

# Governance

DPL's corporate governance framework is broadly aligned to that of its parent entity, Hayleys PLC and refined to reflect specific industry dynamics, regulatory requirements and stakeholder expectations of the Sectors in which DPL operates. The Governance Framework seeks to effectively balance entrepreneurial leadership and prudent management to deliver long-term stakeholder value.

## Responsible and responsive corporate citizenry

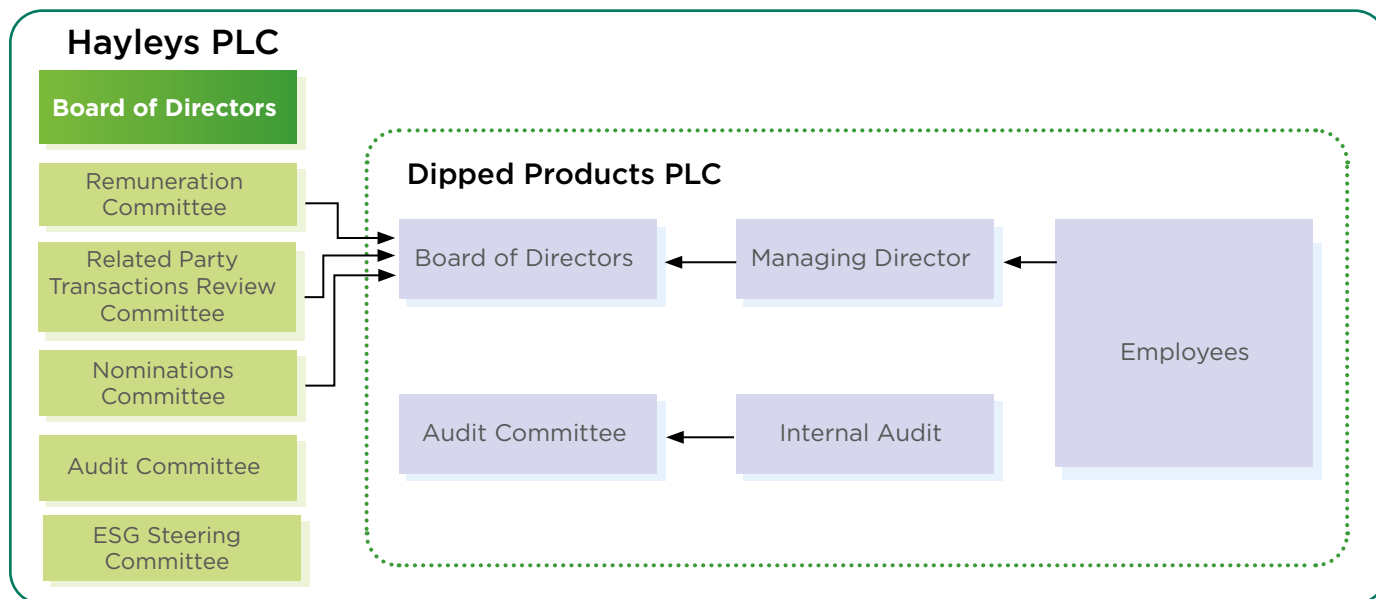


Structure and Oversight	Stakeholder Engagement	Transparent and Accurate Reporting	Enterprise Risk Management	Ethics and Culture
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## STRUCTURE AND OVERSIGHT

The Board of Directors is the apex governing authority and is empowered to delegate responsibilities pertaining to specific functions to any committee or committees as it thinks fit. Accordingly, the Board is supported by 3-sub committees which have oversight responsibility on specific areas delegated to them, thereby allowing the Board to devote its time to strategic agenda items. The Remuneration Committee, Nomination Committee and Related Party Transactions Review Committees of Hayleys PLC, assist the Board of DPL, as permitted by the listing rules of the CSE. DPL’s Audit Committee reports to the Hayleys PLC Audit Committee on financial reporting, internal controls and risk management related issues.



### Board Committees

Sub-Committee	Composition	Mandate
<b>Audit Committee</b>	3 Independent Non-Executive Directors	Provide oversight on financial reporting, internal controls and functions relating to internal and external audit
<b>Remuneration Committee</b>	1 Non-Executive Director 3 Independent Non-Executive Directors	Formulation and review of Remuneration policies and set goals and targets relating to Directors, Managing Director and Key Management Personnel (KMPs)
<b>Related Party Transactions Review Committee</b>	1 Executive Director 2 Independent Non-Executive Directors	Assess all transactions with related parties to ensure that related parties are treated on par with other stakeholders
<b>Nomination Committee</b>	Chairman 1 Non-Executive Director 1 Independent Non-Executive Director	Provides recommendations to the Board on all new appointments
<b>ESG Steering Committee</b>	3 Executive Directors 3 GMC members including Group CFO and Group Head of Human Resources and Legal	

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## STAKEHOLDER ENGAGEMENT

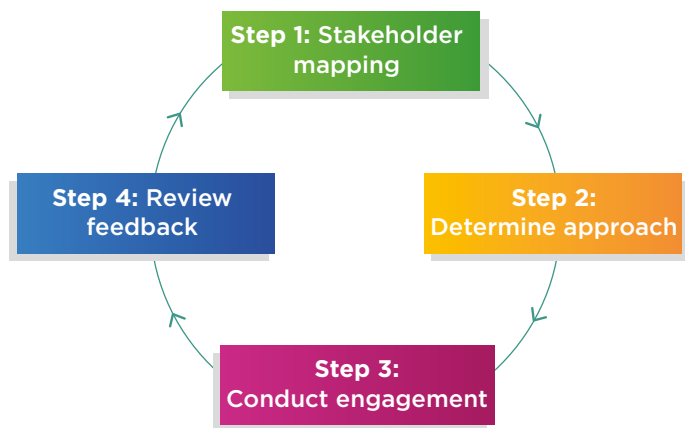
DPL has nurtured extensive relationships with diverse stakeholders across who play a vital role in enabling the Group to identify, mitigate and manage ESG opportunities and risks before a problem arises. Feedback received also informs DPL’s materiality assessment (refer to page XX), ESG strategy and reporting. DPL’s approach to stakeholder engagement is aligned to that of the Hayleys Lifecode and is set out below.

### Stakeholder Value

The value propositions for the Group’s key stakeholders are set out below;

Stakeholder	Value proposition
<b>Shareholders</b>	Deliver sustainable returns commensurate with the risk undertaken and long-term growth
<b>Employees</b>	Create an inclusive and dynamic work environment which values employee well-being and satisfaction.
<b>Customers</b>	Consistently deliver high-quality, innovative solutions with excellent customer service.
<b>Business Partners</b>	Create opportunities for long-term business growth and sustainable value creation.
<b>Community</b>	Address the social and environmental impacts of our operations through responsible business practices and drive meaningful change in communities.

### Approach to Stakeholder Engagement



#### Step 1: Stakeholder mapping

Criteria for identifying and prioritizing stakeholders

#### Step 2: Determine engagement approach and mechanisms

Determine the intensity, frequency, and logistics

#### Step 3: Conduct engagement

#### Step 4: Review feedback

Identify risks/opportunities from feedback and determine actions

#### Stakeholder Groups

- **Capital/debt providers**  
(Shareholders, investors, banks, funding agencies analysts, rating agencies)
- **Employees**  
(Current and future employees)
- **Customers**  
(Direct and indirect customers)
- **Suppliers**  
(Direct suppliers, out-growers)
- **Business partners**  
(Principals, distributors, retailers)
- **Government**  
(Public authorities, regulators)
- **Civil society organisations**  
(NGOs, opinion leaders, activists)
- **Industry counterparts**  
(Competitors, industry associations)
- **Community**  
(Residents in operating areas, community organisations, resident associations, public)

## Stakeholder Mapping

In the identification stage, all parties who currently have an interest in the Group's business or are likely to have an interest in the future should be considered (list set out alongside). Prioritise and select stakeholders to engage with based on the criteria set out below. The selected stakeholders do not remain static over time but evolve with changes in the internal and external operating environments.

- **Influence:** The level of influence the stakeholder has over the organisation directly or through other stakeholders
- **Vulnerability:** The degree to which the stakeholder will be impacted by the Group's activities
- **Expertise:** The expertise, level of information and guidance that can be given by the stakeholder
- **Orientation:** The nature of the relationship (i.e collaborative or combative)

## Determine Engagement Approach and Mechanisms

The engagement approach is set based on the relative importance of the stakeholder (as prioritised above), expectations and nature of relationship. The approach can range from collaborative dialogue to monitoring stakeholders' positions through research. Engagement mechanisms should be determined based on the approach (as set out below) and should consider factors such as time, financial and human resource requirements.

Approach	Mechanisms
Consult/ Collaborate	Satisfaction surveys Meetings/workshops Stakeholder forums Projects/ development programs
Message	Corporate reporting Press releases Corporate website/social media platforms Marketing campaigns Newsletter/mass e-mail
Monitor	Online/social media monitoring Tracking relevant research/news reports

## Conducting Engagement

The facilitator should consider factors such as channel (i.e face to face/ online), formality, expected level of participation and atmosphere when planning and conducting the engagement. To ensure effective engagement, the relevant facilitator will define roles and responsibilities, provide adequate time for participants to prepare, develop agenda and set rules of engagement. According to the Hayleys Lifecode, all sectors within the Hayleys Group should conduct satisfaction surveys with employees and customers at least annually. Sectors which are reliant on critical supply chains should also conduct supplier surveys at least annually.

## Action Plan and Review

Feedback and insights obtained from stakeholders are documented, analysed and reviewed. This feedback will be a key input when conducting DPL's materiality assessments and setting strategy. Where necessary, action plans are also formulated to address specific concerns/grievances of stakeholders, which could give rise to material problems and/or opportunities in the future.

# Governance

## TRANSPARENT & ACCURATE REPORTING

The Board of Hayleys PLC is committed to facilitating transparency and accurate reporting to its investors and other market participants.

## Financial and Operating Results

Quarterly financial statements and the Annual Report serve as regular communication of our financial performance which is disseminated through the Colombo Stock Exchange. Material developments that arise between these reporting dates are announced through the Colombo Stock Exchange to facilitate equal access to information by investors and market participants. Additionally, we also issue press releases on our quarterly financial performance and material developments that arise in the interim period to facilitate timely dissemination of information.

## Sustainability and ESG Reporting

DPL has in recent years, sought to enhance its corporate reporting in alignment with Hayleys PLC and as global best practice. Our reporting continues to receive recognition at

various award competitions, attesting to the meaningfulness, relevance and readability of the information provided. Key aspects of the Group's Sustainability Reporting are as follows:

- Adoption of the <IR> Framework of the International Integrating Reporting Council
- Global Reporting Standards (GRI) for Sustainability Reporting
- Systematic materiality assessment procedure in line with the Hayleys Group

## Related-party Transactions

Related party transactions are reported in line with the requirements of the CSE Listing Rules. Each Group company is expected to ensure that effective processes are in place to comply with the requirements of the same and that all Board members and key management personnel of the company are aware of their roles, responsibilities, obligations and duties in this regard.

## Other Information

The Annual Reports of the Group and listed companies of the Group should provide information on the following:

- Company objectives
- Value created for stakeholders
- Environmental, Social and Governance information
- Issues regarding employees and other stakeholders
- Foreseeable risk factors

Information provided in the Annual Reports must be accurate, reliable, comparable and consistent. The Annual Reports must also provide a balanced view of the performance and standing of the company, explaining both positive and negative aspects in a responsible manner. We encourage public listed companies within the Group to prepare Annual Reports adopting international best practice using reputed standards, codes and frameworks.

## ETHICS AND CULTURE

DPL's Directors and all employees are governed by the Hayley's Group's Internal Code of Conduct- the Hayleys Way which explicitly sets out the behaviour expected from an employee in reinforcing the Group's organisational values.



## ENTERPRISE RISK MANAGEMENT

DPL is exposed to a range of internal and external risks which are affected by numerous factors beyond the Group's control. The approach to managing these risks is aligned to its parent entity, Hayleys PLC which adopts a robust Enterprise Risk Management (ERM) system with structures and tools in place to identify, manage and mitigate risks in a consistent manner. Accordingly, clearly defined governance structures, framework of policies and allocation of responsibilities for risk identification, measurement, mitigation and monitoring forms the foundation of DPL's risk management framework.

### Risk Management Framework

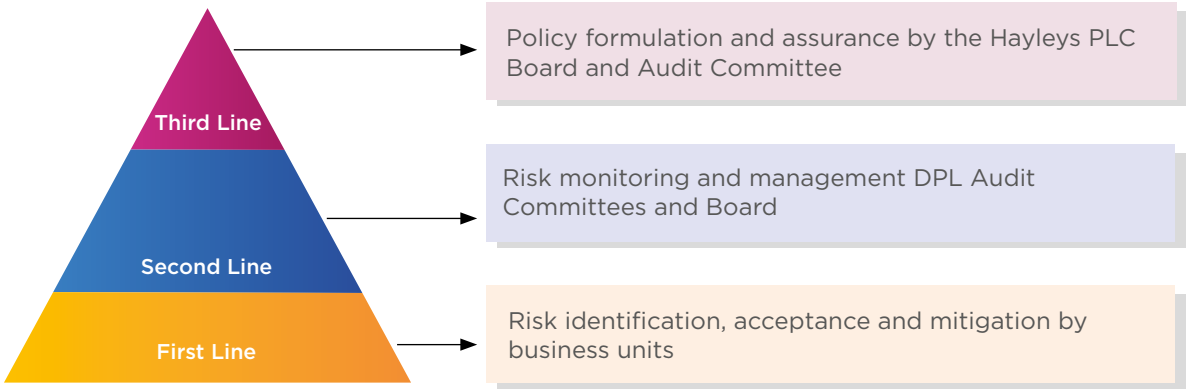
**Risk Governance Structure and Committees:** The Board of Directors hold apex responsibility for managing the Group's risks in an effective manner. The Audit Committee play a key role in identifying, monitoring and managing risk. Furthermore, the minutes of these Audit Committee meetings are tabled to the Hayleys PLC Audit Committee, thereby ensuring that main Board Directors are kept abreast of emerging risks which could affect sectors.

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## Risk Management Framework & Principles



DPL adopts the globally accepted three lines of defense model in understanding, managing and measuring its risks, thereby ensuring clear segregation of duties in risk management.



## Risk Universe

DPL's risk landscape changed dramatically during the year, reflecting both pandemic-led challenges and severe macro-economic challenges. These dynamics had implications on both the Hand Protection and Plantations sectors as discussed below: The following discussion provides an overview of the Group's top risks in terms of impact and likelihood; this list is not exhaustive, and the Group duly monitors other emerging risks on an ongoing basis.

