



MESSAGE FROM THE CHAIRMAN

Sustainable development is clearly a part of how we do business.

In 2010/11, we delivered solid results, invested in the company's future through major acquisitions and continued to do business in a sustainable manner. In November, we were awarded the prestigious title of Best Corporate Citizen 2010 - for the fourth time. In the midst of this period, the World of Hayleys family continued to grow larger and stronger as we met abundant challenges.

We offer value added solutions to local and international markets - we ensure sustained profits and benefits to society. Our businesses continue to improve themselves, innovating and developing into market leaders in their own right. Being a signatory to the United Nations Global Compact underlines our respect for, and commitment to international standards. We continue to be guided by these principles, which seek to promote responsible corporate citizenship to surmount challenges posed by globalisation.

However, we cannot lose our focus; in the next decade, the most successful companies will be those that live and breathe sustainability. While I am confident that our businesses have integrated sustainability into their value and supply chains, I am aware that there is more that can be done.

Our journey began with an emphasis on the environment and the communities we work with, and this will continue to be

a focus. Access to natural resources and engaging with communities we work within its paramount. However, as a responsible corporate citizen, it is our duty to introspect and to improve. One must be honest; our focus towards sustainability in everything we do still requires careful alignment. Sustainability is inbuilt - it must now be reflected through clear strategic planning across all sectors.

Thus we have set out this past year to identify the existing gaps and thereafter align our Group companies by bringing in a clear structure to address any and all sustainability issues.

Consequently, in doing this, we will improve the competitive ability of our business units. We will increase value addition, reduce our environmental impact and in the coming year we will work towards measuring the carbon footprint of the Hayleys Group across 7 diverse sectors of business and 31,000 people in order to set ourselves targets - a daunting yet surmountable task.

We are proud of our heritage and remain committed to doing sustainable business. I thank our customers, suppliers, business partners and most importantly our employees who deliver on this commitment. We are guided by our vision to be Sri Lanka's corporate inspiration, and it is the people of Hayleys who will get us there.

A.M. Pandithage
Chairman & Chief Executive

Sustainability and responsible stewardship have been ingrained in the Hayleys culture virtually from the inception of the Group 133 years ago

CONTEXT AND PERSPECTIVE

Presented within this report is a comprehensive account of Hayleys' enterprise, during the financial year 2010/11, viewed against the provisos of GRI (Global Reporting Initiative), G3 Guidelines and the United Nations' Global Compact (UNGC).

Our reporting adopts the prescribed Triple Bottom Line format - which means information and data is provided in accordance with Economic, Social and Environmental perspectives.

To avoid repetition and overlap of information within this report and other sections of our Annual Report, we have cross referred the relevant subject to relevant locations for the benefit of our readers.

Key Impacts, Risks and Opportunities Section

Sustainability and responsible stewardship have been ingrained in the Hayleys culture virtually from the inception of the Group 133 years ago.

In this vein, group companies have progressed and evolved their strategic sustainability initiatives such as the 'A home for every plantation worker' programme by the Group's plantation company, Kelani Valley Plantations; the 'Firstlight' sustainable sourcing initiative of Dipped Products PLC that gave the world its first 'Fair Trade' rubber glove; an internationally-lauded project by Hayleys Agro and USAID to stimulate a post-conflict revival of cash crop cultivation in the Eastern Province; and sustained Group-wide involvements in empowering survivors of the 2004 tsunami and the North-East conflict

These are examples of the Hayleys Group's deep-rooted commitment to responsible business – a holistic view and process that has been recognised for its unerring focus.

However, challenges are faced by the Group; the priority area of action being the development of a Sustainability Governance process.

The Group's focus on sustainability in the future would emphasise on initiatives to develop clean energy generation, and eco-friendly purification solutions. Although this focus exists, a framework to govern these processes is necessitated.

The lack of such a framework to address challenges and opportunities on a Group-wide level, which would add to synergies across all realms of Hayleys industries, limits us in what we can accomplish. Therefore a crucial task lies within the twelve months ahead - to develop and rollout a framework of Sustainability Governance within the Hayleys Group in order to address, prioritise and govern sustainability.

This framework would include the mechanism to have processes in place to address performance.

Quantifying and addressing the risks, opportunities and trends of the environment and progressive sustainability-related activities under the Hayleys umbrella is a daunting task due to the level of involvement.

In this Sustainability Report we have attempted to disclose some of the impacts of our key projects below, providing the risks and opportunities faced in each instance.

Outgrower Systems and Extension Services

The outgrower system practiced by our agriculture sector is an acclaimed backward integration venture that enhances supplier relations and provides steady income streams to farmers. However, this is not without risk, as there is high dependency on the seed paddy and planting material from the outgrowers -if the individual yield of the farmer reduces, or if the farmer sells the produce to another customer or if the yield is destroyed due to a natural disaster, the required total quantity of seed paddy is not obtained.

In the case of vegetable farmers, credit recovery and macro risks such as fluctuation in fertilizer, agro chemical and fuel prices are encountered.

The withdrawal of GSP+ to Europe affects our ability to sustain outgrower prices. However, efforts are being made to mitigate this by improving productivity.

The impacts of these risks are many. For seed paddy and planting material, there is a direct negative impact on budgeted quantity, which affects our supply chain. In the case of vegetable farmers, there are direct financial losses and reductions in supplies of raw materials for processing of finished products.

With regard to gherkins and jalapenos, to expand cultivation or to achieve expected volume targets, it is necessary to expand the outgrower network. However, the system increases farmers' income levels and improves the Company's product portfolio. It is a sustainable supply chain, and farmers have access to new and improved technologies.

Another positive aspect of our involvement with the farmer community is the reduction of environmental pollution through the introduction of safe use of low toxic eco friendly crop protection products.

The project provides supplementary income through off season crops. It is an example of an activity which commits to sustainability at a price, initially, to sustain relationships with our suppliers.

After deploying over 200 extension workers to improve farmer knowledge and productivity, there is a risk of farmers buying inputs (similar to Hayleys products) from competitors, which naturally affects the Sector's bottom line.

The positive impact of this programme is much the same as the outgrower system, with an increase in safe crop protection products, improvement of productivity and reduction of environmental pollution through low toxic eco-friendly products:

As a result of these programmes the following opportunities have been identified.

1. Development of a solid supplier network within the country for gherkins, jalapeno peppers and other fruit and vegetable. The Company has been able to introduce new agricultural produce through the network.

2. Through the improvement of farmer communication, it has opened up opportunities to introduce new products and services to the community.
3. Introduction of latest developments in the agriculture field through extension services.
4. Dissemination of new agronomic practices to improve farmer productivity via Company extension/farmer training programmes for gherkin/jalapeno out growers.
5. Alleviation of rural poverty via agriculture development in war-affected areas in the country.
6. Ability to influence national policy makers in agriculture in a larger scale.
7. Collaboration with national universities, research institutes and diploma schools through grants to conduct research to improve farmer productivity and reduce post-harvest losses and create opportunities.
8. Introduction of seed paddy has helped to market other agricultural inputs marketed by the Company.
9. Improvement of the Hayleys corporate image, which has positive impacts on farmer attitudes and relationships.

Firstlight



There were many risks in commencing the project Firstlight, and these risks continue to present themselves to the team involved in the farmer support and training and community capacity building activities.

Even though the identified beneficiaries of the project - farmers and their extended community - participated willingly and supported the team, the area was such that support services and infrastructure were inadequate. Unfortunately, this increased the time and effort required to shuttle teams from Colombo to participate in and supervise the programmes, which were extensive.

The manner of communication and interaction with farmers is looked at closely in order to prevent the risk of farmers identifying Firstlight as a subsidy, whereas the core pillars of the programme accounted for a much more engaging process at hand.

It is hoped that the number of farmers under the programme will increase by 10% in the ensuing year.



The Firstlight programme not only supports rubber farmers but also assists communities in their capacity building

The programme is a successful example of creating value at grass root level. The Firstlight project continues to be successful, as farmers who benefited from it deliver their latex to Hayleys regularly and faithfully.

In accordance with the principle established under the Firstlight programme whereby DPL allocates 5 US Cents for every pair of Firstlight gloves sold, the Company received a considerable sum of funds, which was re-invested in fertilizer and in this manner given back to the farming community. This is a prime example of successful social marketing, the benefits of which are donated to the primary levels of the supply chain in order to foster sustainability.

OUR REPORTING PARAMETERS

The content of this report falls within the period 1st April, 2010 to 31st March, 2011.

We adopt an annual reporting cycle and thus our last published Sustainability Report appeared in the Hayleys Annual Report of 2009/10.

Any inquiries or clarifications pertaining to this report may be directed to the Corporate Affairs Unit at info@cau.hayleys.com

In terms of Scope and Boundary, the report covers the performance of constituent businesses of the Hayleys Group, based in Sri Lanka. We have attempted to present all data of pertinence in a comprehensive, clear and fair manner from across all constituent companies of the Group. Where information does not reflect the performance of the entire Group, we are working diligently to improve inclusiveness and are on track to ensure continuous improvement in our reporting standards.

The report on Economic Performance has been prepared from data contained in the Group's Audited Accounts for the financial year ended 31st March, 2011. The Audited Accounts were prepared in accordance with the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards and have been audited by M/s KPMG Ford, Rhodes, Thornton and Co.

➡ We're Sri Lanka's Best Corporate Citizen... x 4!



The Ceylon Chamber of Commerce chose Hayleys PLC as Sri Lanka's Best Corporate Citizen for 2010 recognising and rewarding our amply demonstrated commitment to building true sustainability across all enterprise and the needs of the community, our business partners and all other stakeholder groups.

And this isn't first time we've won this award! In fact Hayleys has stood at the winner's podium on 4 occasions...on every occasion that we've submitted our sustainability portfolio for consideration!

As our Chairman Mr. Mohan Pandithage put it, "Sustainability and responsible stewardship have been ingrained in the Hayleys culture virtually from the inception of the Group, 133 years ago".

So, what makes for a winning recipe?

Apart from total acceptance of the Group's sustainability ethic by everyone... initiatives like 'A Home for every Plantation Worker' promoted by our Plantation Company Kelani Valley Plantations; 'Firstlight' a sustainable sourcing initiative of Dipped Products that gave the world its first 'Fair Trade' rubber gloves; an internationally-acclaimed joint project between Hayleys Agro and USAID to stimulate post-conflict revival of cash crop cultivation in the Eastern Province, and sustained Group-wide involvements in empowering survivors of the tsunami of 2004 and the North-Eastern conflict.

As a socially conscious corporate, Hayleys advocates the practice of 'hands on' rather than 'hand outs', where our interactions with stakeholders promotes valid discourse and shed light on critical issues.

Looking ahead, Hayleys is focussed on developing its sustainability thrust even further, with initiatives such as the development of clean energy generation and eco-friendly purification solutions as some of the key drivers.

Data on Environmental and Safety Issues has been compiled from actual operating data maintained by the various businesses, factories, hotels and other units of the Group.

Data on Social Responsibility was obtained on-site.

Our report this year is made in accordance with the GRI criteria for a Level B report.

We aim in this annual publication, to move closer year by year to full alignment with the specific format of the Global Reporting Initiative (GRI). Moreover, Hayleys PLC is currently in the process of seeking external audit and assurance for our Sustainability Supplement.

Global Markets & Manufacturing

Sector	Name of Company	Nature of Business
Fibre	Hayleys Exports PLC	Value added coir-based products
	Chas P. Hayley & Company (Pvt) Ltd.	Coir and treated rubber timber products
	Ravi Industries Ltd.	Industrial and household brushware
	Rileys (Pvt) Ltd.	Cleaning devices
	Creative Polymats (Pvt) Ltd.	Moulded rubber products
	Haymat (Pvt) Ltd.	Coir fibre mats
	Volanka Exports Ltd.	Coir-based products and essential oil
	Toyo Cushion Lanka (Pvt) Ltd.	Needled and rubberised coir products
	Lignocell (Pvt) Ltd.	Coir fibre pith
	Super Felt (Pvt) Ltd.	Needled and thermo-bonded felt pads
	O E Techniques Ltd.	Essential Oil
	Haylex BV Group	Marketing
	Civaro NA Inc.	Marketing
Hand Protection	Dipped Products Group	General purpose and speciality rubber gloves
Purification Products	Haycarb Group	Activated Carbon
Textiles	Hayleys MGT Knitting Mills PLC	Knitted fabric
Construction Material	Alumex Group	Manufacture and Marketing of Aluminium extrusions

Agriculture

Sector	Name of Company	Nature of Business
Agriculture	Hayleys Agro Products Ltd.	Crop production and protection materials, agricultural equipment and animal health products
	Hayleys Agro Fertiliser (Pvt) Ltd.	Fertiliser
	Haychem (Pvt) Ltd.	Crop protection, household and public health chemicals
	Agro Technica Ltd.	Agricultural machinery and equipment
	Haychem (Bangladesh) Ltd.	Crop protection chemicals
	HJS Condiments Ltd.	Retailed-packed, processed vegetables
	Sunfrost (Pvt) Ltd.	Fresh/processed vegetables
	Quality Seed Company (Pvt) Ltd.	Hybrid flower seeds
	Hayleys Agro Farms (Pvt) Ltd.	Planting material
	Hayleys Agro Biotech (Pvt) Ltd.	Phyto chemicals and horticultural tissue cultural products
Plantations	Kelani Valley Plantations PLC	Processed tea and rubber
	Talawakelle Tea Estates PLC	Processed black tea
	DPL Plantations (Pvt) Ltd.	Plantation Management
	Hayleys Plantation Services (Pvt) Ltd.	Plantation Management
	Kelani Valley Green Tea (Pvt) Ltd.	Manufacture of green tea
	Kelani Valley Instant Tea (Pvt) Ltd.	Manufacture of ready to drink tea
	Mabroc Group	Marketing

Transportation & logistics

Sector	Name of Company	Nature of Business
Transportation & Logistics	Hayleys Advantis Group	Shipping agency, international freight forwarding, express freight, bunkering, husbanding and port agency, ship Chartering, ocean container repairing, conversion, and container yard operation, inland logistics, energy logistics, warehousing and third-party logistics, travel, ticketing and airline agencies

Leisure & Aviation

Sector	Name of Company	Nature of Business
Leisure & Aviation	Hotel Services (Ceylon) PLC	Hoteliering
	Hunas Falls Hotels PLC	Hoteliering
	Carbotels (Pvt) Ltd.	Hotel Investment
	Hayleys Leisure Holdings (Pvt) Ltd.	Hotel Management
	Jetwing Hotels Ltd.	Hoteliering
	Negombo Hotels Ltd.	Hoteliering
	Tropical Villas (Pvt) Ltd.	Hoteliering
	Eastern Hotels Ltd.	Hoteliering
	Millennium Transportation (Pvt) Ltd.	Airline representation
	Air Global (Pvt) Ltd.	Airline representation
	North South Lines (Pvt) Ltd.	Airline representation
	Hayleys Tours & Travels (Pvt) Ltd.	Destination Management

Power & Energy

Sector	Name of Company	Nature of Business
Industry Inputs	Hayleys Industrial Solutions (Pvt) Ltd.	Engineering and projects, power generation, pigments and industrial raw material
	Haycolour (Pvt) Ltd.	Textile dyestuff and binders
	Hayleys Life Sciences (Pvt) Ltd.	Supplying health care equipment
Power	Recogen (Pvt) Ltd.	Charcoal and power generation
	Bhagya Hydro (Pvt) Ltd.	Hydro power
	Hayleys Hydro Energy (Pvt) Ltd.	Hydro power
	Neluwa Cascade Hydro Power (Pvt) Ltd.	Hydro power
	TTEL Hydro Power Company (Pvt) Ltd.	Hydro power
	TTEL Somerset Hydro Power (Pvt) Ltd.	Hydro power
	Nirmalapura Wind Power (Pvt) Ltd.	Wind power
	Power Engineering Solutions (Pvt) Ltd.	Marketing of power generating equipment

Consumer Products

Sector	Name of Company	Nature of Business
Consumer Products	Hayleys Consumer Products Ltd.	Lighting, photo imaging, health care
	Hayleys Consumer Marketing (Pvt) Ltd.	FMCG
	Hayleys Electronics Group	Consumer durables
	Hayleys Electronics Lighting (Pvt) Ltd.	Lighting products

Investments & Services

Sector	Name of Company	Nature of Business
Investments & Services	Dean Foster (Pvt) Ltd.	Investment
	Hayleys Business Solutions International (Pvt) Ltd.	Business Process Outsourcing
	Hayleys Group Services (Pvt) Ltd.	Secretarial services
	Volanka (Pvt) Ltd.	Investment
	Volanka Insurance Services (Pvt) Ltd.	Insurance broking

PROFILING THE ORGANISATION

Details of Hayleys' corporate information appear on the inner back cover of this Annual Report. Useful information in this context is also available in the Report of the Directors appearing on page 80 of the Report.

A description of Hayleys' subsidiaries, associates, business segments and product portfolio appears on pages 8 - 9 of this Report.

AWARDS

➡ Best Corporate Citizen 2010 Award
awarded by Ceylon Chamber of Commerce
Hayleys PLC

➡ Agri Business Awards 2010
presented by the National Agri-Business Council

HJS Condiments Ltd.
2nd Runner-up - National Award
Gold - (Large Category) - Marketing

Sunfrost (Pvt) Ltd.
Gold - (Large Category) - Extension Services

Hayleys Agro Products Ltd.
Gold - (Medium Category) - Veterinary Care Products
Silver - (Large Category) - Farm Machinery,
Equipment and Tools
Silver - (Large Category) - Extension Services
Gold - (Large Category) - Input Suppliers Agro
Chemical and Fertilizer

➡ Institute of Chartered Accountants' (ICASL)
Annual Report Awards 2010

Hayleys PLC
Joint Bronze Award - Overall Excellence in
Annual Financial Reporting
Joint Gold Award - Diversified Holding
(Group above 5 subsidiaries)

Hayleys Advantis Ltd.
Gold - Service Organisation category

Kelani Valley Plantations PLC
Silver - Plantation Sector

➡ Annual Reports Awards - 2010
awarded by South Asia Federation of
Accountants (SAFA)

Hayleys PLC
Certificate of Merit - Hospitality, Health, Transport
and Shipping - 2009

➡ ARC Annual Report Awards - 2010
Hayleys PLC
Silver - Overall Annual Report, Diversified Business
Silver - Interior Design, Diversified Business
Silver - Cover, Diversified Business

➡ Vision Awards Annual Report
Competition - 2009
awarded by League of American
Communication Professionals

Hayleys PLC
Silver - Holding Company, Diversified Investments
Talawakelle Tea Estates PLC
Bronze

➡ National Quality Award 2010
awarded by Sri Lankan Standards (SLSI)

Logiwiz Ltd.
Merit - Medium Business Organisation Category -
Service Sector

➡ National Business Excellence Awards 2010
conducted by National Chamber of Commerce

Lignocell (Pvt) Ltd.
2 Silver - (Medium Category) - Non-Traditional
Exports Sector

Bonnera Lanka Ltd.
Bronze - (Small Category) -
Non-Traditional Exports Sector
Merit - (Small Category) -
Agriculture & Plantation Sector

➡ Sri Lanka National Energy Efficiency Award
2010 awarded by Sri Lanka Sustainable Energy
Authority - Ministry of Power & Energy

Hunas Falls Hotel PLC
Bronze Flame - (Medium Category)

➡ City Food Safety High Achievers Award 2010
awarded by Colombo City Tour (ES Tours)

**Ceylon Continental Hotel
(Hotel Services Ceylon PLC)**
Loyalty Bronze Award - First Year Anniversary 2011

➡ Soorya Sinha Award 2010
awarded by Ministry of Industries & Commerce and
Mawbima Lanka Foundation

Alumex (Pvt) Ltd.














➡ National Chamber of Exports 2010

Haycolour (Pvt) Ltd.
Gold - (Large Sector) - Industry

➡ Annual Awards Night -
Forbes & Walker Tea Brokers (Pvt) Ltd.

Talawakelle Tea Estates PLC
Best Performing Regional Plantation Company 2010
- High Grown and Low Grown category

ACCREDITATION

 <p>ISO 9001:2008 CERTIFICATION Alumex (Pvt) Ltd. Haycarb PLC Puritas MIT Cargo (Pvt) Ltd. Logistics International Ltd. Logiventures (Pvt) Ltd. Volanka Exports Ltd. Bonterra Lanka Ltd. HJS Condiments Ltd. Haychem Ltd.</p>	 <p>OHSAS 18000:2007 CERTIFICATION HJS Condiments Ltd.</p>	 <p>KOSHER CERTIFICATION HJS Condiments Ltd.</p>	 <p>TAIKI AKIMOTO 5S AWARDS HJS Condiments Ltd. Quality Seeds Co. (Pvt) Ltd.</p>
 <p>ISO 14001:2004 ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATION Hayleys PLC HJS Condiments Ltd. Haychem Ltd.</p>	 <p>NATIONAL SANITATION FOUNDATION Haycarb PLC Category NSF 42</p>	 <p>HALAAL CERTIFICATION HJS Condiments Ltd.</p>	 <p>AUSTRALIAN QUARANTINE AND INSPECTION SERVICE Hayleys Agro Biotech (Pvt) Ltd.</p>
 <p>ISO 22000:2005 FOOD SYSTEM MANAGEMENT SYSTEM CERTIFICATION HJS Condiments Ltd.</p>	 <p>FOREST STEWARDSHIP COUNCIL CERTIFICATION 2 Additional estates of Kelani Valley Plantations PLC Ravi Industries</p>	 <p>FDA APPROVAL FROM USA HJS Condiments Ltd.</p>	 <p>USDA NOP CERTIFICATION OF ORGANIC PRODUCTION METHODS HJS Condiments Ltd.</p>
<p>ISO 22000:2005 FOOD SYSTEM MANAGEMENT SYSTEM CERTIFICATION HJS Condiments Ltd.</p>	 <p>OMRI CERTIFICATION Lignocell Ltd.</p>	 <p>BRITISH RETAIL CONSORTIUM HJS Condiments Ltd.</p>	 <p>ORGANIC EU CERTIFICATION OF ORGANIC PRODUCTION METHODS HJS Condiments Ltd.</p>

GOOD GOVERNANCE

A comprehensive review of Hayleys' governance practices is contained in the Governance Report appearing on page 86 of this Report.

Engaging with Stakeholders

Hayleys has always maintained a healthy regime of interaction and dialogue with its key stakeholder groups. The chart below details these initiatives during the period under review.

Stakeholder Engagement

Shareholders

Sustainability Issues & Concerns

- Profit and growth

Process of Engagement

- Annual General meeting, which provides an opportunity to review the past year's performance and engage in discussion with the management
- Quarterly financial reports, which provide a review of current performance during the year, as do simultaneous media releases
- An open door policy, which enables shareholders to visit and obtain information from the Company Secretaries and engage in dialogue
- Web site, regularly updated
- Meetings with fund managers, share brokers and investment analysts
- Email address, provided for comments and suggestions

Employees

- Remuneration and benefits
- Career progress
- Work stimulation
- Health and safety
- Balance between professional and personal life
- Working facilities and environment

- A performance management system is being implemented facilitating transparent evaluation, dialogue and performance based remuneration and reward
- Formal meetings and less structured contact in the course of work
- 'Job Banding' has been launched and upon completion will facilitate uniformity of designations and remuneration, greater transparency and clarity with regard to designations and 'organisational fit' across the companies and sectors
- The CEO's Forum quarterly provides an interactive forum with senior management, discussing current performance and future prospects and allowing a frank question and answer session
- Monthly meetings of Clusters
- Employee intranet, accessible to any employee with a facility to e-mail suggestions/questions
- Quarterly news letter
- Hayleys Group Recreation Club activity, which provides many opportunities for interaction and fellowship across the Group, bringing employees together regardless of rank or designation

Customers

- Product quality
- Availability
- Standard of aftercare
- Availability of aftercare

- A Customer Satisfaction Index is maintained by many of our companies
- Customer Relationship Management (CRM) enables companies to keep in touch with their customers on a regular basis
- Regular customer visits and reviews help build and maintain rapport
- Events such as Dealer and Distribution Conventions are held periodically

Business Partners

- Market share
- Profitability
- Aftercare

- Visits from principals and to principals' locations facilitate engagement
- Conventions for partners, distributors and dealers are held once a year or at regular intervals
- Robust communication systems enable continuing dialogue on product quality, marketing, customer satisfaction and problem solving
- Corporate updates on important group activities via brochures, DVDs and the like
- Website, regularly updated
- Participation at International Trade Fairs, with a view to expanding network of business partners and reach of product distribution.

ECONOMIC PERFORMANCE

Hayleys PLC has reported a turnover of Rs. 54.4 bn and profit before tax of Rs. 2.1 bn for the 12 months ending 31st March, 2011, a year in which strong performances in most business sectors were recorded.

The Blue Chip conglomerate's businesses in Agriculture, Plantations, Consumer Products and Transportation turned in significantly better results in the year concluded, while Purification Products and Hand Protection sustained performance in challenging operating conditions.

All business sectors reported healthy revenue growth in the year under review, enabling Hayleys PLC to improve its top line by a noteworthy 43 per cent or Rs. 16.4 bn over the 12 months, underscoring the sustainability of the group's business portfolio. Profit before tax during the period under review was Rs. 2.1 bn, while profit after tax stood at Rs. 1.2 bn.

The Group proposes a dividend of Rs. 4 per share reflecting the Group's continuous commitment to deliver reasonable returns to shareholders. Further, the share price of Hayleys PLC grew from Rs. 225/- as at 31st March, 2010 to Rs. 382.10 as at 31st March, 2011 with the highest recorded price crossing Rs. 415/- within the reporting period. This reflects the market's confidence in the Company. The Group continues to focus on bringing up internal efficiencies to work processes and on rationalising its investments where possible, to counter the challenges it faces.

Value Generation and Flow

The Value Addition chart which appears below details the value generation achieved by Hayleys Group for the period under review and the manner in which it has been distributed.

In similar vein, we have also provided relevant Investor information.

Group Value Addition

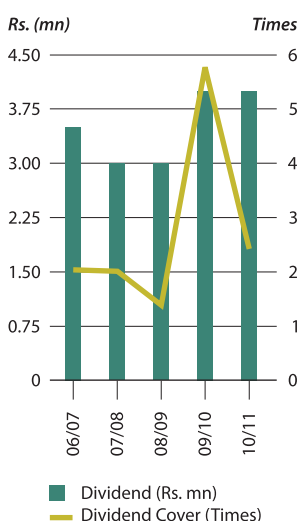
Name of Director/Spouse	2010/11 Rs. mn	2009/10 Rs. mn
Turnover	54,546	38,169
Other Income		
	54,546	38,169
Cost of materials & services bought in	(40,639)	(27,079)
	13,907	11,090

	Share %		Share %	
To Employees as remuneration	58	8,038	48	5,328
To Government revenue	19	2,601	14	1,523
of Sri Lanka	17	2,433	12	1,355
Overseas	1	168	2	168
To shareholders as dividends	2	300	3	300
To lenders of capital	10	1,328	14	1,579
Interest on borrowings		846		717
Minority interest		482		849
Retained in the business	12	1,640	21	2,374
Depreciation		1,262		964
Profit retained		378		1,410
	100	13,907	100	11,090

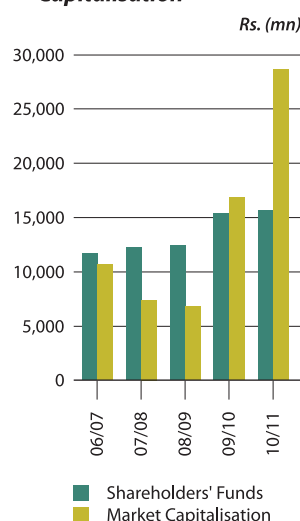
Note 1

Profit attributable to Hayleys	724,750	1,731,233
Dividend	(300,000)	(300,000)
	424,750	1,431,233
Associate share of profit	46,365	65,288
Retained profit	378,385	1,365,945

Dividend Vs Dividend Cover



Shareholders' Fund Vs Market Capitalisation



Investor Information

History of Dividends and Scrip Issues

Year ended 31st March,	Issue	Basis	No. of Shares '000	Cum. no of Shares '000	Dividend (%)	Dividend Rs. '000
1952	Initial Capital		20	20		
1953	First dividend			20	80	160
1954	Rights (at Rs. 10/-)	1:02	10	30	55	165
1955				30	50	150
1956	Bonus	5:06	25	55	32.5	179
1957	Bonus	3:11	15	70	37.5	330
1958	Bonus	3:07	30	100	20	200
1959				100	10	100
1960				100	18	180
1961	Bonus	1:02	50	150	7.5	262
1962	Bonus	1:03	50	200	15	300
1963				200	15	300
1964	Bonus	1:04	50	250	15	375
1965				250	20	500
1966				250	18	450
1967				250	15	375
1968				250	12.5	313
1969				250	15	375
1970				250	15	375
1971				250	15	375
1972				250	11	275
1973				250	11	275
1974	Bonus	1:01	250	500	11	275
1975				500	18	450
1976				500	10	442
1977				500	11	460
1978				500	15	584
1979	Bonus	1:02	250	750	15	852
1980				750	16	958
1981	Bonus	1:03	250	1,000	20	1,863
1982	Bonus	1:04	250	1,250	21	2,385
1983	Bonus	1:05	250	1,500	25	3,451
1984				1,500	27	3,774
1985				1,500	27.5	3,525
1986	Bonus	1:03	500	2,000	33	6,600
1987	Bonus	1:02	1,000	3,000	33	9,900
1988	Bonus	1:03	1,000	4,000	33	13,200
1989	Bonus	1:04	1,000	5,000	33	16,500
1990	Bonus	1:05	1,000	6,000	33	19,800
1991	Bonus	1:04	1,500	7,500	33	24,750
1992	Bonus	1:05	1,500	9,000	33	29,700
1993	Bonus	1:06	1,500	10,500	30	31,500
1994	Bonus	4:21	2,000			
	Rights (at Rs. 160/-)	1:05	2,500	15,000	30	40,500
1995	Bonus	1:05	3,000	18,000	30	54,000
1996	Bonus	1:09	2,000	20,000	30	60,000
1997	Bonus	1:10	2,000	22,000	30	66,000
1998	Bonus	1:11	2,000	24,000		
	Share Trust (at Rs. 210/-)		2,400	26,400	30	79,200
1999	Bonus	1:06	4,400	30,800	30	92,400
2000	Bonus	1:14	2,200	33,000	30	99,000
2001	Rights (at Rs. 10/-)	1:11	3,000	36,000	35	126,000
2002	Rights (at Rs. 15/-)	1:09	4,000	40,000	35	140,000
2003	Rights (at Rs. 20/-)	1:08	5,000	45,000	35	157,500
2004	Rights (at Rs. 20/-)	1:09	5,000	50,000	35	175,000
2005	Rights (at Rs. 20/-)	1:10	5,000	55,000		
	Bonus	4:11	20,000	75,000	35	262,500
2006				75,000	35	262,500
2007				75,000	Rs. 3.50 p.s.	262,500
2008				75,000	Rs. 3.00 p.s.	225,000
2009				75,000	Rs. 3.00 p.s.	225,000
2010				75,000	Rs. 4.00 p.s.	300,000
2011				75,000	Rs. 4.00 p.s.	300,000

Stock Exchange

Interim Financial Statements of the 4th Quarter, for the year ended 31st March, 2011 have been submitted to the Colombo Stock Exchange as required by the Listing Rules.

Market Value

The market value of Hayleys PLC ordinary shares was:

	2011 Rs.		2010 Rs.		2009 Rs.
Highest	415.00	(on 1st February, 2011)	240.00	(on 12th March, 2010)	150.00 (on 28th July, 2008)
Lowest	223.00	(on 1st April, 2010)	86.00	(on 07th April, 2009)	85.00 (on 11th March, 2009)
Year end	382.10		225.00		90.00

Dividend Payments

Proposed first and final dividend Rs. 4.00 per share to be declared on 29th June, 2011 and payable on 8th July, 2011 (2009/10 - Interim Rs. 2.00 and final - Rs. 2.00 per share).

Share Trading

	2011	2010	2009
No. of transactions	6,916	3,601	3,242
No. of shares traded	22,585,884	5,275,900	18,624,352
Value of shares traded (Rs.)	7,697,117,910	858,357,100	2,432,610,266

Ordinary Shareholders as at 31st March 2011

No. of Shares Held	Residents			Non-Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	2,802	609,666	0.8129	36	11,102	0.0148	2,838	620,768	0.8277
1,001 - 10,000	698	2,323,057	3.0975	30	129,528	0.1727	728	2,452,585	3.2702
10,001 - 100,000	225	7,081,910	9.4425	31	889,344	1.1858	256	7,971,254	10.6283
100,001 - 1,000,000	38	10,897,531	14.5300	4	1,360,788	1.8144	42	12,258,319	16.3444
Over 1,000,000	10	51,697,074	68.9294				10	51,697,074	68.9294
	3,773	72,609,238	96.8123	101	2,390,762	3.1877	3,874	75,000,000	100.0000

Category

Individuals	3,440	42,743,549	56.9914	91	2,274,057	3.0321	3,531	45,017,606	60.0235
Institutions	333	29,865,689	39.8209	10	116,705	0.1556	343	29,982,394	39.9765
	3,773	72,609,238	96.8123	101	2,390,762	3.1877	3,874	75,000,000	100.0000

Of the issued ordinary share capital, 96.81% is held by residents of Sri Lanka.

The Implications of Climate Change

Climate change impacts the business of Hayleys in many ways and to different degrees, given the Group's highly diversified business portfolio. Thus, the management monitors the effects of climate patterns and factors in the necessary contingency measures to keep businesses operating at optimal levels.

Fibre Risks

- Short supply of the main raw material fibre and deterioration of existing fibre quality standards.
- Major raw materials are dependant on weather and price increases continuously.
- Rising cost of power and energy.

Opportunities

- Upward trend towards eco-friendly products.
- Opportunity of sourcing from other countries for low cost fibre and timber.
- Substitute products.
- Better integration of the business model with community development.

Hand Protection

Risks

- Changing weather patterns in Natural Rubber producing regions make supply forecasting difficult
- Lower supply of Natural Rubber due to crop damage as a result of flooding in rubber producing countries
- Rising oil prices vis-à-vis high cost of energy and other inputs

Opportunities

- Rising costs in other manufacturing countries

Purification Products

Risks

- Rising Cost and Increasing shortage of key raw material CS charcoal
- Development of other technologies for Purification (non-carbon related)
- Wider use of coal carbon as an substitute on availability and price

Opportunities:

- New specialised applications (eg. energy storage),
- stronger environmental and health/safety legislation,
- Climate change crisis and increasing awareness and urgency on this issue by Governments, Corporations and Public
- Emergence on Regeneration of activated carbon as an attractive business line

Agriculture

Risks

- Disruption to monsoonal rainfall patterns has financial implications for the Company.
- Disruption to weather patterns can reduce overall cultivation which in turn reduces demand for the Company's agricultural inputs.
- Increased pest resistance to traditional crop protection products
- Rural-urban migration caused by climate change lead to shortage of human resources in key cultivation areas.
- A change in rainfall pattern in Sri Lanka as well as in other rubber growing countries induces fluctuation in rubber latex pricing.
- Weather influenced changes in demand from customers for certain products such as flower seeds, lead to loss in revenue.
- Adverse climate conditions as well as crop disease could affect supplies of fruits and vegetables due to crop failures, thus affecting the financial performance of our value added agricultural exports.

Opportunities

- The Company has the opportunity of marketing drought resistant plant material.
- Demand for new generation, low toxic, target specific crop protection products.
- Potential for drip irrigation and better water management products.
- Increased mechanisation in agriculture. Our flower seed product portfolio diversification allows us to offer a different range of seed and planting material to the local and international market.
- Expanding cultivation of fruits and vegetables in the North and East which has favourable climatic and growing regimes for such crops.

Plantations

Risks

- Changing weather patterns
- Rising cost of wages and other inputs vis-a-vis of Ceylon tea
- Drop in production due to pressure on land to move away from tea and rubber cultivation

Opportunities

- Pursue offset plantation management
- Diversify in to rubber/oil palm/leisure projects
- Expand bought leaf operations
- Crop & land diversification
- Leverage ethical positioning
- Marketing of FSC certified rubber products
- Increase in demand arising from harsher winters in many consuming markets.
- Fall in production from other sources due to inclement weather in those locations.

Transportation & Logistics**Risks**

- Adverse climatic conditions can effect oil exploration activities and in turn affect the Organisation's activities
- Fluctuation of oil prices and freight rates create a risk in our bunkering business, especially when MOPS (Mean of Platts Singapore) prices come down when we have stocks previously purchased at a higher price
- Unforeseen climate changes/effects in the North Continent can cause route cancellations and deviations, forcing us to make alterations resulting in additional cost on freight.
- Due to the nature of business activities and the industry we are operating in, climate can adversely impact our businesses by curtailing operations, delaying vessel calls, inland transportation of goods, etc.

Consumer Products**Risks**

- Flooding due to adverse weather patterns caused disruption to regular distribution activities

Opportunities

- Adverse weather conditions which necessitate energy conservation initiatives increases demand for the Company's energy-efficient lighting solutions.

Investments & Services**Risks**

- Scarcity of highly attractive hydro power projects locally
- Developers' increasing tendency towards low cost, low quality machinery
- Power sector policy reforms
- Renewable energy tariff reductions

Opportunities

- Renewable energy markets overseas
- Focus on feasibility, business development activities on Wind, Solar and Bio Diesel projects
- Business Process Outsourcing

Our Employees Enjoy Defined Retirement Benefits

Hayleys offers retiring employees defined benefits, which in the year 2010/11 amounted to Rs. 3.3 bn.

Comprehensive data on this subject appears in the section-Accounting Policies, appearing on page 130 of this Report.

Financial Assistance from Government Global Marketing & Manufacturing

Several constituent companies of the Group qualified to receive relief under the Government's Export Development Reward Scheme.

Volanka Exports Ltd. received Rs. 2.5 mn for the increase of FOB turnover for their exports in the second quarter of the financial year 2008/09, comparative to the second quarter of the year 2007/08.

Lignocell Limited received Rs. 2.2 mn for the increase of FOB turnover for their exports in the second quarter of the financial year 2008/09, comparative to the second quarter of the year 2007/08.

Haycarb received assistance to the value of Rs. 10 mn from the EDRS as reward for maintaining its labour force without change in numbers, through the global recession.

Alumex enjoys duty and tax concessions to allow for the import of aluminium billets as well as for designated activities of its subsidiaries.

Agriculture

Our subsidiary HJS Condiments qualified to receive a sum of Rs. 2.5 mn under the Export Development Reward Scheme (EDRS), which is an initiative of the Government's Department of Commerce, to help qualifying exporters tide over the repercussions of the global financial crisis.

Kelani Valley Plantations PLC's unique initiative, 'A Home for Every Plantation Worker' programme has attracted various forms of assistance from both the State and donor agencies, for the improvement of living environment, health and nutrition, community capacity building and the empowerment of youth in the plantations sector. Tea and rubber re-planting also received the usual state subsidy assistance.

Rehabilitation of the road network across land under the purview of Talawakelle Tea Estates PLC also qualified for a 100% grant from the Government.



Kelani Valley Plantations' Home for Every Plantation worker programme



The Ceylon Continental has the distinction of being the first five star hotel property in Sri Lanka



World class Philips lighting system illuminates Mahinda Rajapaksa International Cricket Stadium

Transportation & Logistics

Some companies of the Advantis Group are established under BOI regulations thus entitling them for tax holidays, concessionary tax rates and exemptions from import duties on certain capital goods amongst others depending on their BOI categorisation.

Leisure & Aviation

The Ceylon Continental Hotel is currently undergoing a refurbishment programme and has received import duty concessions from the Board of Investment (BOI) for items required to be imported under this programme. For the period under review the Hotel received tax concessions to the value of Rs. 576,000/-.

Consumer Products

Hayleys Lighting a subsidiary of Hayleys Consumer provided flood lighting to Sri Lanka Cricket for the Mahinda Rajapaksa International Cricket Stadium - Sooriyawewa in connection with the World Cup 2011. The Government grant of duty-free concessions VAT & NBT helped the Company to offer a world class solution at a competitive price.

Investments & Services

Hayleys Business Solutions International (HBSI), received a Training Grant to the value of Rs. 261,000 from ICTA (the Government's Information Communication Technology Agency).

Entry Level Wage Structures Above Par

Entry level wages across most constituent companies within the Hayleys Group are consistently above par in terms of prevailing minimum wage stipulations.

Entry level wages at Agri Inputs and Agri Products, Hayleys Consumer, Haycarb, Hayleys MGT Knitting Mills, Hayleys Industrial Solutions and HBSI are all above minimum wage limits applicable in their locations and industries.

The Aviation and Destination Management units whilst being governed by the Government's Wages Board Ordinance, maintains a higher than minimum wage structure.

The wage structures of Talawakelle Tea Estates and Kelani Valley Plantations are dictated by provisions contained within the Collective Agreements prevailing between the companies and the Labour Unions.

Hotel Services (Ceylon) PLC and Hunas Falls Hotel PLC are in compliance with the Government's Wages Board regulations. Alumex too is in compliance with Wages Board regulations.

Fibre maintains entry level wage structures on par with minimum wage stipulations.

Upholding the Locally-Based Supplier

Other than for a few companies whose operations rely on raw material inputs unavailable in Sri Lanka, the majority of the Group's constituents support locally-based suppliers. Given the scope and size of Hayleys' diversified operations, this translates to very significant value generation across our local supply chain with a similarly significant impact on their economies.

The supportive data is presented sector-wise.

Global Markets & Manufacturing

Fibre spent Rs 1.5 bn during the year under review, on the produce of locally based suppliers. This constitutes 90% of its total supply intake.

Of Haycarb's total raw material input for the year under review, 60% was locally sourced. The Company's main raw material being Coconut Shell Charcoal, its policy had been to purchase 100% of its requirements from the local market. However, shortcomings in availability of material and an unfavourably high competitive environment precluded the Company from increasing local purchasing.

Alumex's key raw material is aluminium. Since this is not a locally-produced material, the Company has no choice but to import its requirements. However, it encourages the use of local manufactured items in its manufacturing process and thus reports a local procurement rate at 38.50% for the year under review.

Agriculture

The island-wide vegetable and seed paddy out grower programme of our sub sector Agri Inputs and Agri Products provides between 50 to 60% of locally produced raw materials used by these companies. Local suppliers are registered with these companies and through regular assessments for quality and performance, Hayleys supports them to achieve mutual goals.

Within the Plantations sub sector, at Talawakelle Tea Estates, Green Leaf for manufacture of Low Grown teas is procured from neighbouring smallholders. This represents 50% of the Company's low grown tea production.

At Kelani Valley Plantations, 65% of its low-grown tea is produced from Green Leaf supplied by independent local growers.

Transportation & Logistics

Within the Advantis group of companies, a near 100% rate is maintained across all companies in terms of locally-sourced inputs, the one proviso being the requirement to source for equipment and materials not available/produced locally, such as heavy transport equipment, from external markets.

Leisure & Aviation

The Ceylon Continental Hotel had a total spend, during the year under review, of Rs. 164.1 mn for Food, Beverages and other items. Of this approximately 80% was purchased locally.

Hunas Falls Hotel spent a total of Rs. 28.5 mn during the year under review, for Food Beverages and other items of which 92% was sourced locally.

Consumer Products

All labour, technical expertise and material such as cables, cement and steel were sourced locally for the entire Mahinda Rajapaksa International Cricket Stadium (MRICS) Sooriyawewa project.

Hiring Locally

This report deals with the Hayleys Group's enterprises within Sri Lanka. In that respect, from a broader perspective, the Group sources its human resource requirements from within Sri Lanka. As one considers the wide geographic footprint Hayleys possesses within Sri Lanka, 'hiring locally' takes on a more focussed meaning, in defining the number of personnel we employ from the locations we operate in and around the country. We examine this factor sector-wise.

Global Markets and Manufacturing

At Fibre, senior management sourcing from the local community stands at 60%; manual workers - 90%; Supervisory/Clerical - 90%.

Haycarb's is a specialised operation and requisite skills are not readily available in all localities within which we operate. Thus, the

proportion of senior management personnel sourced locally stands at 20%. However, Haycarb sourced 100 % of its clerical and supervisory staff and 90% of its manual workers from the local community.

MGT hires approximately 50% of their senior management locally.

Agriculture

Within the Agri Inputs and Agri Products sub sector, 80% of its requirement for Field Assistants is sourced from the localities within which we operate.

At Quality Seeds Company, which is situated at Boralanda priority is given for recruitment of senior management personnel in Badulla, Bandarawela and adjacent areas.

Within the Plantations sub sector, recruitment to the estates of Kelani Valley Plantations and Talawakelle Tea Estates is 100% local.

Transportation & Logistics

Within the Advantis Group, we take conscious effort to ensure that our work force represents the diverse ethnicities and majority of the hiring is done locally

giving opportunities to local talent. As for our foreign operations we strive to employ persons within the local area.

Leisure & Aviation

With regard to Aviation and Destination Management, our key centres of operation are in the areas of Jaffna, Katunayake and Colombo. In Jaffna, hiring locally stands at 100%; in Katunayake it is 70% and in Colombo it is 70%.

At Ceylon Continental which is a Colombo based city hotel, our local hiring stands at 40%, whilst at Hunas Falls Hotel in Kandy, local hiring is much higher at 93%, with only 7% hired from outside the Kandy District.

Consumer Products

100% local recruitment is done for Hayleys Consumer.

Investments and Services

HBSI source 100% of their senior management cadres from their locations of operations.

➡ Pressing a Button Won't Solve a Problem...Unless...

***They're on the Computers we've taken for School Kids up North!***

In the post-conflict Wanni region up North, children are trying to 'pick up the pieces' and get on with their lives. In the case of school children, they want to get back to school...to learn well enough to be gainfully and peacefully employed some day.

The Hayleys Group employees decided to help. They voluntarily donated a day's wage, which was doubled by contributions from their respective companies and the money was put towards establishing two fully-equipped computer training centres - one at Yogipuram Maha Vidyalyayam at Mallavi in Mullaitivu and the other at the Poonekary Maha Vidyalyayam in Kilinochchi.

The Centre at Mullaitivu was equipped with 8 new computers with UPS units, a printer, multimedia projector, wall screen, white board, flash drives and all requisite software licences. It was handed over to the school in the presence of the Governor of the Northern Province, Major General G.A. Chandrasiri.

The second Centre was set up in a building constructed by Hayleys for the Poonekary MV and consisted of 10 computers with UPS units, a printer, multi-media projector and screen, computer tables and chairs and a white board.

The cost of these projects in terms of materials and equipment exceeded Rs. 3.7 mn.

Hayleys has also offered to train two teachers to help them achieve competency as IT trainers.

Beyond Core Initiatives for Public Benefit

The Hayleys Group has invested significant resources in diverse projects, which go beyond its core business activities, and which primarily benefit the public.

In the Agriculture Sector, Hayleys has set up Regional Centres to aid technology transfer, knowledge dissemination and updates on agronomy practices and market trends, for the benefit of farmer communities in relevant localities.

Our Plantation companies Kelani Valley Plantations and Talawakelle Tea Estates have far reaching and comprehensive initiatives. They extend to the estate community at large, and include the provision of land and assistance for self-help housing projects, schools, maintenance of road networks, water projects and health and sanitation within the plantations. In addition KVPL has invested considerable resources in its branded 'A Home for Every Plantation Worker' Programme, described more fully in this segment.

In the Leisure sector, Hunas Falls Hotels leveraged its extensive eco and environmental knowledge base to conduct training for schools and educate local and foreign tourists on subjects such as the environment and global warming and other related issues that help reduce adverse impacts on the environment.

Hayleys Consumer sponsored a series of knowledge forums aimed at awareness building amongst the general public as well as key decision makers on the need to employ more efficient and conservative forms of illumination that would reduce demand on the National Grid. This is in line with National objectives.

In the Global Markets and Manufacturing sector, Haycarb as it does each year, donated Rs. 392,000 worth of activated carbon powder to all Government hospitals to aid their detoxification procedures. Haycarb also conducted a career planning workshop for

52 students from those who got through the Grade 5 Scholarship Examination with high marks from all 9 provinces of the island, selected for the National Mathematics and Science Olympiad Competition. This was a 5 day residential workshop held at Madampe. The cost of this programme was Rs. 750,000/-.

MGT maintains a ward at the Horana Base Hospital, thus easing part of the burden for upkeep from National Coffers. In addition, MGT funds a Grade 5 scholarship program for 10 students from 10 surrounding schools. This figure has been taken from the next indicator.

Alumex offers training programmes for school leavers, in tandem with several vocational training institutions, to help them find lucrative employment opportunities within the aluminium fabricating sphere.

In our Transportation and Logistics sector, Advantis Group companies have engaged in many activities beyond their core business for the public benefit; activities such as constructing a class room for the Nagalawewa School in Sigirya and contributing to Colours of Courage Cricket Tournament with proceeds going to the National Cancer Hospital, Maharagama.

Hayleys PLC also donated a Classroom Convertainer unit fabricated by a subsidiary, Logiventures Engineering to a school in the remote area of Mahavillachchiya. The value of this donation was Rs. 450,000.

Social and Economic Benefits for Many

The breadth and scope of Hayleys' enterprise yields many instances of economic and social upliftment and sustenance for a sizeable number of people of our country. In very many areas of Sri Lanka, Hayleys is a key factor in the well-being and sustenance of the wider community, a fact that we are humbled and honoured by.

Agriculturally speaking, our Seed Paddy Out Grower System afforded farmers a 25% price benefit over prevailing rates when they sold their paddy to Hayleys.

Through our Vegetable and Fruit Out-Grower System, farmers growing certain crops between their mainstream crop cultivation cycles, earned additional income that supplemented their earning capacities.

The Company's Seed Production Facility at Borlanda generated around 270 employment opportunities and annual wages amounting to Rs. 27.5 mn.

By manufacturing machinery locally, Hayleys generates an annual saving in terms of foreign exchange of US\$ 1.5 mn.

In the Leisure sector, the Hunas Falls Hotel has 93 staff on their payroll, all originating from a 20 km radius from the hotel. This is a significant factor in the economic and social well-being of people from the locality.



The classroom convertainer unit fabricated and donated to a school in Mahavillachchiya.

Also, the Hotel's local purchasing process benefits local suppliers, helping to reduce its carbon footprint.

Other benefits that flow from the hotel and tourism is the local purchasing that occurs as an adjunct to visitor interest in the local crafts and other goods and services on offer from the local community.

The Hunas Falls Hotel also conducts programmes to educate school children of the area on the environment and helps them develop their school gardens. In many instances the Hotel has a buy back scheme where it purchases plants from these school gardens and outlying village gardens and encourages tourists to join in the Hotel's environmental activities.

Whilst Hayleys Consumer encourages and promotes the hiring of manpower for the distribution operation from local communities, the corollary to this is that these local youth are trained and their abilities harnessed to make them professionals in their field, thus empowering them. Approximately 200 youth are currently employed.

Kelani Valley Plantations PLC (KVPL) has invested considerable resources in its corporate responsibility initiative 'A Home for Every Plantation Worker' Programme.

It's a broad concept with wide ranging life-style benefits for the plantation community and extends far beyond the basic provision of shelter. This initiative, encompassing four broad areas - Living Environment, Health and Nutrition, Community Capacity Building and Youth Empowerment - was launched in 2006 and its impact has extended outside the organisation as well.

Living Environment

Activities	1992-2010
New houses built (units)	1,341
Land extent granted for housing (perches)	9,535
Upgrading of workers' quarters	
- Re-roofing	7,259
- Electrification (housing units)	6,281
- General rehabilitation	489
Access roads (km)	264
Water schemes	1,155
Sanitation - new toilets (units)	7,245
Playgrounds (units)	12
Staff quarters	
- Upgraded (units)	176
Community centres	19
Field rest rooms	178
Child development centres	14
Hot water bathing spots (units)	15

Between 1992 and December 2010, under the dimension of living environment, 1,341 housing units have been constructed on 9,535 perches of estate land granted for this purpose. Two hundred and sixty-five living units were re-roofed and 189 housing units provided with electricity in 2010. 22 km of access roads within our estates were rehabilitated during the same year bringing the total done since privatisation to 264 km. These initiatives have been carried out with the collaboration of Plantation Development Project (PDP), Plantation Human Development Trust (PHDT), National Housing Development Authority (NHDA), Ministry of Estate Infrastructure Development and Road Development Authority (RDA).

Health & Nutrition

Health & nutrition	1992-2010
Dental clinics	404
Dengue awareness programmes	17
Eye clinics	901
AIDS awareness programmes	1,755
T.B. Awareness	44
Oral cancer awareness programmes	69
Provision of spectacles	2,666
Cataract removal surgery (No. of participants)	857
Logistical support (km)	751,221

In 2010, with assistance of the Government Health Department, seven Dental Clinics were organised in Halgolle, Nuwara Eliya, Edinburgh & Glassaugh Estates with 205 participants, represented by children and pregnant mothers of the above estates.

In view of serious Dengue outbreaks experienced throughout the island in 2010, as a preventive measure the Company organised 14 dengue awareness and prevention programmes in Halgolle, Robgill, Kelani, Dewalakande, Urumiwela, Battalgalla and Annfield Estates, with the assistance of Government officials, the Berendina Foundation and the estate community. Four eye clinics were conducted in Halgolle and Invery Estates for 123 participants during the year whilst HIV, T.B. awareness and Oral Cancer awareness programmes were carried out in both up-country and low-country estates. In collaboration with the International Resources for the Improvement



Hayleys is committed to education, whether it is through rebuilding a tsunami devastated school, taking IT to the North and the East, or continuing to develop and care for children amongst the communities we work within.

of Sight (IRIS), 21 cataract removal surgeries were carried out during 2010, in Oliphant, Robgill, Tillyrie, Halgolle, We Oya, Ederapola and Ganepalla Estates.

Estate-owned ambulances as well as hired vehicles travelled a total of 77,000 Km during the year, transporting estate residents to external medical facilities.

Community Capacity Building

Community capacity building	1992-2010
Alcohol prevention programmes	87
No. of borrowers taking loans from estate worker housing co-operatives	21,279
Amount (Rs.)	173,598,017
Deposits accepted (Rs.)	94,347,894
Household cash management programmes	76

Groups of differently-abled children were provided training in music and drama on Battalgalla Estate with the assistance of the Sunera Foundation. Three alcohol prevention programmes and six household cash management programmes were carried out with the participation of 182 and 137 estate residents respectively, during the year.

During the Company's Estate Worker Housing Co-operatives loaned a total of Rs. 46 mn for improvements to housing, purchase of motorcycles, traditional ceremonies and the redeeming of mortgage properties, among 3,750 borrowers. The total lent since inception increased to Rs. 173 mn. Rs. 18 mn in savings deposits were made during the year, adding to the Rs. 76 mn already in place.

Youth Empowerment

Empowerment of youth	1992-2010
Sewing classes (No. of participants)	99
English classes (No. of participants)	888
Computer classes (No. of participants)	42

Sewing classes were carried out during the year for estate youth in Ingestre and Kiriporuwa by the Sewa Lanka Foundation and AGA office of Bulathkohupitiya. English classes conducted on Ederapola, Kalupahana and Kiriporuwa Estates attracted 172 students, with 36 participating from the same estates in computer classes. 25 youth participated in special training programmes in Panawatte and Ederapola, providing skills in the manufacture of soap & candles, the production of special food mixtures and exercise books. The Industrial Development Board and International Labour Organisation were associated in these training programmes.

ENVIRONMENTAL PERFORMANCE

This segment of our report deals with the relationship Hayleys maintains with the environment - the environmental resources we use, what we release into the environment as a consequence of enterprise and similar impacts and the initiatives we have in place to safeguard dwindling resources whilst replenishing where we can.

In this segment of our report we report on key environmental aspects and impacts of the Hayleys enterprise.

Materials... Their Use and Recycling

The Hayleys Group is engaged in a wide diversity of business, and as such consumes an equally wide variety of materials. Tracking material consumption facilitates the

monitoring of material efficiency and cost of material flows.

We present data for materials consumed for the year under review, according to business segment.

Raw materials	Amount	Measurement
Acetic acid	18	MT
Allum	0.14	MT
Aluminium, magnesium, silicon	3,319	MT
Bought green leaf	1,100	MT
Bought latex	574	MT
Bought leaf	1,200	MT
Calcium chloride	167	MT
Coconut shell	20,000	MT
Coconut shell charcoal	28,500	MT
Coir fibre	25,594	MT
Coir fibre for plant media:	863	m ³
Coir pith	7,997	MT
Coir twine	131	MT
Coir yarn and jute	989	MT
Dye stuff	25	MT
Gherkin	9,000	MT
Jalapeno	202	MT
Latex for bedding and horticulture	1,425	MT
Mango	331	MT
Natural latex	6,461	MT
Palmyrah	61	MT
Papaya	104	MT
Pineapple	28	MT
Polyester powder	56	MT
Raw paddy husks:	1,463	m ³
Salt	2,000	MT



Several training programmes are carried out by the Agricultural sector to the farming community

Raw materials	Amount	Measurement
Sugar	480	MT
Synthetic latex	2,964	MT
Timber	181	MT
Wire	1,586	MT
Cotton and Polyester Yarn /Greige	9,577	MT

Associated Process Materials	Amount	Measurement
Agro chemicals (liquid)	28	m ³
Agro chemicals (powder)	152	MT
Ammonium bicarbonate	126	MT
Ammonium hydroxide	36	MT
Cartons for packaging	333	MT
Chemical fertilizers	40,000	MT
Chemicals	5,710	MT
Chromic acid	449	MT
Copper carbonate	2,176	MT
Dabco catalyst	1,156	MT
Dolomite	3,810	MT
Fertilizer	4,780	MT
Glass bottles	1,700,000	Units
Hydrochloric acid	168	MT
Isopropyl alcohol	1.2	m ³
Lubricants	10	m ³
Nickle Chloride	272	MT
Nitric Acid	45	MT
Polybags	1,619	MT
Paper sacks for tea packaging	320,085	Units
Courier packing material - documents	57,385	Units
Sterilised clay	13.5	MT
Plastic tubs	182,000	Units
Potassium hydroxide	70	MT
Pottasium sorbate	2	MT
PVC	156	MT
Re-cycled scraps	1,552	MT
Silver nitrate	3,619	MT
Sodium hydroxide	80	MT
Styrofoam boxes:	860,500	Units
Zinc sulphate	41	MT
Polythene packing	54	MT
Cardboard packing	8	MT

The Quantum of Recycled Materials used

In our Agriculture sector, Haychem recycled 1% of its granular formulation dust in every succeeding production cycle.

The component of recycled material used in every Sprayer produced by Agri Equipment is 15%.

Production of plastic barrels used to pack semi-processed gherkins incorporates 40% recycled plastic.

30% of our Corrugated Cardboard consumption, 20% of Linear Low Density Polythene (LLDPE) and 2% of our Glass Jar consumption is from recycled material.

The Fibre sector produces a felt using cotton waste sourced from garment factories. For the year under review, cotton waste consumption amounted to 1,086,015 Kgs., which is 30% of the Company's total raw material consumption

The rates for recycled material at MGT stood at 10% at Alumex - 32%; at Advantis (Fedex) - 80%.

Dipped Products reused 20% of its compound latex during the year.

Electricity and Fuel Consumed

The chart below indicates the direct energy consumption by source across the Group:

Sector	Type of energy	Quantity	Units
Fibre	Electricity consumption	4,285,147	kWh
	Firewood	1,540	MT
	Furnace oil	147	m ³
	Diesel	11	m ³
Hand protection	Electricity	13,515,000	kWh
	Liquefied petroleum gas	199	MT
	Biomass (firewood)	33,536	MT
	Furnace oil	6,360	m ³
Activated carbon	Diesel	54	m ³
	Furnace oil	3,107	m ³
	Auto diesel	149	m ³
	Electricity	5,241,950	kWh
Textiles	Furnace oil	4,900	m ³
Construction Material	Furnace Oil	2,918,333	kWh
	Diesel	4,752,222	kWh
Agriculture	Electricity	1,868,083	kWh
	Furnace oil	78,561,666	kWh

Sector	Type of energy	Quantity	Units
Plantations	Electricity	13,669,957	kWh
	Firewood	85,612	MT
	Gasoline	95	m ³
	Diesel	654	m ³
	Hydro Power	173,186	kWh

Transportation & Logistics

(Direct land transportation)

Electricity	use 644,692	kWh
Diesel & Petrol	458	m ³

Leisure & Aviation

Electricity	4,446,733	kWh
Liquefied Petroleum Gas	16	MT
Diesel	29	m ³

Consumer Products

Electricity	19,712	kWh
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The chart appearing below indicates the indirect energy consumed by source by constituent companies of the Group:

Sector	Type of Energy	Quantity	Units
Activated carbon	Shell suppliers	16	m ³
	Charcoal Suppliers	15	m ³
	Transport Contractors	125	m ³
Agriculture	Electricity	182,500	kWh
Plantations	Energy	8,069,722	kWh
Leisure & Aviation	Gas	65	MT
	Furnace Oil	238	m ³
	Hydro Power	1000	kWh
	Firewood	89	MT
Power & Energy	Electricity	5,066,944	kWh

Energy Saving Reduces Consumption

Across the Hayleys Group energy saving measures have been adopted and are leading to significant reductions in energy consumption.

We present these initiatives and their results, sector-wise.

Energy Saved Due to Conservation and Efficiency Improvements

Transportation & Logistics

A recent introduction of fuel efficiency measurement targets has served to improve efficiency of prime movers from 1.62km/l to 2.25km/l. Cost and energy reduction is also achieved through the reduced usage of Air-Conditioners and CFL bulbs as well as the use of Energy saving bulbs employed for yard lighting. Translucent roofing sheets make maximum use of natural light, thereby reducing the need for electricity consumption.

Leisure & Aviation

Hunas Falls Hotel

The use of a colour-coded system helps in switching lights on and off on a scheduled basis.

Electricity and Diesel consumption are controlled and monitored for wastage. The occupancy levels of the hotel are factored into control process.

The use of a card key system for each room plays a major role in reducing power wastage through the inbuilt-automated switch off system, which prevents electricity usage when rooms are unoccupied.

Other measures such as air conditioning on request have also reduced electricity consumption, leading to a saving of 42,583 kW per year.

Furthermore, 54% of bulbs used are energy savers. For the ensuing year, we envisage raising this figure to 90% at which point we estimate our power saving to reach 234,549 kWh.

Energy loss through cold rooms is mitigated through the installation of freezer curtains.

Power & Energy

An energy efficient log heating oven has replaced a traditional, more energy consuming pre-heating oven, which has yielded a saving of 1,094 GJ/ton of energy. To increase productivity, efficiency and quality, a new age oven has been installed in the plant which yields an energy saving of 911 MJ/ton.

Investments & Services

The shared services sector has made an investment of Rs. 21 mn in a Document Management software programme, which will convert work processes into a paperless regime thus minimising paper usage and increasing efficiency substantially. The use of LCD monitors also ensures enhanced levels of power and energy conservation and safety.

Initiatives to utilise Energy-Efficient or Renewable Energy Based Products and Services, and Reductions in Energy Requirements as a Result of these Initiatives

Agriculture

The Agri sector has noticeably increased its efficiency and prowess through the implementation of 6 Sigma, Lean Manufacturing and Mini Company concept to each production section, which has demonstrated a reduction of energy consumption such as furnace oil and electricity by 50% and 15% respectively.

To optimise tissue culture plantlet storage, extra light needs to be provided whilst maintaining temperatures between 18 - 27°C. This is achieved through a system which utilises cool air flow and reduces Air-conditioning running time by 20%.

Transportation & Logistics

Air-conditioning units are consistently adjusted to be energy efficient whilst energy efficient fluorescent lighting is estimated to save 8% energy. Waste disposal is contracted to a responsible third party whilst 2 kgs of paper each week are sent for recycling.

Leisure & Aviation

We have adopted the practice of replacing incandescent bulbs with CFL in order to achieve Power Factor correction improvement, which would reduce energy consumption significantly.

Power & Energy

In its continuous pursuit of energy saving initiatives, the sector hopes to invest in a log pre-heating furnace for the second line of the production process. The expected energy saving is estimated to be approximately 911 MJ/ton.

Consumer Products

This sector deploys a marketing strategy to convey the benefits of energy efficient products.

Initiatives to Reduce Indirect Energy Consumption and Reductions Achieved

Plantations

Energy efficient machinery and equipment and awareness programmes to reduce energy wastage have been adopted by all plants and users.

Transportation & Logistics

Carpooling is encouraged as a means of reducing carbon emission. Non-compliance with fuel efficiency standards is deterred through the levy of fines for the errant, which provides a controlled environment in maintaining efficiency standards. The use of natural light has reduced electricity consumption by at least 15%.

Leisure & Aviation

LED and CFL lights have actively contributed to energy saving whilst replacement of Diesel to Gas fire has improved efficiency and reduces the release of harmful gases to the atmosphere.

Sector Type of Energy Saved	Descriptor	Quantity/ Energy Saved	Units
Purification Products			
Electricity	Due to improvements in machinery & equipment	473,400	kWh
Furnace Oil	Due to improvements in machinery & equipment	187	m ³
	Due to new method of activation	64	m ³
Agriculture			
Electricity	Shutting down electrical equipment during non operating hours	6,500	kWh
	Replacing bulbs with CFL	8,000	kWh
	Modification of plant & machinery	5,000	kWh
	Use of daylight in 80% of production facility	10%	
	Reduction in consumption	10%	
Furnace oil	Reduction in consumption	50%	
Plantations			
Diesel	Using fuel wood harvested from plantations	1,500	m ³
	Fuel switching and efficiency improvements	5,514,722	kWh
Transportation & Logistics			
Electricity	Saving on electricity	16,000	kWh
	Switching off lights when leaving workstation	200	kWh
	Saving on monthly consumption and sharing costs	8%	
Leisure & Aviation			
Electricity	A/Cs in use only on request	42,583	kWh
	Use of energy saving bulbs	142,231	kWh

Managing Water Consumption and Recycling

Hayleys is mindful of the impact that the Group's water consumption could have on the national supply, water tables and the eco-system. There is a concerted effort to use this precious resource responsibly whilst always seeking opportunities to 'recycle and return'.

As a signatory to the UNGC's CEO Water Mandate, Hayleys continues to improve the processes it employs to measure water usage and waste water discharge.

This has facilitated the cascading of best practices to all employees across our diverse range of operations and fostered mindfulness of the growing scarcity of this precious resource in our daily lives. It has helped us to continuously search for new ways to reduce usage and to recycle.

Water Sources Affected by Water Withdrawal

Kelani Vally Plantations PLC (KVPL)

With most of our plantations being located within catchment areas, KVPL is very sensitive to water usage. Both extraction and discharge of water necessarily has an impact on watersheds, mainly due to the contamination and lowering of the water table. Our Group manages over 13,500 hectares of land consisting of tea, rubber and forest which, whilst acting as a carbon sink, also prevents the erosion of topsoil and conserves ground water by minimising run off. Both tea and rubber plantations meet local environmental standards in the use and discharge of water.

In addition, KVPL is a signatory to the United Nation's Global Compact (UNGC), the CEO Water Mandate and the Caring for Climate initiatives. Our commitment to the CEO Water Mandate derives its impetus from our core values and the Senior Management has endorsed and are fully committed to the objectives and principles of the Mandate. The total water consumption by KVPL for direct operations is approximately 1,000 m³ per day.

During the year under review the following steps have been taken to minimise impact on the environment from agricultural operations;

- Preparation of a water map identifying all water sources in the estates and the repair of water distribution systems to avoid waste due to leaks or spillage.
- Adopting bush to bush fertilization and strict manual weeding in the periphery of streams & waterways, to prevent contamination of flowing water.
- Planting approximately 10,000 bamboo trees along the banks of streams to prevent soil erosion.

Agriculture

Ground water extracted, rainwater harvested and surface well are replenished naturally during subsequent rain

Plantations

Ground water extracted, rainwater harvested and surface well are replenished naturally during subsequent rain.

Hunas Falls Hotel

The Hotel sources water from a natural stream that flows through its property. Water draw off is minimal when compared with the capacity and rate of flow of the stream. Other initiatives to conserve and manage this resource are:

1. Treated water from the Sewage Treatment Plant is used for garden irrigation.
2. About 90% of the water that is used in the hotel is reused after treatment at the Plant.

3. Water storage tanks, taps and fixtures in guest rooms are checked for leakages.
4. Preventive maintenance is carried out to a planned schedule. During these checks, *inter alia*, valves and level controls of water tanks are examined for leaks.

Percentage and Total Volume of Water Recycled/Re-used

Sector	Description	Figure	Recycled Water
Fibre		12,516 m ³	–
Hand Protection	Ground water	316,000 m ³	Total volume recycled and reused - 132,000 M3/Year Recycled water as a percentage of the total water withdrawal - 24%
	River (bowser supplies)	108,000 m ³	
	Municipal	120,000 m ³	–
Purification Products	Factories	89,687 m ³	1.5 % re-used in the carbon washing process.
Textiles	Production	1,514,576 m ³	–
Construction Materials	Water from Lanka Industrial Estate Limited (Lindel)	96,155 m ³	Waste water is discharged to the nearby stream after final treatment (pH level between 5-8)
	Ground water	40,595 m ³	–
Agriculture	Public utility	151,542 m ³	30-35% of total volume is recycled at the biotech facility and the food processing facility
	Ground water	12,976 m ³	Rainwater is collected through greenhouses meeting 53.3% of the total requirement.
	Rain water and surface well	16,462 m ³	–
Transportation & Logistics		248 m ³	–
Leisure & Aviation	Tube well and municipal supply	99,188 m ³	–
	Stream water	8,646 m ³	About 90% is reused after treatment.
	Bottle water	10 m ³	–

Safeguarding Biodiversity

Of all Hayleys businesses, the segment with the largest land holding in the biodiversity context is plantations.

All our estates practice environmental responsibility in line with the over arching Hayleys Group Environmental Policy.

Biodiversity plays an important role in the day-to-day life of a plantation. Many of our estates are located and operate within areas of high biodiversity.

Over 1,000 hectares of forest reservations are located within the Company's plantation boundaries, distributed across three agro-climatic regions, namely Nuwara Eliya, Hatton - Dickoya and Yatiyantota, Bulathkohupitiya. These forest reserves have progressively

developed into unique biodiversity enclaves due to fauna and flora mutations driven by geographic isolation.

Initially, the Company undertook a comprehensive biodiversity assessment to inventorise flora and fauna within its plantation boundaries. The newly identified local nature reserve at Halgolle Estate was the major outcome of this study. During the year under review, the Company finalised management plans for future conservation in collaboration with the International Union for Conservation of Nature (IUCN). The tree planting programme, commenced on Halgolla in collaboration with the Deutsche Bank, was continued during the year under review.

At Talawakelle Tea Estates (TTEL), 5% of land extent under its purview is dedicated to biodiversity conservation measures. Habitat protection extends to areas adjacent to its estates and good agricultural practices together with sustainable agricultural policies are in place.

Rainforest Alliance provisions are also being implemented on TTEL's estates and 14 tea estates belonging to Kelani Valley Plantations have been audited and recommended for Rainforest Alliance certification. Investment on Rainforest Alliance activities on Talawakelle estates amounted to Rs. 15 mn for the year under review.

The other biodiversity hot spot is Hunas Falls Hotel in Hunnasgiriya, Kandy.

Hunas Falls Hotel is located within an area rich in biodiversity. The Hotel has a proud record of initiative in terms of nurturing the environment and safeguarding and enhancing the biodiversity around its location.

The Hotel has been engaged in reforestry programmes, wetland conservation and expansion, water conservation and erosion control whilst maintaining good environmental standards in its operations, particularly in areas such as waste management, assurance of air quality, reduction of Green House Gas (GHG) emissions and introducing environmentally friendly products, among others.

Hunas Falls operates its own butterfly garden and dragonfly garden, a mini-weather station for collection of scientific weather data and is also a centre of information for many schools that make use of the abundant eco-knowledge base available at the Hotel on their field trips etc.

For the future, the Hotel plans to extend its wetlands to attract more avifauna, extend its reforestation initiative to reach an elevation of 1200 metres, introduce a new tree trail to introduce more indigenous plants in the vicinity of the hotel, improve the collection of environmental data and thus create a data base with a view to better assessing impacts on biodiversity and increasing the frequency of awareness programmes for schools and local communities.

Monitoring Green House Gas Emission

Today the world recognises that green house gases are probably the main contributor to climate change. Given the scope of Hayleys enterprise from the more obvious agricultural and plantation interests to every other shop floor, office and Board Room, GHG emission is an important consideration in building sustainable enterprise.

Hayleys has begun to measure GHG emissions across the Group. The current paucity of data is being addressed and our future reports will see greater detail emerge.

Go Green' Goes to Mount Lavinia

The Mount Lavinia beach is one of the most popular places for a seaside stroll, in Sri Lanka. Unfortunately, 'more people' tends to translate to 'more litter' and more problems keeping the environment clean.

MIT Cargo recently conducted a shoreline clean-up project at Mt. Lavinia under its 'Go Green' initiative and installed eight garbage bins along the popular stretch of coast to encourage visitors to keep the environment clean.

More than 75 staff members of the Hayleys Group braved inclement weather and devoted a Saturday to pick up trash and clean about one mile of beach. So well did they do that they managed to collect 110 bags of litter by the end of the project.

Arrangements were made with the Municipal Council to collect the bags with general garbage and a private company was contracted to collect the bags of plastic trash.

The Company also distributed garbage collecting bags provided by the Central Environment Authority (CEA) to nearby restaurants and hotels through the Hotel Owners, Club of Mt Lavinia. It is expected that restaurant owners will embrace good 'environmentalism' and do their bit to keep the beach-front clean.

MIT Cargo's 'Go Green' programme comprises of four main initiatives, 'Recycling of Polythene,' 'Food Waste Disposal,' 'Paper Collection' and 'Drive Green'.



Before and after: Mt. Lavinia beach

Haycarb has recorded their CO₂ levels at 29,870 MT during the review period.

Waste Generation, Management, Disposal

Hayleys maintains a very responsible stance with regard to disposal of waste material.

There were no significant spills recorded. There have been no instances where Hayleys faced sanctions or fines for non-compliance with any environmental laws or regulations.

Here is an account of activity for the year under review, sector-wise.

Global Markets & Manufacturing

At Fibre, 12,516 m³ of uncontaminated water were released to surface water systems. 8500 MT of coir fibre pith was also disposed of, part as landfill and the rest reused for Lignocell's coir pith briquettes.

At Haycarb, waste water is discharged to surface streams after treatment and complying with the Central Environmental Authority's guidelines.

At MGT, waste water is passed through a process of chemical and microbiological treatment in accordance with Central Environmental Authority stipulations for the textile industry and treated water is discharged into the Kalu Ganga river.

Sludge amounting to 1.5 to 2 tons per day was disposed of as land fill within MGT's premises.

Alumex discharged 136750 m³ of water during the year under review. Solid non-hazardous waste amounting to 695 tons was used as land fill.

DPL's waste water volume for the year was 6,480,000 m³. Process water was treated in house to exacting standards and whilst 20% of this treated water was reused by the Company, the balance was released as surface water.

The Company's solid waste for the year was disposed of as follows - Composting 54 MT, Recycling 260 MT, Recovery 60 MT, Incineration 204 MT, Land fill 108 MT and on-site storage 0.12 MT.

Agriculture

At the Agri Inputs and Agri Products, cluster 370m³ of water is disposed of through a zig zag drainage system after undergoing a purification process using Activated Carbon. Before release, the Chemical Oxygen Demand value of the water is tested for compliance.

The cluster also disposed of 150 MT of used polythene and waste paper material to contractors for recycling and reuse.

At Haychem a solid waste component of 10,000 kg is generated and disposed of by incineration.

In the Processed Vegetables sector, of 500 MT of fresh gherkin, 40% was used to produce organic manure, whilst the balance was released for use in adjacent coconut cultivations.

In the same sector a solid waste component of 600 MT was composted and disposed of at the BOI dump yard.

12 MT of Corrugated Cardboard, 2 MT of Glass and 10 MT of Polythene were sent for recycling.

At the tissue culture plantlet facility, used media are autoclaved before disposal to ensure that all harmful pathogens are destroyed. The end product thereafter is used as manure.

At our tissue culture plantlets facility - used media are autoclaved before disposal for use as manure, to ensure that all harmful pathogens are destroyed.

In the Plantations cluster, Kelani Valley Plantations disposed of 950 m³ of treated waste water from their rubber factories, per day, during the year under review.

Water used for cleaning of machinery and the plants are channelled through simple but effective waste water treatment systems, consisting of sand filters and sedimentation tanks. The treated water is regularly tested for Bio-chemical Oxygen Demand (BOD), Total Suspended Solids, pH, Grease, Oil and fecal Coliforms.

Likewise KVPL disposes of its solid waste materials responsibly via processes such as recycling, reusing and composting. The Company disposed of 2 MT of plastic cans, 2 MT of hazardous waste and incurred Rs. 1.7 mn in composting bio-degradable waste, and another Rs. 600,000 was spent on a temporary storage facility to accommodate empty chemical containers and other redundant items.

Leisure & Aviation

Ceylon Continental Hotel discharged 22,000 m³ of water into the municipal drainage system, after eliminating oil and grease.

Hunas Falls Hotel recycles and reuses 90% of its water requirement.

The Hotel also disposed of 9,800 kg of waste food material to farms. A total of 130,000 kg of waste paper, dry waste and bottles were disposed of for recycling and/or environmentally friendly disposal.

SOCIAL PERFORMANCE

This segment of our report deals with the impacts Hayleys enterprise has on the social systems within which the Group operates. We are mindful of our calling; to deal responsibly and fairly with the different stakeholder groups and whilst we seek to achieve our business goals, we simultaneously commit ourselves to the development and well-being, and the empowerment and enrichment of the lives of all our stakeholders whilst not compromising good ethics.

In this section we examine this aspect in greater detail. Our reporting is structured around the key segments of Employee Relations, Human Rights, Customer Relations and Society.

A Responsible Relationship with Our Employees

The Hayleys Group has earned the reputation of a preferred employer over the years. This reputation has been built on strong moral and ethical grounds, fairness and transparency and a willingness to share our good fortune equitably with our staff. We are committed to self development and career advancement and endeavour to reward employees for effort and productivity at above industry levels.

There is more to how Hayleys is seen by its employees. The following aspects that deal with labour practices and the offer of decent work are relevant.

Our Employee Profile

Workforce by Employment Type/Contract

Sector/ Company	Executives & above	Clerical & Supervisory	Manual Grade	Total
Fibre	142	67	285	494
Hand Protection	210	69	1,061	1,340
Purification Products	172	55	726	953
Textiles	208	266	690	1164
Construction Material	53	108	201	362
Agriculture	162	193	283	638
Plantations	187	1,256	23,588	25,031
Transportation and Logistics	510	146	64	720
Leisure & Aviation	131	319	7	457
Power and Energy	62	24	40	126
Consumer Products	81	122	0	203
Investments and Services	119	38	6	163
Total	2,037	2,663	26,951	31,651

Retention...Turnover

Age	Executives & above		Clerical & Supervisory		Manual Grade		Total turnover by age	
	#	%	#	%	#	%	#	%
< 20	0	0.0	20	0.5	3	0.0	23	2.3
20 - 24	14	0.7	76	1.8	34	0.1	124	12.6
25 - 29	69	3.5	103	2.5	179	0.6	351	35.8
30 - 34	55	2.8	58	1.4	62	0.2	175	17.8
35 - 39	49	2.5	18	0.4	40	0.1	107	10.9
40 - 44	20	1.0	20	0.5	25	0.1	65	6.6
45 - 49	14	0.7	8	0.2	25	0.1	47	4.8
50 - 54	11	0.6	10	0.2	19	0.1	40	4.1
55 >	16	0.8	11	0.3	22	0.1	49	5.0
Total turnover by category	248	12.8	324	7.7	409	1.4	981	100.0

Turnover by Gender and Category

Gender	Executives & above	Clerical & Supervisory	Manual Grade	Total
Male	134	248	254	636*
Female	30	42	153	225*

Benefits Exclusively to Full Time Employees

Full time employee are entitled to reimbursement of medical expenses and reimbursement of professional expenses.

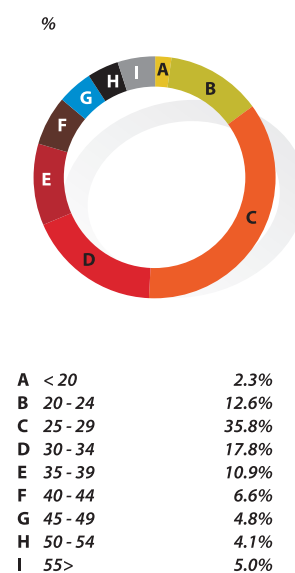
Through the Group's Recreation Club: Funeral Fund, Wedding gifts, New Baby gifts and prizes for employees. Some companies also provide gifts for employees' children who obtain 8 distinctions at O'Levels, children who gain admission to Sri Lankan Universities

and long service awards for employees with service over 15 years and 25 years.

Access and Cover - Collective Bargaining Agreements

Freedom of association is a right enshrined in the Hayleys ethos. Progressing from this, all labour representation enjoys the collective bargaining process and agreements are prevalent in all relevant operating centres of the Group.

Retention Turnover



The table below is self explanatory:

Sector	Percentage of Staff Covered by Collective Agreements
Fibre	67%
Hand Protection	63%
Purification Products	41%
Plantation	99%
Agriculture	80%
Consumer Products	58%

At MGT, whilst no formalised agreement is in place, the process of collective bargaining proceeds healthily in respect of the annual salary revision process.

Period of Notice for Operational Change

Hayleys extends due notice to staff regarding impending operational changes. Due to the diversity and individual characteristics of each business cluster, such lead times may vary from one company to the next. However, the Group strictly maintains the right of the staff to receive adequate and timely notice of such moves.

Sector/ Organisation	Lead Time	Whether covered by CA
Fibre	No specified lead time under CA	–
Purification Products	2 weeks	Yes
Textiles	Minimum 1 week	–
Construction Material	2 weeks	–
Agriculture	10 Days	Yes
Leisure & Aviation	3 months	–
Consumer Products	1 month	Yes
HBSI	1 month	–

Keeping Staff Healthy and Safe

Ensuring optimum working conditions that deliver high levels of health and safety at the work place is high on the Hayleys agenda.

Several facets of this subject bear reporting on and we present the salient material hereunder.

Worker Representation on Health and Safety Committees

Sector	Percentage of Workforce Represented on Health/Safety Comts
Consumers Products	10%
Hand Protection	100%
Purification Products	26%
Textiles	52%
Agriculture:	
- Seed and planting material	100%
- Agri Inputs	35%
- Agri Products	8.50%
Transportation & Logistics	8%
Leisure & Aviation	6%
Power and Energy	5.76%

Injury, Disease, Lost Days, Absenteeism

Sector	IR	ODR (none)	AR	F (none)
Fibre	0.05%	N/A	2%	N/A
Purification Products	2%	N/A	6%	N/A
Textiles	7%	N/A		N/A
Construction Material	3%	N/A	7%	N/A
Agriculture	0.09%	N/A		N/A
Plantations	0.23%	N/A	N/A	N/A
Transportation & Logistics	0.04%	N/A	N/A	N/A
Leisure & Aviation	2%	N/A	5%	N/A

IR - Injury Rates; ODR - Occupational Disease Rate; AR - Absentee Rate; F - Fatalities

Preventive Strategies for Managing Health and Safety

Although health and safety issues do not figure in formal agreements with worker representative bodies, they are part and parcel of the regulatory framework within which all Hayleys companies operate.

Hayleys has many programmes that are active across the Group to address this issue. Here are some of those initiatives that transpired during the year under review.

At the Agri Inputs and Agri Products cluster and at Hayleys Consumer, employees are provided opportunities to attend relevant programmes on subjects such as Stress Relief Counselling and Awareness on Dengue. Annual Medical Checks are also offered.

At Hunas Falls Hotel, training is provided on food safety and health processes, Fire Fighting and First Aid.

Ceylon Continental Hotel conducts training programmes through a Health and Safety Committee which deals with subjects such as First Aid, Communicable Diseases, Staff awareness programmes on Health Issues, Hygiene Practices and Fire Fighting.

Haycarb offers employees access to several programmes on health and safety aspects conducted by medical professionals. Visiting factory inspection engineers of the Labour Department also augment input on relevant areas such as workplace safety and safe work practices.

DPL has adopted its own HIV/AIDS policy focussing on increasing awareness of this illness and dealing with stigma and discriminatory aspects. DPL is the catalyst for the Group in terms of conducting an e-mail awareness campaign both on AIDS as well as H1N1 influenza.



Relationship with Principals

Name of Principal	Duration of Relationship
Bayer CropScience	48 years
Symrise	48 years
Detia Degesch	38 years
Elementis	36 years
Lanxess Deutschland	36 years
Rheinchemie	36 years
Cabot	33 years
Philips Lighting	28 years
Allam Marine (generators)	23 years
Monsanto	23 years
Polymer Latex	18 years
Kerr McGee	18 years
Fuji Hunt Photographic Chemicals	18 years
Dow AgroSciences	18 years
Den Hartigh	18 years
Nufarm	18 years
Durst Phototechnik	17 years
Blue Cross Laboratories	15 years
Sigma Pharmaceuticals	15 years
Fuji Film	14 years
Gujarat Reclaim Rubbers	12 years
Akzo Chemicala BV	12 years
Gelita	12 years
Shangdong Weichai	12 years
Laboratories Hipra, S.A.	12 years
Volvo Penta	10 years
Namdhari Seeds	09 years
ABB	08 years
Natraj Albums	08 years
Global Hydro Energy	07 years
Bayer Material Science	07 years
Supreme Petro Chemicals	07 years
S.P. Veterinaria, S.A.	07 years
Jiangsu Wallong-Hsin	07 years
Neolait	06 years
Shimadzu	06 years
Procter & Gamble	06 years
GP Batteries	06 years
Gillette	05 years
FedEx	05 years
ICI Pakistan	02 years
Escorts Limited (Agri Machinery Group)	01 year
Boehringer Ingelheim	01 year
Nawan Laboratories	01 year
Pinnacle Technocrafts	01 year
Golden Cross Laboratories	01 year
Incepta Pharmaceuticals	01 year
Camlin	01 year
Beste Pharma	01 year

Training & Developing Employees

Training is intrinsic to the Hayleys Group. It is the bedrock upon which all skills and capacities are developed and enhanced, which in turn fuels strategy and process.

We present relevant data on this subject by business segment.

Average Hours Training Per Year

Sectors/Companies	Executive	Non-Executive	Clerical/ Supervisor	Manual Sales
Fibre	30 hours	24 hours	16 hours	
Hand Protection	28 hours	–	81 hours	15 hours
Purification Products	15 hours	1 hour	12 hours	
Textiles	9 hours	–	5 hours	3 hours
Construction Material	1 hour	1 hour	1 hour	
Agriculture	30-40 hours	40 -50 hours	150 hours	45 hours
Talawakelle Tea				
Estates PLC	40 hours	–	–	15 hours
Transportation & Logistics	8 hours	1 hour	–	–
Leisure and Aviation	4 hours	2 hours	–	–
Consumer Products	40 hours	24 hours	–	–
HBSI	64 hours	–	–	–

All training processes across the entire Hayleys Group are designed to upgrade skill levels, develop the individual, promote career advancement and pay heed to the 'life after career' aspect of every employee.

Performance and Career Development Reviews

The Employee Performance and Career Development system is widely applied across all constituent companies of Hayleys PLC. The table below shows the rate of adherence to this system amongst the sectors and companies.

Percentage of Employees Receiving Regular Performance and Career Development Reviews

Sector/Company	Rate (%)
Fibre	33
Hand Protection	100
Purification Products	65
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* Excluding plantation workers

Diversity & Equal Opportunity

The diversity within Hayleys PLC provides insight into the human capital of the organisation. The composition of our management and workforce teams using tested parameters also highlights the aspect of equal opportunity that prevails within our Group.

Ratio of Basic Salary - Men to Women

There is completely parity in terms of salary across all positions in the Group, sans any gender bias. Salary distinctions are based solely upon factors such as performance and market comparisons for the relevant skill group.

Human Rights... at Our Core

The ten principles promulgated by the Global Compact (UNGC) concerning human rights, labour, the environment and anti-corruption, have provided the foundation for every facet of Hayleys' business operations.

The Group is a signatory to these principles and their provisos are internally communicated in many ways to ensure that our 30,000 workforce stay reminded of them.

One of the key areas in the application of a responsible approach to human rights is in the signing of agreements concerning investment and procurement. All Hayleys companies are guided by international and local covenants such as the UNGC and Sri Lanka's legal and regulatory regimes in regard to safeguarding of human rights. We cascade this ethos across all supply chains.

Training Employees on Human Rights Issues

The key issues of human rights and the principles of the UNGC are presented to staff at various staff forums. The inculcation of right thinking and right action are ingrained in our people in a multitude of ways. Whilst formal human rights training in stand alone form may be limited, there is in place a continuous informal instruction and mentoring process across every company within the Hayleys Group.

Here are some highlights of the year under review.

At KVPL, training programmes on the awareness of the principles of the Global Compact and their incorporation in company strategy, were carried out by members of the senior management of the Company for all 84 company executives.

The sustainability team of KVPL's Head Office carried out three full day workshops on Ethical Business Management, with the participation of 150 executives and other members of staff.

One senior estate manager participated in a five day workshop on Labour Standards sponsored and moderated by the International Labour Organisation (ILO) and held in Turin, Italy.

A senior member of KVPL's Head Office sustainability team participated in a course, conducted over a period of two months by the Employers' Federation of Ceylon.

In addition to regulated and formal programmes, through on-going dialogue and other interactions between the estate personnel and the Head Office sustainability team, there is in place a continuous informal mentoring and instruction process.

Rights and Non-Discrimination

Hayleys PLC has not recorded a single instance of discrimination involving either internal or external stakeholders during the period under review.

No employee of Hayleys is coerced into working more than the number of hours stipulated by law.

In areas of the Group where extended working hours are required by nature of the business, a roster system is followed to ensure an equitable division of working hours for every employee.

As a responsible employer, we find the concept of child labour totally abhorrent. We do not recruit or employ the underaged.

We abide by the stipulation that no one under the age of 18 would be offered employment at any Hayleys company and we ensure that this age stipulation is practiced by others in the supply chain.

Furthermore, we have had no reported instances of violation of the rights of indigenous people.

Risk Mitigation of Workers' Rights

As reported earlier, Hayleys fully supports the right to freedom of association, collective bargaining and collective agreements.

Twelve Companies within the Group operate Collective Bargaining Agreements with four Unions. Employees are fully supported to engage in dialogue with the Company on any issues they may wish to voice and seek redress on.

We are an equal rights employer, with a functioning open-door policy and conduct all our business dealings with all stakeholder groups sans bias.

During the year in review, we have had no reported instances of violation of this ethic.

A Responsible Relationship with Our Customers

An oft repeated cliché but one that is true nevertheless is the saying, "No customers... no business". At Hayleys, interaction with our customers happens on many different planes. Fundamentally however, it begins by fashioning goods and services to suit their needs. A responsible approach assures that our goods and services meet with the highest standards of customer safety.

Listening with Purpose

To Hayleys, listening to customers is not a one way process. Perhaps dialogue would be a better description of the process we maintain with our customers, where the initial listening phase is complemented with Company input. At the end of the day, this process helps Hayleys draw an accurate picture of its customer satisfaction ratio and also helps in developing a cutting-edge portfolio of goods and services.

Here is an account of how customer feedback is captured and utilised by the Group.

➔ A VOICE THAT'S HEARD

- Presidency, Agricultural Machinery Manufacturers' Association
- Presidency, Sri Lanka Airline Cargo Association
- Presidency, Travel Agents Association of Sri Lanka
- Chairman - CIMA Sri Lanka Governance Board
- Vice-Presidency, Chartered Institute of Logistics and Transport
- Directorship, Plantation Human Development Trust
- Directorship, Sri Lanka Port Management and Consultancy Services Ltd.
- Directorship, Sri Lanka Institute of Nanotechnology (NANCO)
- Executive Committee Membership, Ceylon Association of Ships Agents
- Executive Committee Member - Industrial Association of Sri Lanka (IASL)
- Committee Member - Global Compact Local Network Ceylon (GCLNC)
- Committee Member of Main Lines and Feeders, Ceylon Association of Ships Agents
- Advisory Council Membership, Sri Lanka Freight Forwarders Association
- Advisory Council Membership, Ceylon Association of Ships Agents
- Committee Membership, Human Resources & Education Subcommittee of the Ceylon Chamber of Commerce
- Committee Membership, Lanka Business Coalition (LBCH) for prevention of AIDS
- Executive Membership, National Agribusiness Council
- Committee Membership, Industrial Association of Sri Lanka of the Ceylon Chamber of Commerce
- Committee Membership - Sri Lanka-Russia Business Council
- Committee Membership - Sri Lanka Association of Airline Representatives
- Membership, Agriculture Cluster of the National Council for Economic Development
- Membership, Presidential Committee on Maritime Matters
- Membership, Chartered Ship Brokers Association
- Membership, CSR Committee of the Ceylon Chamber of Commerce
- Member of Board of Directors - American Chamber of Commerce (AmCham)
- Secretary - Association of Licensed Bunker Operators of Sri Lanka (ALBOSL)
- Member of Executive Committee - Association of Container Transporters
- Vice-President - Ceylon Chamber of Commerce - Sri Lanka-France Business Council
- Committee Membership, Ceylon Chamber of Commerce
- Committee Membership, CropLife, Sri Lanka
- Secretary - Sri Lanka Philippine Business Council

Global Markets & Manufacturing

Fibre canvasses customer feedback annually on 18 key service aspects, through a standardised format.

For the year under review, results of this feedback showed that our customers were satisfied with the aspects of price, flexibility, documentation and overall care.

Areas that customers felt should improve were - delivery time, shipping advice procedures, quality of product and providing solutions for quality related issues more expeditiously.

AT Alumex customer surveys indicated that 57% rated the Company's dimensional qualities as 'Excellent'. The surveys ran during the period 1st April, 2010 to 28th February, 2011.

When new aluminium profiles are introduced to the market, we organise training programmes specially targeted at the key decision makers related to our industries including Engineers, Architects, Technical Officers, and so on.

Product familiarisation occurs whenever new products are introduced to the market. Likewise, training for key customer personnel relating to our trade, such as Engineers, Architects and Technical Officers, is also provided each year.

DPL conducts an annual customer survey based upon 14 criteria covering...

Haycarb conducts customer satisfaction surveys annually with the objective of further improving customer relationships. Haycarb measures customer satisfaction under the areas of (a) Communication with Customers, (b) Flexibility, (c) Quality of Products, (d) Packaging and Labelling, (e) Delivery Time and (f) Price.

During the period under review, Haycarb's customer satisfaction level was recorded as 74%.

Haycarb organised its 7th International Distributors' Conference in October 2010 in Colombo at which 20 international distributors/sole agents participated. Haycarb was able to share the technical aspects of specialized products, details of new products and its manufacturing capabilities with the participants.

Agriculture

In the Agri Inputs/Agri Products cluster, Customer Satisfaction Surveys are conducted bi-annually and a Customer Satisfaction Index is arrived at, for evaluation at quarterly review meetings. One-on-one interviews supplement this process. Issues arising from this exercise are processed expeditiously. The cluster also maintains a Reliability Index to track timely delivery of goods and services.

Transportation & Logistics

Within the constituent companies of the Advantis Group, customer surveys are carried out annually and in some instances bi-annually.

At an Advantis Freight Forwarding Company, performance against standards agreed upon with customers for the year under review had an overall achievement rate of 95%.

MIT Cargo's customer satisfaction levels for the year stood at 90%.

Consumer Products

Hayleys consumer on a periodic basis conducts market and consumer surveys using internal and external research expertise to understand consumer insights relating to its product categories. Feedback is then used to fine tune business strategy.

Keeping our Products Safe

We present an account of the efforts made to make every Hayleys product as safe and non-injurious to health as possible.

Global Markets & Manufacturing

At Haycarb, products are tailored to meet quality specifications laid down by the customer. However, at all times such specifications must comply with minimum health and safety standards prescribed by industry regulators, or exceed them.

Alumex has many inbuilt safety measures in their range. For example, its aluminium range of windows are designed to open inwards allowing for safe cleaning and maintenance, particularly in high-rise buildings.

DPL assesses health and safety impacts through various stages including development of product concept, R&D, certification, manufacturing & production, storage, distribution, supply, use & service.

Agriculture

We market a range of crop protection products which are environmentally friendly, of low toxicity and are extremely safe to use. Safe packing methodology is also used.

In-process and final product inspections of food-based products are done to meet quality standards.

Certifications obtained for such products include HACCP, ISO 9001:2008, ISO 22000:2005 which ensure the health and safety of consumers and users.

Random assessments are also conducted on how the weight factor of our line of sprayers impact users. Similar random assessments of sprayer nozzles are carried out as well.

At KVPL, product hygiene initiatives are underscored by ISO 9001:2008, ISO 22000:2005 and HACCP accreditations. In-process and final product inspections of food based products are made to meet quality standards. In the interest of employee health and safety, all KVPL employees are provided with health and safety instructions, training in handling equipment and basic first aid. All estates have access to medical centres with qualified medical staff whilst key estates have hospitals and maternity homes. Ambulances are strategically located with easy access for estate clusters whilst medical camps are conducted regularly for all plantation residents.

Talawakelle Tea Plantations PLC (TTEL) too is ISO 22000:2005 and HACCP accredited.

Consumer Products

The majority of products marketed by Hayleys Consumer (HCPL) are governed by the mandatory import inspection scheme conducted by the Sri Lanka Standards Institution. Thus, all HCPL products marketed conform to Sri Lanka Standards including meeting all international standards.

In addition, all HCPL Lighting products (CFL) comply with the Sustainable Energy Authority's Star rating with accreditation of energy stars.

There have been no instances of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services reported from any entity of the Hayleys Group.

Product & Service Labelling

Helping our customers make an informed choice when purchasing our goods and services; reassuring them that our products are safe and non-injurious or giving them the necessary information required to handle, use and consume our products; these are just some of the matters that we address each year.

The imparting of this information to customers whether it be on a product label, leaflet, media activity or by any other means, is what we are concerned with here and present by sector-wise.

Global Markets & Manufacturing

DPL has tabulated data pertaining to the applicability of certain information for inclusion in their product and service information and labelling.

Information	Yes	No
The sourcing of components of the product or service	†	
Content, particularly with regard to substances that might produce an environmental or social impact	†	
Safe use of the product or service	†	

There have been no instances of non-compliance with regulations and/or voluntary codes concerning product information and labelling reported from any company of the Hayleys Group.



➡ In Japan they Loved our 'Lovers Leap'

Pedro Estate, one of Kelani Valley Plantations PLC's premier factories won singular acclaim for its black teas at the 'Ceylon Speciality Tea of the Year 2009/10 Competition' held recently in Tokyo, under the auspices of the Japanese Tea Association and the Sri Lanka Tea Board.

An OP Grade sample from Pedro, which sells under the 'Lovers Leap' mark, received the Gold award whilst a Pekoe from the same estate won Bronze.

The price of JY 24,000 secured by the Gold award winning tea was the highest price paid for any tea sold at this event.

A panel of tea tasters from Japan, assisted by two experienced tea tasters from Sri Lanka, examined 40 varieties of tea selected from over 400 samples submitted for the competition from plantations in Nuwara Eliya, Uda Pussellawa, Dimbula, Uva, Kandy, Sabaragamuwa and Ruhuna.

KVPL's commitment to product purity, quality, process hygiene and safety is manifest in the HACCP, ISO 22000:2005 certifications the Company has secured for all its 13 black tea producing estates, as well as the Global GAP certification of all its plantations.

Agriculture

All relevant agricultural, fertilizer products and pesticides display poison warnings on pesticides, safe storage instructions on pesticides and fertilizer, safe application procedures on veterinary products and pesticides, information on antidotes in case of contamination/consumption and poison centre contact details amongst other information. The Company complies with the regulations of the FAO Code of Conduct, and those of the Department of Agriculture, the Registrar of Pesticides and other relevant Local Authorities.

The labelling on HJS Condiment's products carry information including the Net Content, Lot Identification, Production and Storage Information, 'Best Before' date and Shelf Life information.

In the case of Quality Seeds, information on Lot Number, Variety, Date of Harvest, Purity, Germination and date of expiry is provided.

Hayleys Agri Inputs and Agri Products fully comply with the plant quarantine procedures for import and export of plants. All our value added food products display the following information/details on products - Net Content, Best Before Date or

Produced Date & Shelf Life, Lot Identification, Instruction for Use, Storage Information, Nutritional Value, Energy Value.

In the case of Seed the following information is provided - Lot No, Variety, Date of Harvest, Purity, Germination, Date of Expiry.

For agricultural inputs, all safety aspects and other health requirements are included in the label in compliance with local and international regulations and standards

Plantations

The labelling on TTEL products carry the ISO Standards for Tea accreditation, the Lion logo which indicates that the pack contains pure Ceylon tea and voluntary HACCP, ISO 22000:2005 and TASL-SGS certification.

Transportation & Logistics

Hayleys Advantis complies with stipulated requirements by showing customers' and users' rights/obligations in transportation documents such as Bills of Lading, Waybills (Air and Sea), Goods Received Notes and Combined Transportation Documents as governed by relevant conventions.

All export air express shipments need to have Conditions of Contract which are stated on the back of the Air Waybill.

A Responsible Marketing Approach

Hayleys is well aware of the power of Marketing Communications to influence opinions and purchasing decisions.

Our core values underpin adherence to ethical advertising and communication practice. At the same time, all marketing and publicity activity is informed by the provisos that govern our approach to product responsibility.

In addition, many of our constituents follow requirements on marketing communication and best practices cascaded from their Principals.

There have been no instances of non-compliance with regulations and voluntary codes concerning marketing communications and related activity, reported from any company of the Hayleys Group.

There have been no complaints of breach of customer privacy and data loss. We have had no fines levied against us for non-compliance with laws and regulations concerning the provision and use of products and services.

Society

Hayleys PLC is one of Sri Lanka's largest diversified conglomerates. The impact our activities have on our stakeholder is broad-based and far reaching. We have remained and will remain mindful of the impacts of our interactions with all stakeholder Groups.

The Hayleys way has been one of effective partnering for social development rather than that which offers mere handouts.

Community

The Hayleys ethos seeks to make every impact our constituent businesses have on community life a beneficial one.

Across the Group each company abides by this core ethic.

The experiences we have in the agricultural sector clearly illustrate our approach.

Whilst accomplishing our business goals, we ensure the empowerment and development of farmer communities in the process.

The subsidiaries that form the Agri Inputs component of this business segment conduct regular farmer, training programmes and help establish farmer, clubs to propagate learning on new technologies/products leading to enhanced productivity of the farmer.

Learning on safe handling of pesticides is also provided.

Our Stance on Corruption

Hayleys espouses a zero tolerance where corruption is concerned.

We have always pursued profit-generating business within a strict framework of integrity and ethics.

Across all our companies, a code of conduct prevails within which the Group's basic values of anti-corruption are embedded. Many of our subsidiaries have extended this core value by incorporating it in their own guides, handbooks and codes.

Our Role in Public Policy

Hayleys PLC plays an active and participatory role in the public policy development domain. Ours is also a clear voice when lobbying issues of relevance.

Hayleys PLC makes no financial or in-kind contribution to political parties, politicians or related institutions.

There have been no instances of fines or sanctions levied against Hayleys for non-compliance with laws and regulations.

➡ Drinking a Toast to Our Latest Club



The power of the spoken word has never been as evident as it is today, in a world saturated with all manner of commedia material. From the White House to the shop floor, one's ability to use words with care, logical thought progression and finesse, are a sine qua non for any person today.

Executives from across the Hayleys Group have embarked on a mission to harness the power of effective public speaking for personal and professional advancement with the formation of the Group's own Toastmasters' Club.

Affiliated to Toastmasters International the new club consists to date of 75 'speech crafters'.

The theme chosen for this the inaugural year of the Club is 'Your Speech Matters' a theme that encapsulates the multiple paradigms in which effective articulation of ideas and views could be influential and impactful.

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UNGC PRINCIPLES - GRI INDICATORS CROSS REFERENCE

Issue Areas	GC Principles	Relevant GRI Indicators
Human Rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	LA 4, LA 13, HR 4, HR 5, HR 6
	Principle 2 Businesses should make sure that they are not complicit in human rights abuses	HR 4, HR 5, HR 6
Labour	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	LA 4, LA 5, HR 5, HR 6
	Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labor	HR 7
	Principle 5 Businesses should uphold the effective abolition of child labour	HR 6
	Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	LA 2, LA 13, LA 14, HR 4, EC 5, EC 7
Environment	Principle 7 Businesses should support a precautionary approach to environmental challenges	EN 9, EN 14
	Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility	EN 1, EN 2, EN 3, EN 4, EN 5, EN 6, EN 7, EN 8, EN 10, EN 11, EN 12, EN 13, EN 14, EN 16, EN 21, EN 22
	Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies	EN 5, EN 6, EN 10, EN 26, SO 5
Anti-Corruption	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	SO 4, SO 5