtful Debt	**(165,470)**	(137,486)	**(27,984)**	57,051	-	-
Provision for Slow Moving Inventory	**(12,471)**	(1,994)	**(10,476)**	6,719	-	-
Unused Tax Loss	**(111,353)**	(14)	**(111,353)**	-	-	-
Deferred Income Tax Charge	-		**70,896**	501,089	**442**	(12,562)
Net Deferred Tax Liability/ (Asset)	**537,479**	466,142				

26.4.2

Company	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Deferred Tax Liability						
Accelerated Depreciation for Tax Purposes	**716,327**	615,244	**101,083**	193,694	-	-
Net Unrealised Exchange Gain	**362,327**	177,014	**185,313**	239,064	-	-
Deferred Tax Assets						
Unclaimed Right of Use Asset Rentals	**(68,921)**	(23,910)	**(45,012)**	35,878	-	-
Defined Benefit Plans	**(193,585)**	(177,382)	**(16,700)**	(32,091)	**497**	(12,756)
Provision for Doubtful Debt	**(165,470)**	(135,284)	**(30,186)**	58,966	-	-
Provision for Slow Moving Inventory	**(12,471)**	(1,994)	**(10,476)**	6,719	-	-
Unused Tax Loss	**(111,353)**		**(111,353)**	-	-	-
Deferred Income Tax Charge	-		**72,669**	502,230	**497**	(12,756)
Net Deferred Tax Liability/ (Asset)	**526,854**	453,688				

26.5 Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax (Assets) / Liability has been computed taking into consideration the effective tax rate which is 30% (2025 – 30%) for the Group/ Company.

26.6 The Group/Company has unutilised tax losses of Rs. 371 Million as at the reporting date.

27. EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on the profit after taxation over the weighted average number of ordinary shares in issue during the year.

Given below is the computation of earning per share:

	Group	
	2026 Rs.'000	**2025 Rs.'000**
Amount Used as the Numerator:		
Profit for the year	**1,893,108**	725,829

	Number Rs.'000	**Number Rs.'000**
Number of Ordinary Shares Used as the Denominator:		
Weighted Average Number of Ordinary Shares	**20,738**	20,738
Earnings per Share (Rs.)	**91.29**	35.00

Given below is the computation of earning per share:

	Company	
	2026 Rs.'000	**2025 Rs.'000**
Amount Used as the Numerator:		
Profit for the year	**1,876,243**	719,164

	Number Rs.'000	**Number Rs.'000**
Number of Ordinary Shares Used as the Denominator:		
Weighted Average Number of Ordinary Shares	**20,738**	20,738
Earning per Share (Rs.)	**90.47**	34.68

28. DIVIDEND PER SHARE

Group/Company

		2026 Rs.'000	2025 Rs.'000
Dividend paid on Ordinary Shares during the year			
Final Dividend for 2025	Rs. 20/- per share	414,750	-
Final Dividend for 2024	Rs. 8/- per share	-	165,900
		414,750	165,900
Dividend per Share (Rs.)*		20.00	8.00

*Dividend per share is calculated by considering the dividend paid for the year divided by the number of shares in issue which ranked for those divided.

29. SEGMENTAL INFORMATION

The Group does not have separately distinguishable components within the enterprise that is engaged in providing individual products or services or a Group of related products or services that is subject to risk and returns that are different from those of other business segments.

For management purposes, the Group monitors the sales and the costs associated with the different product types offered in evaluating the profitability of the same as follows;

29.1 Business Segment - Group

	Tea Bags		Tea Packets		RTD		Other*		Total	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Revenue	18,313,106	17,458,993	3,267,010	3,344,412	201,482	206,051	358,845	148,458	22,140,443	21,157,914
Cost of Sales	(10,936,308)	(10,592,117)	(2,378,252)	(2,604,403)	(164,915)	(171,276)	(353,896)	(126,753)	(13,833,371)	(13,494,549)
Segment Gross Profit	7,376,798	6,866,876	888,758	740,009	36,567	34,775	4,949	21,705	8,307,072	7,663,365

29.2 Business Segment - Company

	Tea Bags		Tea Packets		RTD		Other*		Total	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Revenue	18,313,106	17,458,993	3,267,010	3,344,412	50,259	36,445	358,845	148,458	21,989,220	20,988,308
Cost of Sales	(10,936,308)	(10,592,117)	(2,378,252)	(2,604,403)	(26,346)	(25,738)	(353,896)	(126,753)	(13,694,802)	(13,349,011)
Segment Gross Profit	7,376,798	6,866,876	888,758	740,009	23,913	10,707	4,949	21,705	8,294,418	7,639,297

*Other Sales include Bulk Tea and Other Value Added Teas.

Management considers that there is no suitable basis for allocating assets, related liabilities and operating expenses to business segments. Accordingly, segment assets, segment liabilities, segment operating expenses and other segment information by business segment is not disclosed.

30. CONTINGENCIES AND COMMITMENTS

As at reporting date, the Group and Company has following commitments and contingencies arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

30.1 Capital Expenditure Commitments

Group/Company

	Group/Company	
	2026	2025
	Rs.'000	Rs.'000
Estimated capital expenditure contracted but not provided for;		
Bulking Plant Project	94,934	-
Tea Bagging Machines	-	20,644
	94,934	20,644

30.2 Contingencies

There are no contingencies as at the reporting date other than on disclosed in Note 30.3.

30.3 The Department of Inland Revenue has issued Income Tax assessments for Y/A 2018/19, 2019/20, 2020/21 and 2021/22 disallowing advertising and export promotional expenses incurred overseas. In addition, a Surcharge Tax Assessment has been issued for Y/A 2020/21. The Company has lodged appeals against these assessments which are currently pending before the Court of Appeal and the Taxation Appeals Commission. The total assessed tax liability including penalties and interest currently under appeal amounts to approximately Rs. 3.2 Bn. Having discussed with the tax experts and based on information available, the Directors are of the view that the Company has followed due process and acted in accordance with prevailing laws.

31. ASSETS PLEDGED

There are no material assets pledged as at the reporting date.

32. EVENTS OCCURRING AFTER THE REPORTING DATE

After satisfying the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007, the Directors recommended the payment of a final dividend of Rs.25/- per ordinary share for the year ended 31 March 2026. However, in accordance with Sri Lanka Accounting Standards, the proposed final dividend has not been recognised as a liability as at 31 March 2026. This would result in a total outflow of Rs. 518,437,500/- subject to approval at the forthcoming Annual General Meeting.

There have been no other material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

33. RELATED PARTY DISCLOSURES

Related parties represent the shareholders, key management personnel of the Group, close family members of key management personnel and entities controlled or jointly controlled by such parties. Pricing policies and terms of transactions with these related parties are approved by the Group/Company's management.

33.1 Related Party Transactions

Transactions with related parties are as follows:

Group

Recurrent Transactions exceeds 10% of Revenue				Transaction Value	
				2026	2025
Name of the Company	Relationship	Nature of Transaction	Terms	Rs.'000	Rs.'000
Dilmah Australia Pty Ltd	Fellow Subsidiary	Export Sales	Note (a)	3,380,481	3,542,041
As a % of revenue				15%	17%

Note (a) - Export sales to Dilmah Australia Pty Ltd are made in the ordinary course of business.

Recurrent Transactions not exceeds 10% of Revenue			Transaction Value	
			2026	2025
Name of the Company	Relationship	Nature of Transaction	Rs.'000	Rs.'000
Dilmah Europe B.V (MJF Group Europe Holding B.V)	Fellow Subsidiary	Export Sales	-	36,626
MJF Teas (Private) Limited	Parent Company	Rent Expenses	(54,084)	(54,084)
		Dividend Paid	(234,819)	(93,928)
MJF Exports (Private) Limited	Fellow Subsidiary	Transfer of Tea and Packing Materials	290,668	529,930
		Dividend Paid	(72,364)	(28,946)
		Gratuity Transfer	-	(60,733)
MJF Sons (Pvt) Ltd	Fellow Subsidiary	Dividend Paid	(430)	(172)
Print Care Universal (Private) Limited	Affiliate Company	Purchase of Packing Materials	(522,066)	(614,073)
Printcare PLC	Affiliate Company	Purchase of Packing Materials	(872,458)	(967,675)
Timber Concepts (Private) Limited	Fellow Subsidiary	Purchase of Packing Materials	(211,046)	(174,167)
		Vehicles Hire Income	112	196
PCL Solutions (Private) Limited	Fellow Subsidiary	Purchase of Packing Materials	(3,902)	(3,626)
		Vehicles Hire Income	678	856
Packages Lanka (Private) Limited	Affiliate Company	Purchase of Packing Materials	(394,842)	(416,526)
Dilmah Properties (Private) Limited	Fellow Subsidiary	Rent Expenses	(100,911)	(114,178)
Kahawatte Plantations PLC	Fellow Subsidiary	Rent Expenses	(2,657)	(2,416)
	Fellow Subsidiary	Vehicles Hire Income	702	79
Forbes and Walker Warehousing (Private) Limited	Fellow Subsidiary	Vehicles Hire Income	1,656	1,656
MJF Properties (Pvt) Ltd	Fellow Subsidiary	Vehicles Hire Income	30	18
Ceylon Tea Farmers (Pvt) Ltd	Fellow Subsidiary	Vehicles Hire Income	212	66
The Ceylon Spice Company Limited	Fellow Subsidiary	Vehicles Hire Income	347	279
MJF Charitable Foundation	Affiliate Organisation	Vehicles Hire Income	327	432
		Donations	(216,200)	(191,400)

The transactions with related parties are made in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest free. No corporate guarantees provided to/received from related parties.

Amounts due from and due to related party balances are disclosed in Notes 10,12 and 17.

33.1 Related Party Transactions (Contd.)

Company				Transaction Value	
Recurrent Transactions exceeds 10% of Revenue				**2026**	**2025**
Name of the Company	**Relationship**	**Nature of Transaction**	**Terms**	**Rs.'000**	**Rs.'000**
Dilmah Australia Pty Ltd	Fellow Subsidiary	Export Sales	Note (a)	**3,343,540**	3,515,496
As a % of revenue				**15%**	17%

Note (a) - Export sales to Dilmah Australia (Pty) Limited are made on commercial terms.

Recurrent Transactions not Exceeding 10% of Revenue			Transaction Value	
			2026	**2025**
Name of the Company	**Relationship**	**Nature of Transaction**	**Rs.'000**	**Rs.'000**
Dilmah Europe B.V	Fellow Subsidiary	Export Sales	**-**	36,626
MJF Teas (Private) Limited	Parent Company	Rent Expenses	**(54,084)**	(54,084)
		Dividend Paid	**(234,819)**	(93,928)
MJF Exports (Private) Limited	Fellow Subsidiary	Transfer of Tea and Packing Materials	**290,668**	529,930
		Gratuity Transfer	**-**	(60,733)
		Dividend Paid	**(72,364)**	(28,946)
MJF Sons (Pvt) Ltd	Affiliate Company	Dividend Paid	**(430)**	(172)
Print Care Universal (Private) Limited	Affiliate Company	Purchase of Packing Materials	**(522,066)**	(614,073)
Print Care PLC	Affiliate Company	Purchase of Packing Materials	**(872,458)**	(967,675)
Timber Concepts (Private) Limited	Fellow Subsidiary	Purchase of Packing Materials	**(211,046)**	(174,167)
		Vehicles Hire Income	**112**	196
PCL Solutions (Private) Limited	Fellow Subsidiary	Purchase of Packing Materials	**(3,902)**	(3,626)
		Vehicles Hire Income	**678**	856
Packages Lanka (Private) Limited	Affiliate Company	Purchase of Packing Materials	**(394,842)**	(416,526)
Dilmah Properties (Private) Limited	Fellow Subsidiary	Rent Expenses	**(100,911)**	(114,178)
Forbes and Walker Warehousing (Private) Limited	Fellow Subsidiary	Vehicles Hire Income	**1,656**	1,656
Kahawatte Plantations PLC	Fellow Subsidiary	Vehicles Hire Income	**702**	79
MJF Properties (Pvt) Ltd	Fellow Subsidiary	Vehicles Hire Income	**30**	18
Ceylon Tea Farmers (Pvt) Ltd	Fellow Subsidiary	Vehicles Hire Income	**212**	66
The Ceylon Spice Company Limited	Fellow Subsidiary	Vehicles Hire Income	**347**	279
MJF Charitable Foundation	Affiliate Organisation	Vehicles Hire Income	**327**	432
		Donations	**(215,000)**	(190,000)

The transactions with related parties are made in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest free. No corporate guarantees provided to/received from related parties.

Amounts due from and due to related party balances are disclosed in Notes 10,12 and 17.

33.2 Transactions with Key Management Personnel of the entity or parent

Key Management Personnel include the Board of Directors of the Company and its Subsidiary.

Group/Company

	2026 Rs.'000	2025 Rs.'000
Key Management Personnel Compensation		
Short-term Employee Benefits	252,464	249,947
Post Employment Benefits	28,952	29,040
	281,416	278,987

No other material transactions have taken place during the year with the parties/entities in which key management personnel or their close family members have control or jointly control, which require disclosure in these Financial Statements other than those disclosed under Note 33.2.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade payables, amounts due to related parties and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include bank balances and cash, short-term deposits, trade receivables, amounts due from related parties and other receivables that derive directly from its operations. The Group also holds equity and debt securities.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk of the Group comprises interest rate risk, foreign currency risk and equity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates.

The sensitivity of the interest rate risk on the financial assets subject to floating interest rates relates mainly to fixed deposits and repo investments. The table below demonstrates the sensitivity of such risk on the recorded profit calculated based on a change of 100 basis points in the average interest earned in the current year.

Group/ Company

For the Year Ended 31st March	Increase/Decrease in Base Report	Effect On Profit Before Tax Rs.'000
2026	+ 100	68,179
	- 100	(68,179)
2025	+ 100	65,620
	- 100	(65,620)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

Trade receivables of the Group include an amount of Rs. 5,057 Mn (2025 - Rs. 4,639 Mn) and the Company include an amount of Rs. 4,996 Mn (2025 - Rs. 4,583 Mn) due in foreign currencies, mainly in United States Dollars.

Bank balances of the Group include an amount of Rs. 776 Mn (2025 - Rs. 1,135 Mn) and the Company include an amount of Rs. 764 Mn (2025 - Rs. 1,103 Mn) due in foreign currencies, mainly in Australian Dollars and United States Dollars.

Short-term deposits of the Group include an amount of Rs. 2,486 Mn (2025 - Rs. 1,446 Mn) and the Company include an amount of Rs. 2,486 Mn (2025 - Rs. 1,596 Mn) due in foreign currencies, mainly in Australian Dollars and United States Dollars.

Amount due to related parties of the group include an Amount of Rs. 2,201 Mn (2025-Rs. 1,939 Mn) and the Company include an Amount Rs. 2,182 Mn (2025- Rs. 1,446 Mn) due to the foreign currencies mainly in United States Dollars, Australian Dollars and EURO.

The following table demonstrates the sensitivity to a reasonably possible changes in the United States Dollars and Australian Dollars exchange rates by 10% and 15% with all other variables held constant, of the Group's/Company's profit due to changes in the fair value of monetary assets and liabilities held as at reporting date. The effect of decreases in foreign exchange rates is expected to be equal and opposite to the effect of the increases shown.

		Group		Company	
		Effect on Profit for the year		Effect on Profit for the year	
		2026	2025	2026	2025
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
United States Dollars	15%	**(1,821,303)**	(1,762,566)	**(1,816,531)**	(1,756,391)
	10%	**(1,214,202)**	(1,175,044)	**(1,211,021)**	(1,170,927)
Australian Dollars	15%	**(381,984)**	(317,038)	**(379,355)**	(315,072)
	10%	**(254,656)**	(211,359)	**(252,904)**	(210,048)

Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the equity price and key assumptions used to fair value listed and unlisted equity securities.

At the reporting date, the unlisted equity security is fair valued at Rs. 6 Mn (2025 - Rs. 6 Mn). The fair value of unquoted investment has been estimated considering the fair value of net assets held by investee as at 31 March 2026 and potential returns expected through its future operations.

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Group/Company			
	Change in Equity Price	Effect on Equity	Change in Equity Price	Effect on Equity
	2026	2026	2025	2025
		Rs.'000		Rs.'000
Fair Value Through Other Comprehensive Income Investments				
Quoted Investments	+10%	24,064	+10%	29,496
Unquoted Investment	+10%	586	+10%	586

Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily trade receivables and amounts due from related parties and from its financing activities, including deposits with banks and other financial instruments.

The Group trades only with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures as and a majority of these trade receivables are not secured. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at 31 March 2026, short term deposits and bank balances comprise 100% (2025 - 100%) for the Group and Company were rated "A" or better.

With respect to credit risk arising from the deposits with banks, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these assets in the Statement of Financial Position. Exposures are considered of good credit standing and management believes there is a minimal risk of default thus, expected credit loss is insignificant but being monitored for significant changes in credit risk.

The credit risk arising from the financial assets of the Group arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial instruments as follows:

	Group		Company	
	2026	2025	2026	2025
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade Receivables (Excluding Related Party)	5,340,713	5,111,906	5,277,005	5,055,951
Other Receivables	640,421	129,530	632,004	124,365
Amounts due from Related Parties	2,201,498	1,963,475	2,182,973	2,124,419
Short-term Deposits	3,161,481	1,596,435	3,161,481	1,596,435
Bank Balances	1,271,939	1,493,618	1,265,458	1,455,838
	12,616,052	10,294,964	12,518,921	10,357,008

Management has assessed the existing and anticipated effect of current economic conditions in the country on recoverability of trade and other receivables, Amounts due from related parties, Short term deposits, Bank balances and concluded that Company and its subsidiaries do not have significant doubt on recoverability.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or hindering the Group's operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through use of the Group's own reserves, funds from the shareholders and bank facilities.

The table below summarises the maturity profile of the Group's financial liabilities as at reporting date, based on contractual undiscounted payments.

As at 31st March 2026	On Demand	Less than 3 Months	3 to 12 Months	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group				
Trade Payables	6,539	141,498	499,556	647,593
Amounts due to Related Parties	-	10,298	265,989	276,287
Other Payables	-	56,371	39,834	96,205
	6,539	208,167	805,379	1,020,085
Company				
Trade Payables	6,539	138,917	477,322	622,778
Amounts due to Related Parties	-	10,298	265,989	276,287
Other Payables	-	56,221	39,834	96,055
	6,539	205,436	783,145	995,120

	Group		Company	
As at 31st March 2025	On Demand	Less than 3 Months	3 to 12 Months	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group				
Trade Payables	2,527	309,414	881,561	1,193,502
Amounts due to Related Parties	-	250,531	-	250,531
Other Payables	-	6,194	82,498	88,692
	2,527	566,139	964,059	1,532,725
Company				
Trade Payables	2,527	305,878	848,147	1,156,552
Amounts due to Related Parties	-	250,531	-	250,531
Other Payables	-	6,048	82,498	88,546
	2,527	562,457	930,645	1,495,629

Management has assessed the existing and anticipated effect of current economic conditions in the country on liquidity of the Company and its subsidiaries to settle liabilities when it is due and management are satisfied that the Company and its subsidiaries do not have significant concerns relating to the Group's liquidity.

Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Company makes adjustments to its capital structure, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Company may issue new shares or adjust dividend payments to shareholders. No changes were made in the objectives, policies or processes during the year ended 31 March 2026 and 2025.

Capital, which includes stated capital, fair value through other comprehensive income reserve and retained earnings of the Group is measured at Rs. 24,342 million as at 31 March 2026 (2025 - Rs. 22,917 million) and the Company is measured at Rs. 24,345 million as at 31 March 2026 (2025 - Rs. 22,856 million).

35. FAIR VALUE MEASUREMENT

Financial instruments comprise financial assets and financial liabilities. Financial assets comprise cash and bank balances, short-term deposits, trade and other receivables, amounts due from related parties, debt investments measured at amortised cost, including the green bond investment, and equity investments measured at fair value through other comprehensive income

Financial liabilities comprise trade and other payables, amounts due to related parties and lease liabilities

The following table presents the fair value hierarchy of financial assets measured at fair value and financial assets measured at amortised cost for which fair value is disclosed.

		Group/Company			
			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets measured at fair value:					
As at 31 March 2026					
Fair Value Through Other Comprehensive Income Investments					
Quoted Investments	31 March 2026	240,637	240,637	-	-
Unquoted Investments	31 March 2026	5,860	-	-	5,860
Fair Value Through Other Comprehensive Income Investments as at 31 March 2026		246,497	240,637	-	5,860
Asset measured at amortised cost for which fair value is disclosed					
Quoted Investments - (DFCC Green Bond)	31 March 2026	34,842	34,842	-	-
Asset measured at amortised cost for which fair value is disclosed as at 31 March 2026		34,842	34,842	-	-
As at 31 March 2025					
Fair Value Through Other Comprehensive Income Investments					
Quoted Investments	31 March 2025	294,958	294,958	-	-
Unquoted Investments	31 March 2025	5,860	-	-	5,860
Fair Value Through Other Comprehensive Income Investments as at 31 March 2025		300,818	294,958	-	5,860
Asset measured at amortised cost for which fair value is disclosed					
Quoted Investments - (DFCC Green Bond)	31 March 2025	34,500	34,500	-	-
Asset measured at amortised cost for which fair value is disclosed as at 31 March 2025		34,500	34,500	-	-

The fair value of unquoted FVOCI investments has been estimated with reference to the fair value of the net assets of the investee and the expected returns from its future operations

During the reporting period ending 31 March 2026, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair values of other financial instruments are not materially different from their carrying values considering the short term maturities

Five Year Summary - Company

For the year ended 31 March	2026 Rs. '000	2025 Rs. '000	2024 Rs. '000	2023 Rs. '000	2022 Rs. '000
TRADING RESULTS					
Turnover	**21,989,220**	20,988,308	18,349,958	22,186,053	11,350,390
Operating Expenses	**21,332,662**	19,998,817	17,196,696	19,546,064	10,487,792
Other Income	**1,927,781**	836,683	381,470	3,313,100	5,121,458
Interest Expense	**148,035**	146,966	183,757	141,322	170,048
Profit before Income Tax	**2,436,304**	1,679,208	1,350,975	5,811,767	5,814,008
Income Tax on Profits	**560,061**	960,044	598,727	786,221	272,105
Profit for the Year	**1,876,243**	719,164	752,248	5,025,546	5,541,903
SHAREHOLDERS' FUNDS					
Stated Capital	**642,500**	642,500	642,500	642,500	642,500
Reserves	**23,703,108**	22,214,076	21,615,195	21,997,566	18,040,812
NET ASSETS	**24,345,608**	22,856,576	22,257,695	22,640,066	18,683,312
ASSETS					
Property , Plant & Equipment	**7,351,437**	7,145,911	5,105,203	4,639,158	3,459,568
Investment Property	**664,130**	633,064	617,428	628,123	637,921
Investment in Subsidiary	**260,000**	-	-	-	-
Intangible Assets	**111,674**	138,353	129,005	132,660	152,407
Right of Use Assets	**956,718**	986,068	1,015,418	1,044,767	1,074,117
Other Financial Assets / Investments	**246,497**	300,818	225,437	270,805	303,492
Deferred Tax Asset	**-**	-	35,787	53,713	-
Current Assets	**20,724,783**	19,557,427	19,806,194	21,179,544	17,235,658
LIABILITIES					
Non-current Liabilities	**2,301,384**	2,174,552	1,585,287	1,417,859	1,633,259
Current Liabilities	**3,668,247**	3,730,513	3,091,490	3,890,845	2,546,592
NET ASSETS	**24,345,608**	22,856,576	22,257,695	22,640,066	18,683,312
Market Price Per Share (Rs.)	**1,471.00**	1,070.00	995.25	1,020.00	998.00
Dividend Per Share (Rs.)	**25.00**	20.00	18.00	50.00	55.00
Total Dividend (Gross)	**518,438**	414,750	373,275	1,036,875	1,140,563
No. of Shares	**20,737,500**	20,737,500	20,737,500	20,737,500	20,737,500
RATIOS					
Return on Average Shareholders Funds (%)	**7.95**	3.19	3.35	24.32	34.05
Earnings Per Share (Rs)	**90.47**	34.68	36.27	242.34	267.23
Dividend Cover (times)	**3.56**	1.73	2.02	4.85	4.86
Liquidity (times)	**5.65**	5.24	6.41	5.44	6.77

Information to Investors

1. STOCK EXCHANGE LISTING

The issued ordinary shares of Dilmah Ceylon Tea Company PLC are listed on the Colombo Stock Exchange.

2. ORDINARY SHAREHOLDERS

Number of Shares	Number of Shareholders	Total Holding	% Holding
1 - 1,000	1,181	69,283	0.33%
1,001 - 5,000	66	166,349	0.80%
5,001 - 10,000	8	58,230	0.28%
10,001 - 50,000	21	459,385	2.22%
50,001 - 100,000	5	336,890	1.62%
100,001 - 500,000	-	-	
500,001 - 1,000,000	-	-	
1,000,001 - Over	3	19,647,363	94.75%
Total	1,284	20,737,500	100.00%

3. ANALYSIS OF SHAREHOLDERS

Number of Shares	Number of Shareholders	Total Holding	% Holding
Individuals	1,224	939,171	4.53%
Institutions	60	19,798,329	95.47%
Total	1,284	20,737,500	100.00%

Number of Public Shareholders as at 31st March 2026 was 1274 2,517,522 (12.14%) shares were held by the public as at 31st March 2026. The float adjusted market capitalisation is Rs. 3,703,290,307/-

The Company is listed on the Dirisavi Board having complied with a minimum public holding of 10% of the total listed shares in the hands of a minimum of 200 public shareholders, under the Section 7.14.1 (i) (b) option 2 of CSE listing rules.

4. SHARE TRADING

	2026	2025	2024	2023	2022
No. of Transactions	4,943	1,055	1,280	1,838	1,376
No. of Shares Traded	120,933	22,331	34,563	61,288	113,182
Value of Shares Traded	153,089,350	23,683,687	34,802,979	75,615,478	88,602,136

5. DIVIDENDS

	2026	2025	2024	2023	2022
Interim	-	-	10/-	35/-	40/-
Final	25/-	20/-	8/-	15/-	15/-
Amount (Rs.000's) Gross	518,438	414,750	373,275	1,036,875	1,140,563

6. EARNINGS

	2026	2025	2024	2023	2022
Earnings/share Rs.	91.29	35.00	36.76	242.77	268.62
P/E Ratio	16.11	30.57	27.07	4.20	3.72

7. MARKET VALUES (Rs.)

	2026	2025	2024	2023	2022
Highest	2,260.00	1,249.00	1,150.00	1,800.00	1,300.00
Lowest	1,020.00	960.00	970.00	700.00	632.25
Year End	1,471.00	1,070.00	995.25	1,020.00	998.00

The weighted average trading price for the year was Rs. 1,265.90

8. MARKET CAPITALISATION (Rs.Million)

	2026	2025	2024	2023	2022
Capital & Reserves	24,346	22,857	22,257	22,640	18,683
Market Capitalisation	30,505	22,189	20,639	21,152	20,696

9 TOP 20 SHAREHOLDINGS AS AT 31ST MARCH 2026

SHAREHOLDER NAME	31.03.2026		31.03.2025	
	TOTAL SHARES	%	TOTAL SHARES	%
MJF Teas (Pvt) Ltd	13,812,882	66.61	13,812,882	66.61
MJF Exports (Pvt) Ltd	4,256,712	20.53	4,256,712	20.53
Employees Provident Fund	1,577,769	7.61	1,577,769	7.61
Mrs. S.T.Fernando	79,501	0.38	79,501	0.38
GF Capital Global Limited	69,700	0.34	69,700	0.34
Mr.H.D.A.D.Perera	68,085	0.33	21,393	0.10
Mr. D.C.Fernando	65,320	0.31	60,400	0.29
Mrs. A.S.Fernando	54,284	0.26	54,284	0.26
Mr. W.H.M.Fernando	-	-	46,662	0.23
Mr. D.Ortiz	42,864	0.21	42,864	0.21
Mr. A.W.Athukorala	37,000	0.18	37,000	0.18
Mr. M.W.De Silva	34,830	0.17	34,830	0.17
Mr. J.W.Burton	32,270	0.16	32,270	0.16
Ms. N.Harnam	30,000	0.14	30,000	0.14
Mr. M.J.Fernando	27,480	0.13	24,200	0.12
Merrill J Fernando & Sons (Pvt) Ltd	25,300	0.12	25,300	0.12
Dr. K.Poologasundram	23,808	0.11	23,808	0.11
Mr. H.S.Ranaweera	22,984	0.11	22,984	0.11
Mr. H.R.Peries	21,200	0.10	21,200	0.10
Ms.L.R.Jayasundera	18,000	0.09	18,000	0.09
Dr. S.H.M.Kaleel	17,985	0.09	-	
	20,317,974	97.98	20,291,759	97.64

Assurance Statement - IR

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Independent practitioner's assurance report to the Board of Directors of Dilmah Ceylon Tea Company PLC on the Integrated Annual Report 2025/26

Scope

We have been engaged by Dilmah Ceylon Tea Company PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Dilmah Ceylon Tea Company PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in the Dilmah Ceylon Tea Company PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

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

Criteria applied by Dilmah Ceylon Tea Company PLC

In preparing the Subject Matter, Dilmah Ceylon Tea Company PLC applied the Integrated Reporting Framework (<IR> Framework) initially developed by the International Integrated Reporting Council (IIRC) and currently maintained by the Integrated Reporting and Connectivity Council (IRCC) of the IFRS Foundation. (the "Criteria"),

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Dilmah Ceylon Tea Company PLC's responsibilities

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

Ernst & Young's responsibilities

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

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Dilmah Ceylon Tea Company PLC on 17 June 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our independence and quality management

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

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

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

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

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

Our procedures included:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

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

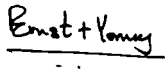
Emphasis of matter

Economic, Environment, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Dilmah Ceylon Tea Company PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



14 July 2026
Colombo

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Assurance Statement - GRI

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Independent practitioner's assurance report to the Board of Directors of Dilmah Ceylon Tea Company PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY2025/26

Scope

We have been engaged by Dilmah Ceylon Tea Company PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Dilmah Ceylon Tea Company PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Dilmah Ceylon Tea Company PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

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

Criteria applied by Dilmah Ceylon Tea Company PLC

In preparing the Subject Matter, Dilmah Ceylon Tea Company PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Dilmah Ceylon Tea Company PLC's responsibilities

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

Ernst & Young's responsibilities

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

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Dilmah Ceylon Tea Company PLC on 17 June 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our independence and quality management

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

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

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been

performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

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

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

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

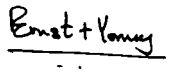
Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Dilmah Ceylon Tea Company PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



14 July 2026
Colombo

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Assurance Statement - s1 s2

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Independent practitioner's assurance report to the Board of Directors of Dilmah Ceylon Tea Company PLC on the SLFRS Sustainability-related Financial Disclosures presented in the Integrated Annual Report 2025/26

Scope

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

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

Criteria applied by Dilmah Ceylon Tea Company PLC

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

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

Dilmah Ceylon Tea Company PLC's responsibilities

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

Ernst & Young's responsibilities

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

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with Dilmah Ceylon Tea Company PLC on 17 June 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our independence and quality management

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

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

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do

not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

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

Our procedures included:

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

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

Emphasis of matter

There are inherent limitations in the identification, measurement and disclosure of underlying Subject Matter against the applicable Criteria due to forward looking

information, uncertainties and management judgements. For clarity, our engagement does not extend to providing assurance on the accuracy or achievability of these

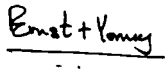
forward-looking information, uncertainties and management judgements.

Conclusion

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

Restricted Use

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



Chartered Accountants
14 July 2026
Colombo

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

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

A member firm of Ernst & Young Global Limited

GRI Index

Statement of use	Dilmah Ceylon Tea Company PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT OMITTED	REASON	EXPLANATION	
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	287				
	2-2 Entities included in the organisation's sustainability reporting	07				
	2-3 Reporting period, frequency and contact point	07,10				
	2-4 Restatements of information	09,10				
	2-5 External assurance	09,10				
	2-6 Activities, value chain and other business relationships	42,43,147 190,197				
	2-7 Employees	162				
	2-8 Workers who are not employees	164				
	2-9 Governance structure and composition	16,34,240 242,256				
	2-10 Nomination and selection of the highest governance body	243,244 270				
	2-11 Chair of the highest governance body	249				
	2-12 Role of the highest governance body in overseeing the management of impacts	16,241,256				
	2-13 Delegation of responsibility for managing impacts	16,250,256				
	2-14 Role of the highest governance body in sustainability reporting	10,256				
	2-15 Conflicts of interest	245,272				
	2-16 Communication of critical concerns	178,254				
	2-17 Collective knowledge of the highest governance body	246,273,83				
	2-18 Evaluation of the performance of the highest governance body	248				
	2-19 Remuneration policies	271,242				
	2-20 Process to determine remuneration	242,271				
	2-21 Annual total compensation ratio	-	2-21	Confidentiality constraints	Company treats this information as confidential	
	2-22 Statement on sustainable development strategy	31				
	2-23 Policy commitments	16,160,254 255				
	2-24 Embedding policy commitments	16,160,254 255				
	2-25 Processes to remediate negative impacts	178,195				
	2-26 Mechanisms for seeking advice and raising concerns	178,195,254				
	2-27 Compliance with laws and regulations	160				
	2-28 Membership associations	154				
	2-29 Approach to stakeholder engagement	44				
	2-30 Collective bargaining agreements	178				

GRI Standard	Disclosure	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT OMITTED	REASON	EXPLANATION	
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	48				
	3-2 List of material topics	48				
	3-3 Manegment of material topics	117,123,132, 142,153,189, 113				
Biodiversity						
GRI 101: Biodiversity: 2025	101-1 Policies to halt and reverse biodiversity loss	225-237				
	101-2 Management of biodiversity impacts	225-237				
	101-3 Access and benefit-sharing	225-237	Requirement 101-3	Not applicable	Not applicable to the Company's operations	
	101-4 Identification of biodiversity impacts	225-237	Requirement 101-4	Information unavailable		
	101-5 Locations with biodiversity impacts	225-237				
	101-6 Direct drivers of biodiversity loss	225-237				
	101-7 Changes to the state of biodiversity	225-237				
Economic performance						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	15				
	201-2 Financial implications and other risks and opportunities due to climate change	73-115				
	201-3 Defined benefit plan obligations and other retirement plans	293				
	201-4 Financial assistance received from government	-	Requirement 201-4	Not applicable		No financial assistance received in the reporting year.
Market presence						
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	168				
	202-2 Proportion of senior management hired from the local community	164				
Indirect economic impacts						
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	204				
	203-2 Significant indirect economic impacts	204				
Procurement practices						
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	197				
Anti-corruption						
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	161,253,254				
	205-2 Communication and training about anti-corruption policies and procedures	254				
	205-3 Confirmed incidents of corruption and actions taken	160				

GRI Index

GRI Standard	Disclosure	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT OMITTED	REASON	EXPLANATION	
Anti-competitive Behavior						
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	193				
Materials						
GRI 301: Materials 2016	301-1 Materials used by weight or volume	215				
	301-2 Recycled input materials used	217				
	301-3 Reclaimed products and their packaging materials	217				
Energy						
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	217				
	302-3 Energy intensity	217				
	302-4 Reduction of energy consumption	217				
Water and effluents						
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	221				
	303-2 Management of water discharge-related impacts	221				
	303-3 Water withdrawal	221				
	303-4 Water discharge	221				
	303-5 Water consumption	221				
Emissions						
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	218				
	305-2 Energy indirect (Scope 2) GHG emissions	218-219				
	305-3 Other indirect (Scope 3) GHG emissions	218-219				
	305-4 GHG emissions intensity	218-219				
	305-5 Reduction of GHG emissions	218-219				
	305-6 Emissions of ozone-depleting substances (ODS)	221				
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	221				
Waste						
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	222				
	306-2 Management of significant waste-related impacts	222				
	306-3 Waste generated	222				
	306-4 Waste diverted from disposal	222				
	306-5 Waste directed to disposal	222				
Supplier environmental assessment						
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	199				
	308-2 Negative environmental impacts in the supply chain and actions taken	199				
Employment						
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	164				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	168				
	401-3 Parental leave	170				

GRI Standard	Disclosure	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT OMITTED	REASON	EXPLANATION	
Labour/management relations						
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	178				
Occupational health and safety						
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	181-185				
	403-2 Hazard identification, risk assessment, and incident investigation	181-185				
	403-3 Occupational health services	181-185				
	403-4 Worker participation, consultation, and communication on occupational health and safety	181-185				
	403-5 Worker training on occupational health and safety	181-185				
	403-6 Promotion of worker health	181-185				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	181-185				
	403-8 Workers covered by an occupational health and safety management system	181-185				
	403-9 Work-related injuries	181-185				
	403-10 Work-related ill health	181-185				
Training and education						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	171				
	404-2 Programs for upgrading employee skills and transition assistance programs	171				
	404-3 Percentage of employees receiving regular performance and career development reviews	170-171				
Diversity and equal opportunity						
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	162-163,242				
	405-2 Ratio of basic salary and remuneration of women to men	168				
Non-discrimination						
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	176				
Freedom of association and collective bargaining						
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	176,200				
Child labour						
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	176				
Forced or compulsory labour						
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	176				

GRI Index

GRI Standard	Disclosure	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT OMITTED	REASON	EXPLANATION	
Local communities						
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	204				
	413-2 Operations with significant actual and potential negative impacts on local communities	204				
Supplier social assessment						
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	199,201				
	414-2 Negative social impacts in the supply chain and actions taken	199,201				
Customer health and safety						
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	191				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	191				
Marketing and labelling						
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	192				
	417-2 Incidents of non-compliance concerning product and service information and labelling	192				
	417-3 Incidents of non-compliance concerning marketing communications	193				
Customer privacy						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	113				

Sustainability Accounting Standards Board Index

Non-Alcoholic Beverages Sustainability Accounting Standard (Version 2023-12)

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Fleet Fuel Management	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-NB-110a.1	Fleet Fuel Consumed (GJ): 1,448.2 Currently, 46% of our fleet is electrified with on-site EV charging; however, renewable energy use cannot yet be separately quantified due to net-accounted rooftop solar. (Refer to pages 217-218 under Natural Capital.)
Energy Management	(1) Operational energy consumed, (2) Percentage grid electricity, and (3) Percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-NB-130a.1	(1) Operational Energy Consumed (GJ): 20,871.87 (2) Percentage Grid Electricity (%): 75.59% (3) Percentage Renewable (%): 7.77% (Refer to pages 217-218 under Natural Capital)
Water Management	(1) Total water withdrawn (2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m^3), Percentage (%)	FB-NB-140a.1	(1) Total water withdrawn: 41,169 (2) Total water consumed: 41,169 (3) 100% Dilmah's operations are not water intensive, as water is primarily used for domestic and employee needs. (Refer to pages 221–222 under Natural Capital.)
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	N/A	FB-NB-140a.2	• On-site wastewater treatment and reuse for irrigation and fire storage in compliance with the Environmental Protection License (EPL). • Regular water quality monitoring to ensure regulatory compliance. • Annual water footprint assessment and a comprehensive water audit conducted in FY2025/26. (Refer to pages 221–222 under Natural Capital.)
Health & Nutrition	Revenue from (1) zero- and low-calorie or energy-free and low-energy, (2) no-added sugar, and (3) artificially sweetened beverages	Quantitative	Presentation Currency	FB-NB-260a.1	(01)(02) 21,989 Mn (03) Not applicable, as DCTC does not produce artificially sweetened beverages. (For further details, refer to page 282)
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	Discussion and Analysis	N/A	FB-NB-260a.2	Dilmah's tea products do not contain GMOs or allergen-related ingredients. In its beverage range, natural sweeteners such as stevia and honey are used in place of added sugars.

Sustainability Accounting Standards Board index

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Product Labelling & Marketing	Percentage of advertising impressions (1) made on children and (2) promoting products that meet dietary guidelines	Quantitative	Percentage (%)	FB-NB-270a.1	0
	Revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Quantitative	Presentation Currency	FB-NB-270a.2	0
	Number of incidents of non-compliance with industry or regulatory labelling or marketing codes	Quantitative	Number	FB-NB-270a.3	0
	Total amount of monetary losses as a result of legal proceedings associated with marketing or labelling practices	Quantitative	Presentation Currency	FB-NB-270a.4	0
Packaging Lifecycle Management	(1) Total weight of packaging, (2) percentage made from recycled or renewable materials, and (3) percentage that is recyclable, reusable, or compostable	Quantitative	Metric tons (t), Percentage (%)	FB-NB-410a.1	(1) Total weight of packaging (MT): 3,212.90 (2) Percentage made from recycled or renewable materials (%): 30% (3) Percentage that is recyclable, reusable, or compostable (%): 100% (Refer to page 224 under Natural Capital.)
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	N/A	FB-NB-410a.2	Dilmah continues to invest in its sustainable packaging journey through a range of initiatives. During FY 2025/26, the Windsor Forest Luxury Collection introduced 100% cotton, plastic-free, home-compostable tea bags, home-compostable envelopes and sachets, and FSC-certified recyclable paperboard cartons.
Environmental & Social Impacts of Ingredient Supply Chain	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non conformances	Quantitative	Rate	FB-NB-430a.1	In this financial year, 96% of supplier audits were completed, and the Company intends to disclose this metric from FY2026/27 onwards.

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Ingredient Sourcing	Percentage of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-NB-440a.1	Tea, our primary raw material, is locally sourced, while flavours and herbs are sourced both locally and internationally. The percentage of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress is not disclosed for FY2025/26. The Company intends to disclose this metric from FY2026/27 onwards.
	List of priority beverage ingredients and discussion of sourcing risks related to environmental and social considerations	Discussion and Analysis	N/A	FB-NB-440a.2	Tea, Flavours and Herbs. Climate change is the primary environmental risk, driving groundwater depletion, rising temperatures, droughts, and extreme rainfall, while labour shortages are the key social risk, further exacerbated by climate-induced migration

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Volume of products sold	Quantitative	Millions of hectoliters (Mhl)	FB-NB-000.A	0.05
Number of production facilities	Quantitative	Number	FB-NB-000.A	02

UNGC 10 Principals

Area	Principle No.	UNGC Principle	Organisational Commitments
Human Rights	1	Businesses should support and respect the protection of internationally proclaimed human rights.	Dilmah's formal Human Rights Policy, embedded within its "Responsible Operations" strategy, reflects a genuine commitment to internationally proclaimed human rights. This is upheld through: • Zero Tolerance: Strict policies prohibiting discrimination, child labour, and forced labour across all operations. • Fundamental Rights: Unconditional support for freedom of association and collective bargaining. • Regulatory Alignment: Full compliance with the ICCPR and applicable national employment legislation.
	2	Businesses should make sure that they are not complicit in human rights abuses.	To ensure it bears no complicity in human rights abuses, Dilmah has embedded rigorous safeguards into both its internal operations and its MJF Supplier Partner Code of Conduct: • Non-Negotiable Standards: Firm policies prohibiting discrimination, harassment, child labour, and forced labour — applied equally within the company and throughout the supply chain. • Supply Chain Vigilance: Regular due diligence comprising on-site inspections, interviews, and document verification, reinforced by a formal Child Labour Remediation Procedure for third-party partners. • Regulatory Alignment: Adherence to the ICCPR and applicable national employment legislation across all operations.
Labour Standards	3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Dilmah fully supports freedom of association and collective bargaining as core rights enshrined in its Human Rights Policy, applicable to employees and supply chain partners alike. The company reports that strong, trust-based relationships between management and stakeholders have organically fulfilled the spirit of these rights, removing the need for formal bargaining agreements at this stage. These commitments are reinforced through regular due diligence and the MJF Supplier Partner Code of Conduct, and Dilmah considers neither its operations nor its suppliers to be at risk in this area.
	4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	The elimination of forced and compulsory labour is a non-negotiable principle for Dilmah, formally enshrined in both its Human Rights Policy and the MJF Supplier Partner Code of Conduct. The company upholds the fundamental right to freely chosen employment, guaranteeing that all employees and supply chain workers may exit their roles in accordance with their contractual terms. These commitments are sustained through clearly defined operational procedures and structured, ongoing due diligence across the value chain.

Area	Principle No.	UNGC Principle	Organisational Commitments
	5	Businesses should uphold the effective abolition of child labour.	Dilmah is firmly committed to the abolition of child labour, strictly adhering to minimum age requirements under its Human Rights Policy and MJF Supplier Partner Code of Conduct. Protections are enforced through rigorous recruitment verification and comprehensive supplier due diligence — encompassing on-site inspections, worker interviews, and document review — to eliminate risk across the full value chain. Should an incident be identified, a dedicated Child Labour Remediation Procedure ensures the child's timely withdrawal from work and facilitates their access to education.
	6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Dilmah's Human Rights Policy enshrines a firm stance against workplace discrimination and harassment, applied consistently across all human capital processes. Equal access and opportunity are assured throughout the employment lifecycle, with active diversity, equity, and inclusion (DEI) monitoring to ensure fair treatment irrespective of age, gender, religion, or marital status. A 1:1 entry-level salary ratio between men and women reflects the company's dedication to equal pay for equal work. These standards are mirrored across the supply chain through the MJF Supplier Partner Code of Conduct, which holds all suppliers to the same principles of fair and respectful worker treatment.
	7	Businesses should support a precautionary approach to environmental challenges.	Environmental stewardship is embedded into Dilmah's core governance through a formal Environmental Policy, an ESG Policy, and an ISO 14001:2015-certified Environmental Management System. Risk identification and prioritisation are guided by the Business Risk Management Framework enabling the company to anticipate and address climate-related risks — including pollution and environmental degradation — before they materialise. Overseen by both an Sustainability Executive Committee and an Sustainability Board Committee, these efforts are underpinned by science-based initiatives such as SBTi-validated net-zero targets and continuous internal monitoring, ensuring environmental protection remains a proactive, governance-driven priority.

UNGC 10 Principals

Area	Principle No.	UNGC Principle	Organisational Commitments
	8	Businesses should undertake initiatives to promote greater environmental responsibility.	Dilmah advances environmental responsibility through the four pillars of Dilmah Conservation — Biodiversity Conservation and Restoration, Climate Resilience Research, Adaptation and Sustainability, Environmental Education and Awareness, and Environmental Advocacy. Flagship initiatives include the Endane Biodiversity Corridor, wetland and mangrove conservation, and the protection of key species such as leopards, bats, bees, and elephants. On the product side, Dilmah has transitioned to plant-based PLA filter paper, adopted knotted thread technology to eliminate metal staples from tea bags, and introduced 100% home and industrially compostable pot tea bags and cotton tea bags. Notably, Dilmah is the first food and beverage company in Sri Lanka to have its near-term, long-term, and FLAG (Forest, Land, and Agriculture) targets validated by the Science Based Targets initiative (SBTi). The "Stronger Together" initiative builds supplier capacity in carbon and water footprint measurement, life cycle analysis, and waste management to archive their sustainability goals. Four One Earth Centres — located in Moratuwa, Endane, Kalkudah, and Nawalapitiya — serve as community hubs for organic farming, beekeeping, and ecological research conducted in partnership with local universities, school students and community.
Anti-Corruption	9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	Dilmah actively promotes the adoption of cleaner, more efficient technologies across its operations and value chain. Internal investments include purpose-built cotton tea bag machinery, the progressive transition of its vehicle pool from internal combustion engines to electric vehicles (EVs), and an automated energy monitoring system to optimise resource consumption and reduce environmental impact across facilities.
	10	Businesses should work against corruption in all its forms, including extortion and bribery.	Integrity and accountability are central to Dilmah's operations, governed by a formal Anti-Bribery and Corruption (ABC) Policy, Code of Business Ethics, and Whistleblowing Policy. Strict guidelines cover gifts, hospitality, and prohibited payments, while the MJF Supplier Partner Code of Conduct extends the same ethical expectations to all value chain partners. Recognised as a transparency leader by Transparency International Sri Lanka, Dilmah reinforces these commitments through robust internal monitoring and reporting mechanisms.

Notice of Meeting

Notice is hereby given that the 45th Annual General Meeting of Dilmah Ceylon Tea Company PLC to be convened on 06th August 2026 at 1530 hours as a fully virtual meeting from the broadcast venue of the Board Room of the Company at No.111, Negombo Road, Peliyagoda using a digital platform to take the matters under the agenda of the meeting as follows:

Ordinary Business

1. To receive and adopt the Annual Report of the Board of Directors on the affairs of the Company and Financial Statements for the year ended 31st March 2026 along with the Report of the Auditors thereon.

2. To declare a first and final dividend of Rs. 25/- per share as recommended by the Board of Directors.

3. To re-appoint as a Director, Mr. Himendra S. Ranaweera who retires in terms of Section 210 of the Companies Act No. 07 of 2007,by passing the following resolution:

   "IT IS HEREBY RESOLVED THAT the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. Himendra S. Ranaweera and Mr. Himendra S. Ranaweera is hereby re-appointed a Director of the Company as provided for in Section 211 (1) of the Companies Act No. 07 of 2007."

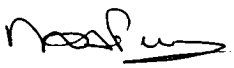
4. To re-elect as a Director, Mr. Roshan Tissaaratchy who retires by rotation under Article 24 of the Articles of Association.

5. To re-appoint retiring Auditors Messrs. Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.

6. To authorise the Directors to determined and make donations and contributions to charities.

7. Any other business.

By Order of the Board,
DILMAH CEYLON TEA COMPANY PLC



MJF Corporate Services (Private) Limited
Secretaries
At Colombo, Sri Lanka

14th July 2026

Notice of Meeting

Notes:

- A Shareholder is entitled to appoint a Proxy to virtually participate and vote at the meeting on his/her behalf.
- A Proxy need not be a shareholder of the Company.
- The completed Proxy should be delivered to Registered Office of the Company, Dilmah Ceylon Tea Company PLC, No.111, Negombo Road, Peliyagoda or duly signed, scanned and emailed to legal@dilmahtea.com at least not less than 48 hours before the time appointed for the meeting.

Form of Proxy

I/We ..... NIC of .....

of.....

being shareholders of Dilmah Ceylon Tea Company PLC hereby appoint: .....

.....NIC No.....of .....

.....or failing him/her

Mr. Dilhan Crishantha Fernando of Colombo or failing him
Mr. Malik Joseph Fernando of Colombo or failing him
Mr. Himendra Somasiri Ranaweera of Colombo or failing him
Mr. Roshan Conrad Tissaaratchy of Colombo or failing him
Mr. Jamuni Darshana Nayantha Gunasekera or failing him
Ms. Minette Delicia Anne Perera of Colombo or failing her
Dr. Ravindra Ajith Fernando of Colombo or failing him
Mr. John Michael Lo or failing him
Mr. Anil Lasantha Naomal Dias

As my/our Proxy to participate virtually and vote for me/us on my/our behalf at the 45th Annual General Meeting of the Company to be held virtually on the 06th August 2026 at 1530 hours and any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

1. Ordinary Business

Ref	Resolution	For	Against
1.	To receive and adopt the Annual Report, Financial Statements for the year ended 31st March 2026 along with the Report of the Auditors thereon.	☐	☐
2.	To declare a first and final dividend of Rs. 25/- per share as recommended by the Board of Directors.	☐	☐
3.	To reappoint Mr. Himendra S. Ranaweera as a Director of the Company.	☐	☐
4.	To re-elect as a Director, Mr. Roshan Tissaaratchy who retires by rotation under section 24 of the Articles of Association.	☐	☐
5.	To re-appoint retiring Auditors Messrs. Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.	☐	☐
6.	To authorise the Directors to determine and make donations and contributions to charities.	☐	☐

As Witness my hand / our hands on this ..... day ..... of 2026

Signature: .....

Form of Proxy

N.B.

Instructions for completion are as follows:

- Please delete the inappropriate words.
- A Proxy need not be a member of the Company.
- Kindly perfect the Proxy by filling legibly your full name and address and by signing in the space provided and filling in the date of signature.
- In the case of corporate members, the proxy form must be under the seal or hand of an authorised officer or attorney.
- If the proxy form is signed by an attorney, the relevant Power of Attorney should accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.
- The completed proxy form should be deposited at the registered office of the Company at the address given below not less than 48 hours before the time appointed for the Meeting.

Corporate Information

LEGAL FORM
Quoted Public Company with Limited Liability

COMPANY REGISTRATION NO.
PQ 209

REGISTERED OFFICE
No. 111, Negombo Road, Peliyagoda, Sri Lanka
Telephone: (94 11) 482 2001
Facsimile : (94 11) 482 2001
E-mail : info@dilmahtea.com
Website : www.dilmahtea.com

STOCK EXCHANGE LISTING
The Ordinary Shares are listed on the Colombo Stock Exchange

SUBSIDIARY
MJF Beverages (Pvt) Ltd

BOARD OF DIRECTORS
Chairman/Chief Executive Officer
Dilhan C. Fernando - B.Sc

Deputy Chairman
Himendra S. Ranaweera

Directors
Malik J. Fernando - B.Sc
Roshan Tissaaratchy - B.A, MBA, DipM, FCIM
Darshana Gunasekera - FCMA, FCCA, B.Sc
Minette Perera - FCA, FCMA, FCCA
Ravi A. Fernando - DBA, MBA, MSt.(Cambridge)
John Lo - MBA, B.Sc
Anil L. N. Dias - FCMA, MBA
Rajan N Asirwatham - FCA (until 12.12.2025)

COMPANY SECRETARY
MJF Corporate Services (Pvt) Limited
No.111, Negombo Road, Peliyagoda, Sri Lanka
Telephone: (94 11) 482 2336
Facsimile : (94 11) 482 2001
E-mail : legal@dilmahtea.com

BANKS
Bank of Ceylon
Bank of China Limited
Cargills Bank Limited
Commercial Bank of Ceylon PLC
Citibank N.A.
DFCC Bank PLC
Hatton National Bank PLC
Hongkong & Shanghai Banking Corporation Limited
National Development Bank PLC
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Standard Chartered Bank Limited

AUDITORS
Ernst & Young,
Chartered Accountants,
Rotunda Towers,
No. 109,
Galle Road,
Colombo 03.

Notes

Designed & produced by
emagewise
Softwave Printing and Packaging (Pvt) Ltd.

Dilmah Ceylon Tea Company PLC
111 Negombo Road, Peliyagoda, Sri Lanka
www.dilmahtea.com