

# Rejuvenate Regenerate

ESG Report 2023/24



# Making Sustainable Living Commonplace



## Table of Contents

Table of Contents

About Talawakelle Tea Estate PLC

About the Report

Global Accreditations & Certifications

Our ESG Approach

Performance Highlights

Milestones – Talawakelle Tea Estates PLC

Environment Pillar

Social Pillar

Governance Pillar

Appendices

## About Talawakelle Tea Estates PLC



## The Talawakelle Tea Estates PLC Story

Nestled in Sri Lanka’s stunning tea country, Talawakelle Tea Estates PLC is a symbol of excellence in Ceylon tea. Blending tradition with innovation, we produce some of the finest teas this island offers. Our journey began in 1992, following a government-led privatization. However, the roots of our 16 tea estates trace back to the late 19th century, when Scottish planters first cultivated these lands. Today, we honor their legacy by continuing to produce world-class Ceylon tea. At TTE PLC, we are dedicated to tea and our people. From the workers in our fields to the tea lovers who enjoy our brews, we aim to enhance lives and foster sustainable growth. Our mission is clear: manage our plantations responsibly, delight with quality teas, and ensure progress for all. Innovation drives us. We were the first in Sri Lanka to achieve several key certifications, underlining our commitment to quality and sustainability. Powered by renewable energy and eco-friendly practices, our estates lead the way in sustainability. The heart of our company is our people. Their expertise and dedication are the foundation of our quality, ensuring each cup of our tea reflects their hard work and passion. Beyond our estates, we are deeply involved in community development, education, healthcare, and environmental conservation. Our CSR efforts reflect our dedication to making a positive impact on society. As stewards of Sri Lanka’s finest tea gardens, we bring you the authentic taste of Ceylon tea. Every leaf tells a story of passion; every cup is a sip of purity. Experience the essence of Sri Lanka, one cup at a time.



## About the Report

### Scope and Boundary

The report reviews TTEL's efforts in environmental stewardship, social responsibility, and good governance, highlighting key areas related to TTEL's commitment to sustainable and responsible operations. Since 2023, TTEL has released a Sustainability Report, which has fostered greater accountability and helped establish a more structured, measurable approach to tracking its sustainability progress over time. This year's report aims to address broader sustainability topics, guided by a comprehensive ESG Management Framework.

### Reporting Frameworks and Standards

We have prepared this report, covering the period from **1st April 2023 to 31st March 2024**, with a strong focus on the **UN SDGs**, **Disclosures for the Sustainability Accounting Standards Board (SASB)**, and the **Climate-Related Financial Disclosures Report**. To further demonstrate its commitment to sustainability and key ESG matters, **Talawakelle Plantation PLC** aligns with a range of global standards and sustainability best practices.



## Our Awards, Commitment & Certification

Our company has been consistently recognized for excellence in ESG practices, sustainability efforts, and operational achievements. Through a strong commitment to international standards and certifications, we have demonstrated our dedication to quality, environmental responsibility, and social impact. Each award and certification serves as a testament to our adherence to best practices and our continuous drive to enhance our performance. By maintaining these commitments and aligning with global standards, we strive to create a sustainable future, uphold transparency, and deliver value to all stakeholders.

### Major Awards



The prestigious Best Corporate Citizen honor for 2023 was awarded to Talawakelle Tea Estates PLC, marking the 1<sup>st</sup> time a plantation company had won the honor and the most accolades given to a single company in the program's 20-year history.

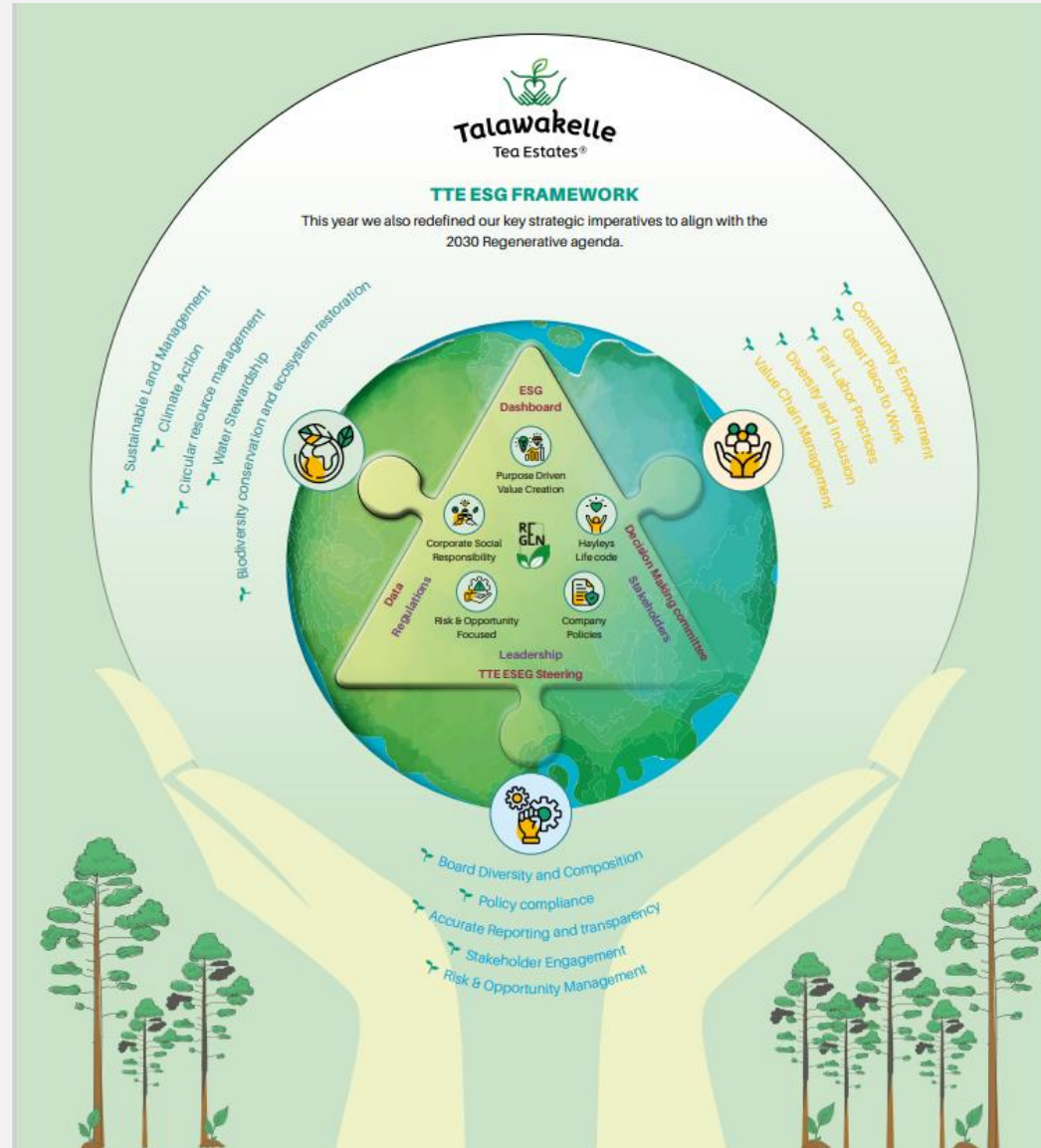
### Our Commitment



### Our Certifications Coverage

	<p>ISO 9001:2015 Quality Management System</p>
	<p>ISO 22000:2018 Food Safety Management Systems</p>
	<p>ISO 14064-1:2018 Green House Gas Emission (GHG)</p>
	<p>ISO 14001:2015 Environmental Management Systems</p>
	<p>ISO 50001: 2018 Energy Management Systems</p>
	<p>Rainforest Alliance</p>
	<p>Great Place to Work</p>
	<p>Eco Label Certification</p>
	<p>Mother &amp; Child-Friendly Seal</p>

# Our ESG Approach



**Our 2030 Regenerative Agenda** is a comprehensive roadmap to promote sustainability and regenerative practices across all aspects of our business. Our aspirations center on integrating ESG (Environmental, Social, and Governance) into our business with the aim create a more sustainable and resilient future while delivering long-term value to all stakeholders.

The concept of regenerative business extends beyond conventional sustainability by focusing on building systems that not only sustain but also restore and regenerate natural resources. As such, TTE PLC is reshaping its sustainability agendas to adopt regenerative practices that promote environmental and social well-being and improve business resilience. TTE has always been at the forefront of progressive sustainability and Environmental, Social, and Governance (ESG) practices. However, the company is taking this commitment to the next level by adopting regenerative practices. The concept of regenerative business is not just about sustaining the environment, but also restoring and regenerating the world. To achieve this, TTE adopts a holistic ESG framework that enables us to measure and report on sustainability and regenerative practices. The ESG framework aims to provide a comprehensive and systematic approach to evaluating the company's environmental and social risks and impacts, its social responsibility, and governance practices thereby allowing us to identify areas for improvement and prioritize actions to achieve regenerative business goals. In reshaping our sustainability agenda to embrace regenerative practices, TTE is redefining its strategic imperatives to align with a more sustainable and regenerative future. This involves transforming our business models, operations, value chain management, and employee engagement practices by adopting regenerative practices within an ESG framework, TTE aims to promote a more sustainable and equitable future. The company anticipates benefits such as improved risk management, access to new markets, efficiencies/cost savings, and delivering long-term value to stakeholders.

## Our ESG Rating & Score



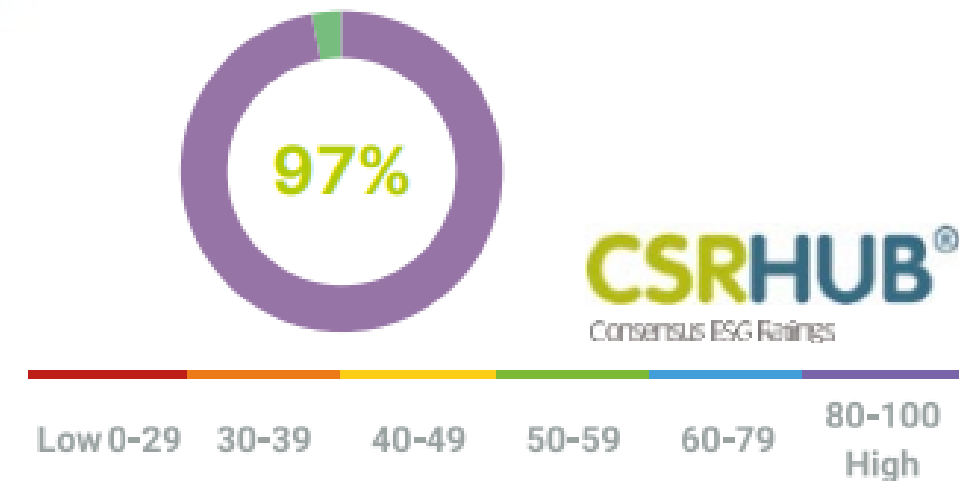
**AA** Grade company on ESG Rating by IdealRatings®

**IdealRatings®**

*(It's platform that provides environmental, social, and governance (ESG) data and analysis for investors and companies.)*



## Our ESG Ranking Compared with 36,822 Companies



## Performance Highlights

### ENVIRONMENTAL STEWARDSHIP



- Waste Recycling 5159 kg  
FY 2022/23: 5,530 kg
- GHG Emissions Intensity 1.93  
FY 2022/23: 1.5
- Renewable Material Used 86 %  
FY 2022/23: 88%
- Renewable Energy Share 85%  
FY 2022/23: 88%
- Environment Management and Conservation  
Investment Rs 62 Mn  
FY 2022/23: 48.9 Mn

### SOCIAL RESPONSIBILITY



- 89 % Employee Retention Rate FY 2023/24
- 11 % Employee Turnover Rate FY 2023/24
- 86 % Customer Satisfaction  
FY 2022/23 - 86%
- Rs. 103.6 Mn Investment “A Home for Every  
Plantation Worker” FY 2023/24
- Rs. 14.4 Mn Training Investment FY 2023/24

### GOVERNANCE



- RANK 01 RPC Overall Ranking  
Previous Year: RANK 01
- Achieved a stakeholder engagement index  
of 3.7 out of 5 in 2023/24
- 232 Top Price Ranking Previous Year: 211
- Rs. 14.4 Mn Management Training  
Investment FY 2022/23: Rs. 13.7 Mn
- Launch an ESG data-book for public use.
- 69 Awards & Recognitions  
FY 2022/23: 37 Awards



# Milestones – Talawakelle Tea Estates PLC

1992



## journey began

Our journey began in 1992 as Talawakelle Plantation Limited Company

2006



Kiruwanganga Estate achieved **ISO 22000:2005** certification as the first tea factory

2010



Home for every plantation workers

2013



First **Integrated Report** Initiated

2018



Talawakelle Tea Estates PLC was honored as the **Overall Winner at the National Business Excellence Awards**

2021



we achieved another milestone as the first regional plantation company to be certified as a **"Great Place to Work,"** underscoring our commitment to excellence.

2023



**Best Corporate Citizen Sustainability Award** winner

2001



Our Great Western Estate was the first in Sri Lanka to obtain the **Hazard Analysis and Critical Control Points (HACCP)** certification

2006



Invested in **Mini Hydro Plants** in Somerset Palmerston Radella

2011



our tea estates proudly acquired the **Rainforest Alliance** certification

2017



Great Western Estate obtained **ISO 9001:2015 and ISO 14001:2015** certifications

2020



Holyrood Tea Factory became the first in the country to achieve **ISO 50001:2018** certification

2023



Kiruwangala Green Building Factory



# Our Environment Commitment



## Environment - Net-positive impact

### Climate Action



*Human-induced greenhouse gas emissions have significantly impacted the planet, increasing global surface temperatures by 1.1°C between 2011 and 2020. (IPCC,2021)*

As a leader in sustainable tea production, Talawakelle Tea Estates PLC is committed to taking bold climate action. We have set ambitious targets to reduce greenhouse gases through responsible consumption and the adoption of renewable energy sources, demonstrating our unwavering commitment to environmental stewardship.

At the heart of our sustainability efforts is the “Environment pillar” which focuses on resource optimization and the integration of renewable energy into our operations. We aim to lead the industry in climate action, with a clear pathway to mitigate climate change and adapt to its impacts.

To protect the climate and ensure a sustainable future, we are committed to achieving the following targets by 2030:

- Achieving net-zero greenhouse gas emissions across our operations.
- Completion of implementation of a comprehensive climate risk management strategy.
- Completion of Implementation of a comprehensive climate adaptation plan.

These ambitious goals underscore our dedication to addressing climate challenges and ensuring that our operations contribute positively to global efforts to mitigate climate change.

**Our climate change targets are aligned with these UN SDGs:**  
**Net-zero emissions by 2030** contributes to **SDG 13 (Climate Action)** and **SDG 7 (Affordable and Clean Energy)**.

**Risk management strategy** supports **SDG 13 (Climate Action)** and **SDG 9 (Industry, Innovation, and Infrastructure)**.

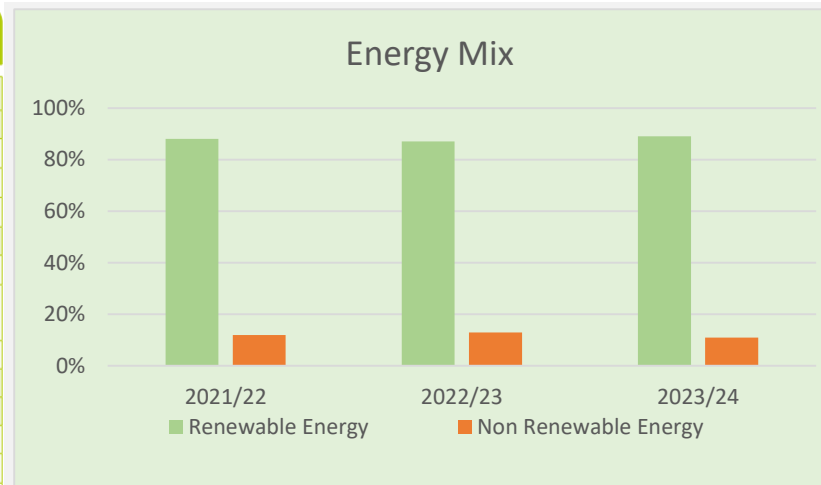
**Climate adaptation plan** aligns with **SDG 13 (Climate Action)** and **SDG 15 (Life on Land)**, protecting ecosystems and biodiversity.



Energy consumption by scope	2023/24	% Share	2022/23	% Share	% Change
<b>Within the organisation (Gj)</b>					
<b>Direct</b>					
Biomass	177,085	82%	172,856	86%	2% ▲
Gasoline	9,314	4%	2,621	1%	255% ▲
Diesel	6,386	3%	7,365	4%	13% ▼
<b>Indirect</b>					
Electricity	16,910	8%	11,751	6%	44% ▲
Energy consumed within the organisation (1)	214,663	-	201,663	-	6% ▲
<b>Outside the organisation (Gj)</b>					
<b>Direct</b>					
Gasoline for vehicles	-	-	-	-	-
Diesel for vehicles	1,191,707	100%	654,602	100%	82% ▲
<b>Energy consumed outside the organisation (2)</b>	<b>1,227,827</b>	<b>-</b>	<b>654,602</b>	<b>-</b>	<b>82% ▲</b>
<b>Total energy consumed (1+2)</b>	<b>1,442,497</b>	<b>-</b>	<b>856,265</b>	<b>-</b>	<b>68% ▲</b>
<b>Energy Intensity</b>					
Energy consumed within the organisation (1)	34.91	-	34.96	-	-
Made tea output (Kilograms)	5,719,505	-	5,102,219	-	12% ▲
Average energy consumed per unit of made tea (Gigajoules per Kilogram)	0.04	-	0.04	-	-

In reviewing our energy data, we observed a notable increase in energy usage in FY 2023/24 compared to the previous fiscal year. This increase is attributed to the operational impacts of the COVID-19 pandemic, which led to reduced factory activity in FY 2022/23. With the resumption of full operations in FY 2023/24, our factory returned to normal production levels, resulting in higher energy consumption as compared to the previous year.

Depicts the share of energy obtained from renewable sources



FY	2023/24	2022/23	tCO <sub>2</sub> e Saving
Biomass (Gj)	177,085	172,856	1,826.30
Hydropower (Gj)	24,697	28,558	4,679
Solar Power (Gj)	2,240	2,210	440

### Building Team Capacity



### Biomass Energy

We use fuelwood and briquettes for biomass energy, with 1,039 hectares dedicated to fuelwood cultivation, primarily eucalyptus in high-grown estates (over 75% of the planted area). In the reporting year, we used 11,352 metric tons of fuelwood (80% from third-party suppliers) and planted 28 hectares to enhance energy self-sufficiency. Briquettes are made from agricultural waste.

### Solar Power

We have installed rooftop solar systems across five estates, with a total capacity of 599.43 kWp, generating 622 MWh this year.

### Hydropower Energy

This year, we acquired full ownership of mini-hydro plants in Radella, Palmerstone, and Somerset. Due to low rainfall, hydroelectric generation decreased by 14% to 6,860 MWh, covering 77% of our electricity needs.

Energy Management and GHG Emissions The National Cleaner Production Centre in partnership with UNIDO, offers an extensive training programme focused on implementing energy efficiency and curtailing GHG emissions as per the ISO 50001:2018 energy management standard. Acknowledging the current expertise gap within our estates in implementing this standard—with the exception of Holyrood estate which is already certified—we have facilitated two employees from the sustainability team to follow this one-year part-time program. One employee has already completed and received certification. We believe that this training initiative will complement our efforts and pave the way for our aspiring estates to pursue ISO certification in the near future.

# TTE NET ZERO JOURNEY

## Did You Know ?

TTE has become the first company in Sri Lanka to committed and verified a Science-Based Target (SBT) from the SBTi.

Upholding best environmental practices, efficient energy management, and key investments in renewable energy sources have underscored our efforts to minimize and meet our GHG emissions targets. We have a well-structured monitoring mechanism to track and assess our GHG footprint. Our annual GHG Inventory Report, validated by the Sri Lanka Climate Fund to be in line with ISO 14064-1:2018 Greenhouse Gas Verification Standard, sets out our emission performance with year-on-year improvements. We also monitor stack emissions in keeping with the Environmental Protective Licensing guidelines of the Central Environmental Authority. In the reporting year, our GHG emissions under Scope 1, 2, and 3 stood at 11,045 tCO<sub>2</sub>e. We could leverage our renewable energy sources, as discussed above, generating electricity over and above our requirement from the national grid, thereby, offsetting our Scope 2 emissions entirely. Our overall increase in emissions stood at 22% since the significant increase in fertilizer and fuel usage. However, the emission intensity remains at 1.93, close to the previous year. Our operations do not release ozone-depleting substances; NO<sub>x</sub> or SO<sub>x</sub> gasses produced through our daily operations and community households are negligible.

Emission Source	2023/24 (tCO <sub>2</sub> e)	2022/23 (tCO <sub>2</sub> e)	Variance
<b>Direct emission (Scope 01)</b>			
<b>Category : Direct GHG Emissions in tCO<sub>2</sub>e</b>			
<b>1.1 Direct emission from stationary combustion</b>	1,743	1,898	8% ▼
Operation of on-site diesel generators	57	114	50% ▼
LPG consumption	13	10	30% ▲
Biomass	1,673	1,774	6% ▼
<b>1.2 Direct emissions from mobile combustion</b>	832	577	44% ▲
Company owned diesel vehicles	79	217	64% ▼
Company owned petrol vehicles	405	151	168% ▲
Company owned off-road vehicles (Diesel)	79	131	40% ▼
Agricultural machineries (Petrol)	269	78	245% ▲
<b>1.3 Direct emission from the release of GHG's in anthropogenic systems</b>	5,094	3,186	60% ▲
Fertilizer application	5,094	3,186	60% ▲
CO2 fire extinguishers	0.1	0.1	-
Refrigeration and air conditioning	0.0	0.0	-
<b>Total Direct Emission</b>	<b>7,669</b>	<b>5,662</b>	<b>35% ▲</b>
<b>Indirect GHG emissions (Scope 02)</b>			
Category : Indirect GHG emissions from imported energy	2,205	2,335	6% ▼
Indirect GHG emissions from imported energy	2,011	2,148	6% ▼
<b>Indirect emission (Scope 03)</b>			
Category 1: Purchased Goods and Services	1,071	938	14% ▲
Category 3: Electricity distribution loss	194	187	4% ▲
Category 4: Upstream Transportation and Distribution	14	28	50% ▼
Category 5: Waste Generated in Operations	1.3	1.2	5% ▲
Category 6: Business Travel	13	11	19% ▲
<b>Total Emission (Excluding biogenic emission)</b>	<b>11,045</b>	<b>9,085</b>	<b>22% ▲</b>
GHG saving from Hydropower generation	4,679	6,381	27% ▼
GHG Saving from Solar Power generation	441	455	3% ▼
<b>Total emission saving from renewable energy generation</b>	<b>5,119</b>	<b>6,836</b>	<b>25% ▼</b>

Certified ISO 14064-1:2018 for GHG inventory preparation & management by Sri Lanka Climate Fund.

ISO 14065 GHG 001-01

Emission Saving from Solar generation 441 tCO<sub>2</sub>e

Emission saving from hydro power 4,679 tCO<sub>2</sub>e

**Gold Status**  
For measure, reduce and contribute stages

**UN Climate Neutral Now**  
We are committed to reach NetZero World 2050 target in keeping with the 2015 Paris Climate Agreement.

ACHIEVEMENT 2023-2024

MEASURE ● GOLD

REDUCE ● GOLD

CONTRIBUTE ● GOLD

JOINED 2019

**Short-term Focus**

- Crop diversification
- GHG emissions
- Permaculture business practices
- Energy management
- Biodiversity and ecosystems
- Soil health
- Waste management

**Medium-term Focus**

- Climate smart and adaptation technology
- Research on climate resilient agriculture
- Renewable energy
- Low emission inputs
- Innovative solutions to waste

**Strategic Imperative:**

Environment

Stewardship and

Climate Action

**Long-term Focus**

- Transition to regenerative agriculture

## Environment - Net-positive impact

### Water Stewardship



TTE PLC recognizes water as a limited resource, particularly in light of climate change, and endeavors to reduce its impact on water withdrawal while conserving both domestic and process usage. The Group maps its water footprint based on its sources into three categories withdrawn, consumption, and discharge.

- Achieve a 30% reduction in water consumption by 2030
- Improve water quality by reducing the discharge of pollutants into water bodies by 100% by 2030
- Implement watershed management strategies in 100% of all estates by 2030

The availability of water is crucial for the smooth functioning and sustainability of our business, as well as for supporting the lives of our estate communities and nurturing biodiversity. We follow the UN CEO Water Mandate Principle, Rainforest Alliance certification program, Ecolabel - Tea, and ISO 14001:2015 to manage water as a shared resource with focused efforts to monitor and protect all water sources and bodies within our estates. We conduct annual water quality tests on all 147 sources for the required parameters. Moreover, our operations and engagement with water resources do not take place in any water-stressed area. In our well-structured water management system, we encourage rainwater harvesting and take measures to protect all-natural water bodies through wide grass buffer zones, riparian habitats, vegetative barriers, and chemical-free buffer zones.

**Our water management targets are aligned with these UN SDGs:**

30% reduction in water consumption by 2030 supports **SDG 6 (Clean Water and Sanitation)**.

Reducing pollutant discharge by 100% by 2030 contributes to **SDG 6 (Clean Water and Sanitation)** and **SDG 14 (Life Below Water)**.

Watershed management in all estates by 2030 aligns with **SDG 6 (Clean Water and Sanitation)** and **SDG 15 (Life on Land)**.



**147** Natural water sources protected

**97%** Water discharge quality compliance



Surface water - Kiloliter	2023/24	2022/23	variance
Total water withdrawn	8,834	9,370	6%
Total water consumption	2,026	1,627	25%
Total water discharge	6,808	7,743	12%

**Conserving and Protecting Water Bodies**

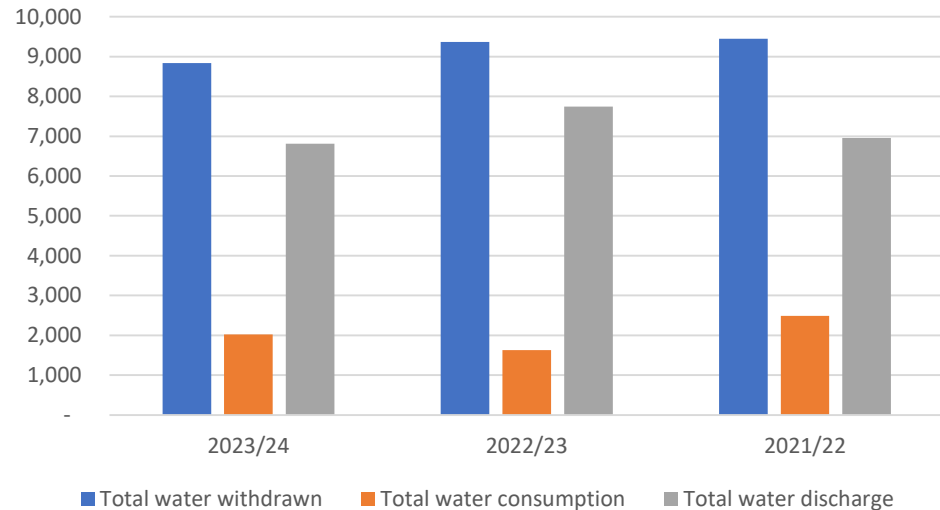
Access to clean water is crucial for the sustainability of our operations, the well-being of our estate communities, and the preservation of biodiversity. We have a comprehensive water management system to protect all 147 water sources across our estates, including rainwater harvesting tanks, from contamination by agrochemicals. This includes grass buffer zones, riparian habitats, and chemical-free zones. Regular water quality tests ensure compliance with Rainforest Alliance certification standards, and in the reporting year, no non-compliance incidents were recorded.

We have reduced the water withdrawn by **6%** in 2023/24 year.

**Water Withdrawal, Consumption, and Discharge**

As a tea plantation company, our water usage is minimal, primarily for employee consumption and factory cleaning. Water is sourced from surface water bodies, including rainwater tanks on our estates. While no harmful contaminants result from production, we have installed wastewater filtering systems across all estates to purify factory and domestic wastewater before discharge. Additionally, bioremediation methods, such as biological control tanks and absorption plants, protect local biodiversity and ecosystems.

TTEL Water Mix



We follow the **UN CEO Water Mandate Principle**



## Environment - Net-positive impact

### Sustainable Land Management



To preserve soil quality, TTE PLC conducts annual soil assessments in compliance with the Rainforest Alliance Sustainable Agriculture standard. These assessments evaluate the full soil profile and identify erosion-prone areas, soil compaction, moisture levels, and visible nutrient deficiencies. Based on these findings, soil management strategies are developed to enhance organic matter, improve nutrient recycling, and optimize moisture retention.

Regular soil tests are performed to monitor macronutrients and organic matter levels. The organic soil enrichment program applies compost through boreholes around tea bushes, uses bulk manure, and employs slow-release techniques for long-term soil health. Additionally, the company has adopted the 4R Nutrient Stewardship Framework to ensure the efficient use of nutrients while minimizing environmental contamination. Cover crops are planted to prevent soil exposure and protect estate soil.

#### TTE PLC Sustainable Land Management Targets:

- Increase soil organic matter content by 10.5% by 2030 (from 1.3% in 2023)
- Implement regenerative agriculture practices across 100% of estates by 2030 (currently at 25% in 2023)
- Increase adoption of permaculture practices across 100% of estates by 2030 (currently at 25% in 2023)

Our sustainable land management targets are aligned with the following UN SDGs:

Increasing soil organic matter by 10.5% by 2030 supports **SDG 15 (Life on Land)** by enhancing soil health and promoting biodiversity.

Implementing regenerative agriculture practices across 100% of estates by 2030 contributes to **SDG 2 (Zero Hunger)** and **SDG 15 (Life on Land)** by promoting sustainable food production and land use.

Increasing the adoption of permaculture practices by 2030 aligns with **SDG 12 (Responsible Consumption and Production)** and **SDG 15 (Life on Land)** by minimizing environmental impact and enhancing ecosystem resilience.





## Biochar Project

A Transformative Step Towards Sustainable Agriculture Building on last year’s pilot initiative, we partnered with a leading bio-char company to scale up production. Together, we conducted a feasibility study to address the energy-intensive nature of bio-char production and enhance its sustainability. Bio-char’s porous structure improves soil fertility, water retention, and nutrient content, making it a sustainable alternative to synthetic fertilizers.

To reduce the energy demands and emissions of bio-char production, we collaborated with our partner to refine methods, lowering our carbon footprint. As bio-char holds high value in the carbon market, this project will not only reduce synthetic fertilizer use but also cut production costs, improving returns. Commercial operations are expected to launch next financial year.

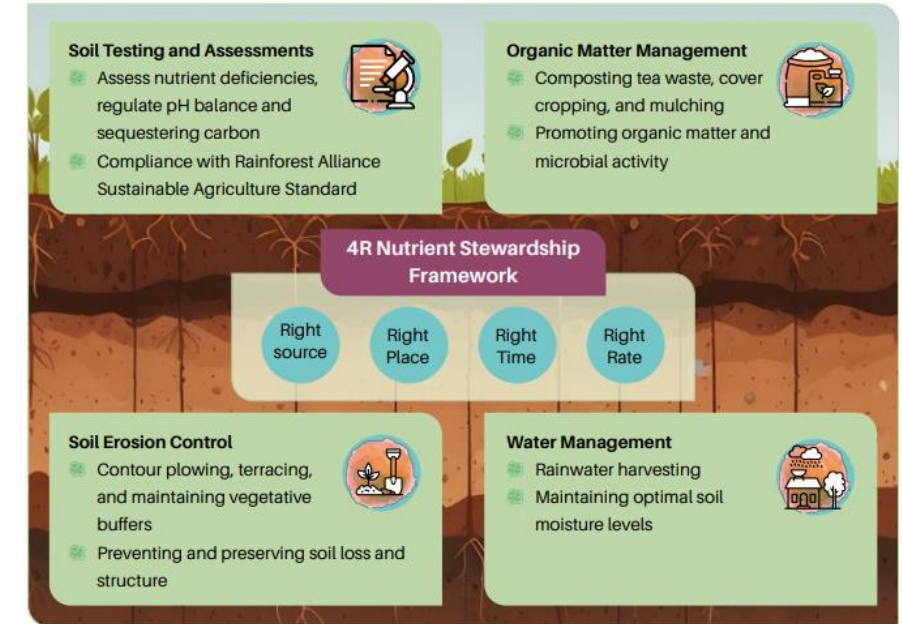


To harmonize natural solutions with agrochemical use, we have implemented an Integrated Pest Management (IPM) strategy across our agricultural operations. This approach, guided by ecological principles, focuses on three main stages: prevention, monitoring, and intervention. We prioritize non-chemical methods, following the guidelines set by the Food and Agriculture Organization (FAO), emphasizing natural defenses through sound agricultural practices, while simultaneously promoting biodiversity and ecosystem health.

In maintaining high standards of Natural Capital stewardship, we comply with strict quality and regulatory requirements for agrochemical usage. Based on recommendations from the Tea Research Institute, we use only registered agrochemicals sourced from certified suppliers within the country. Rigorous safety measures are followed during application and transport, with all personnel trained in safe handling practices, equipped with protective gear, and adhering closely to label instructions.



Additionally, to support regenerative agriculture, we employ practices aimed at safeguarding soil health—preventing erosion, preserving nutrients, balancing pH, and enhancing soil carbon content. These actions foster ideal conditions for crop growth, sustain productivity, and minimize climate impacts.



## Environment - Net-positive impact

### Biodiversity conservation and ecosystem restoration



Our estates are located in high-value biodiversity regions within the hill country and low-country wet zones. We recognize our responsibility to protect biodiversity and nurture ecosystems within our estates. Our high-grown estates in the central highlands serve as crucial watersheds, supporting Sri Lanka's main rivers. Our southern estates border the Sinharaja Rainforest, the country's largest rainforest, placing many of our sites near ecologically sensitive areas. This drives us to prioritize biodiversity as a key element of our natural capital and business processes.

Aligned with the Rainforest Alliance's criteria, we have implemented a biodiversity conservation program. This initiative includes educating and engaging employees and communities to safeguard and restore ecosystems. In this reporting year, we invested in biodiversity efforts, supported by non-profit organizations like the Wildlife Nature Protection Society. While our biodiversity goals are not yet aligned with the 2050 goals and 2030 targets of the Kunming-Montreal Global Biodiversity Framework, we plan to align our strategies by the next reporting year.

We use tools and systems to monitor natural ecosystem conversion in our operations, supply chain, and sourcing locations to identify the most significant impacts on biodiversity.

#### Biodiversity Conservation Targets:

- Implement a digitally smart ecosystem monitoring program by 2030 (1st stage by 2023).
- Achieve a net-positive impact by restoring and protecting 100 hectares of land by 2030 (25 hectares by 2023).
- Complete implementation of a biodiversity action plan across all operations by 2030 (1st stage by 2023).

Our biodiversity and ecosystem targets align with the following UN SDGs:

- Implementing a smart ecosystem monitoring program supports **SDG 15 (Life on Land)** by enhancing ecosystem conservation through technology.
- Achieving a net-positive impact by restoring and protecting 100 hectares of land contributes to **SDG 15 (Life on Land)**, promoting biodiversity and ecosystem resilience.
- Completing the biodiversity action plan across all operations aligns with **SDG 15 (Life on Land)** and **SDG 13 (Climate Action)**, safeguarding ecosystems while addressing climate-related impacts.



### Our Biodiversity Footprint

We are positioned within the watershed and catchment areas, feeding several major rivers whilst some of our estates are adjacent to the country's precious national forest reserves.

### Deniyaya

- Sinharaja Forest
- Kanneliya Forest
- Diyadawa Forest Patna
- Ranmale Forest

### Rivers

- Nilwala
- Gin
- Kotmale Oya
- Nanu Oya

### Talawakelle/ Nanu Oya

- Great Western Natural Forest
- Horton Plains
- Kikiliyamana Natural Forest
- Piduratalagala Natural Forest
- Ambewela Natural Forest
- Pattipola Natural Forest

### Galle

- Kottawa Forest
- Kanneliya Forest
- Madolduwa
- Koggala
- Unawatuna Jungle Beach
- Rumassala



### Targeted Species and Ecosystems | Native tree species and various endemic shrubs and grasses.

Local Name	Scientific Name	Status
Maha rathmal	<i>Rhododendron arboreum ssp. zeylanicum</i>	Endemic
Bombu / Wal bombu	<i>Symplocos cochinchinensis ssp. laurina var. laurina</i>	Native
Bulu	<i>Terminalia bellirica</i>	Native
Keena	<i>Calophyllum tomentosum</i>	Endemic
Aridda	<i>Camptosperma zeylanicum</i>	Endemic
Gini sapu / Sapu	<i>Michelia champaca var. champaca</i>	Native

### Actions to Avoid and Minimize Biodiversity Impacts

In line with our biodiversity management plan, we are committed to preserving biodiversity by taking measures to reduce negative impacts. We avoid converting forestlands into tea fields, ensuring natural habitats are protected. Hunting, capturing, and trafficking of wildlife are strictly prohibited on our estates, helping maintain ecological balance and promoting sustainable tea cultivation.

Key actions include:

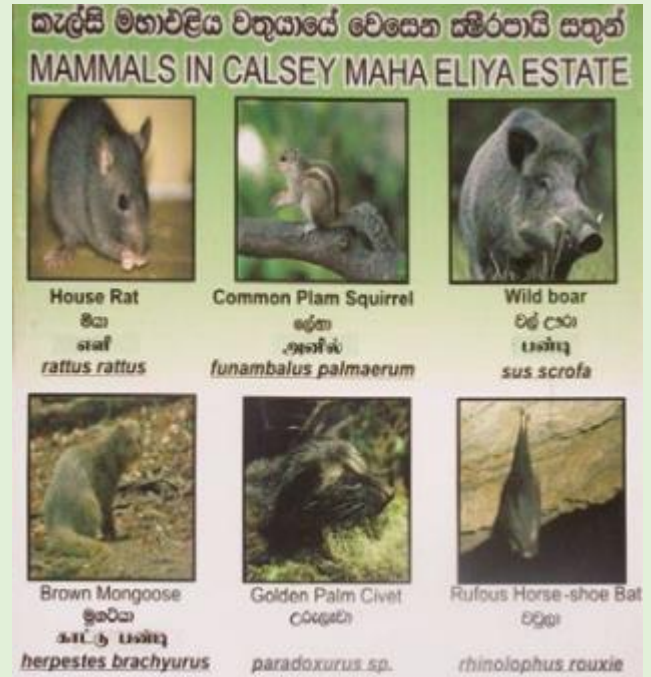
- Using GIS to map and analyze ecosystems.
- Satellite imagery for land-use monitoring.
- Supply chain traceability systems.
- Third-party certification for sustainability compliance.
- Regular monitoring of ecosystem-related KPIs.

We also partner with environmental experts to conduct audits and surveys. Our latest survey identified over 113 faunal species on our estates, 44 of which are endangered or threatened. To further protect biodiversity, we ensure raw materials are pest and disease-free, establish buffer zones near protected areas, avoid prohibited pesticides, and limit synthetic fertilizer use. We minimize environmental disruption by situating factories in less sensitive areas and creating pathways to reduce ecosystem fragmentation.

We restore natural habitats within riparian zones to support diverse flora and fauna, providing critical resources for native species to flourish. These efforts foster ecological balance, as varied plantings attract a rich mix of insects, birds, and mammals. Continuous monitoring and research help us track species recovery, enabling us to adjust our strategies when needed.

In this reporting period, we did not conduct any research or development on the genetic or biochemical properties of resources, including the use of biotechnology.

By protecting biodiversity, we enhance ecosystem stability and resilience, which in turn supports a more reliable and sustainable tea crop, benefiting our stakeholders.



## Focused Collaboration for Biodiversity Conservation

### Assessment and Restoration Activities

In keeping with the Regenerative Agenda 2030, we have partnered with the Wildlife Nature Protection Society, a voluntary non-profit organisation and the University of Colombo, to successfully carryout an extensive biodiversity assessment covering the Dessford estate in the year under review. This initiative goes hand-inhand with the three-year running KIRULU project, Hayleys Group’s flagship environment conservation programme, which is located within this estate. This assessment in effect, underscores the environmental impact of this project.

### Key Findings:

- Significant biodiversity improvement than previous year
- Significant improvement of insect species than previous year

Consequently, we have in place a Memorandum of Understanding with this Society to improve and restore the ecosystem with native and endemic plants bordering the rivers of Nanu Oya and Kotmale Oya in the central hills. Already, the mapping process has been completed, identifying an area of around nine kilometers. The restoration work is expected to commence in the ensuing year.



## Ecosystem Restoration Certification

As the first to receive Ecosystem Restoration Certification in Asia, we’ve demonstrated our dedication to biodiversity conservation and ecosystem health, directly aligning with our environmental policy’s ethos.



Reforestation and Conservation project in Partnership with The Wildlife and Nature Protection Society of Sri Lanka (Ongoing)



Hayleys Kirulu project (Ongoing)



Site Names	KIRULU Project	St. Clair Project
<b>Project goal</b>	Preservation of a wild life corridor of Horton plans.	Conservation of HCV area at St. Clair waterfall.
<b>Stage of the project</b>	Implementation, monitoring, documentation, evaluation, reporting and ongoing activities	Implementation, monitoring, documentation, evaluation, reporting and ongoing activities
<b>Number of Stake holders engagement</b>	10 stakeholders	6 stakeholders
<b>The ecosystem type for the base year</b>	Perennial cropping systems	Natural wetlands
<b>The area under restoration/rehabilitation</b>	3.74 Ha	5 Ha
<b>The ecosystem condition for the base year</b>	More than 50% of the wildlife habitats remain	More than 55% of the wild life habitats remain
<b>The ecosystem condition for the current reporting period</b>	80% of the wild life habitats recovered	85% of the wild life habitats recovered
<b>The beneficiaries affected</b>	TTEL & Local community	Local Community



## Environment - Net-positive impact

### Circular resource management



We have implemented a solid waste management system across our estates, following Rainforest Alliance standards and the 4R concept (Reduce, Reuse, Recycle, Recover). This includes training employees and communities on responsible waste management.

Biodegradable waste from factories and communities is composted to enrich tea fields and home gardens, while agricultural waste is turned into briquettes for biomass fuel. Non-biodegradable materials like metal, glass, plastic, and paper are collected, segregated, and sent for recycling. Agrochemical containers are returned to suppliers, and hazardous e-waste is safely stored and disposed of by CEA-authorized partners. Unauthorized landfill use and incineration are strictly prohibited.

Our factories generate minimal waste, much of which is recycled back into production. Agricultural waste briquettes account for 3.5% of our fuel. Biodegradable waste from communities further supports soil health, while non-degradable and hazardous waste is responsibly managed.

#### TTE Circular Resource Management Targets:

- Achieve 80% recyclable and compostable product packaging by 2030
- Increase the percentage of sustainable input materials in operations to 80% by 2030
- Implement a closed-loop supply chain system for 75% of the supply chain by 2030

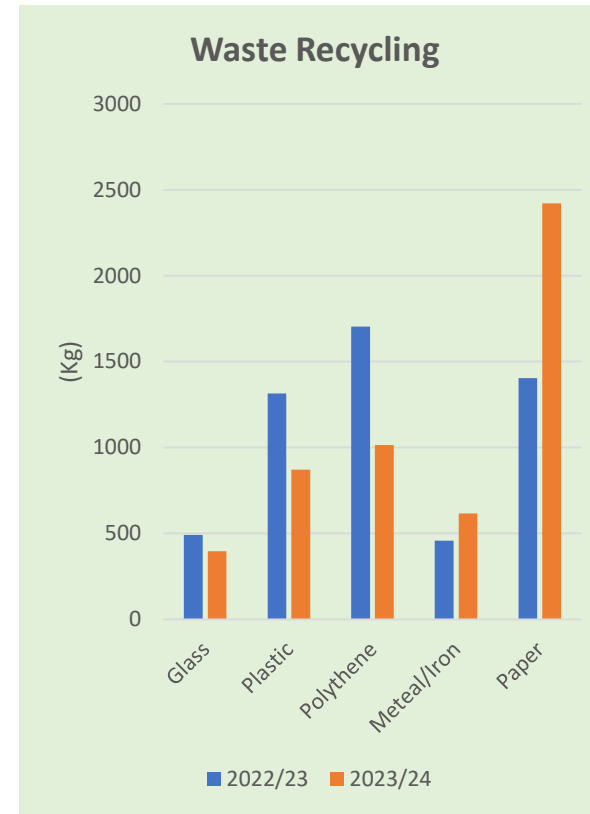
Our sustainable land management targets are aligned with the following UN SDGs:

- By achieving 80% recyclable and compostable product packaging by 2030, we contribute to **SDG 12 (Responsible Consumption and Production)**.
- Increasing sustainable input materials in operations to 80% by 2030 supports **SDG 12 (Responsible Consumption and Production)** and **SDG 9 (Industry, Innovation, and Infrastructure)**.
- Implementing a closed-loop supply chain system for 75% of our operations by 2030 aligns with **SDG 12 (Responsible Consumption and Production)** and **SDG 13 (Climate Action)**.



Waste type and Disposal	2023/24	2022/24
<b>Waste diverted from disposal (kilograms)</b>		
<b>Composting</b>		
Biodegradable mix waste	132,414	125,204
<b>Recycling</b>		
Glass	396	492
Plastic	871	1,314
Polythene	1,014	1,704
Metal/Iron	457	616
Paper	2,422	1,404
<b>Total Recycling</b>	<b>5,159</b>	<b>5,530</b>
<b>Waste directed to disposal (kilograms)</b>		
<b>Authorized Landfill</b>		
Non-hazardous mix waste	6,786	3,412

Our biodegradable waste from factories and resident communities is composted to enrich tea fields and home gardens. Agricultural waste is converted into briquettes for biomass fuel. Non-biodegradable waste—such as metal, glass, plastic, polythene, and paper—is collected, sorted, and mostly recycled. Empty agrochemical containers are returned to suppliers, while hazardous e-waste, like used bulbs, is safely stored and disposed of through certified waste handlers. Unauthorized landfill use and waste incineration are strictly prohibited across our estates.



**25** PET collection points

**100** Kilos of plastic bottles collected monthly

**1,000** Kilos of plastic is ready to recycle

Taking a major step in advancing its waste recycling efforts, TTE invested in its own recycling plant for compacting used PET bottles.



# Our Social Commitment



## Social - Empowering people & communities for social resilience

### Community Empowerment



“Building trust and collaboration with our communities is central to our strategy, empowering individuals and fostering social resilience to create shared value.”

At TTE, we are deeply committed to fostering strong relationships with our stakeholders, including buyers, brokers, customers, suppliers, and our resident estate communities. Over the years, we have built a reputation for responsible and ethical business practices, forming our value proposition's foundation. As a company operating across four geographical regions in Sri Lanka, we directly impact a diverse and multicultural network of stakeholders, comprising over 43,285 team members, their families, and the wider communities in which they live and work. This interconnected network is vital to our organizational success, contributing to both the growth and the advancement of Environmental, Social, and Governance (ESG) initiatives. Our community engagement and empowerment efforts focus on creating shared value and driving positive change across all our areas of influence. We are committed to enhancing the living environments of our communities, investing in capacity building, and empowering youth to ensure sustainable growth and development.

#### Community Empowerment Targets by 2030:

- Improve living environment investments and beneficiaries by 50%.
- Increase capacity-building investments and beneficiaries by 50%.
- Improve youth empowerment investments and beneficiaries by 50%.

#### Our Community empowering targets are aligned with these UN SDGs:

- Improving living environment investments supports **SDG 1 (No Poverty)** and **SDG 11 (Sustainable Cities and Communities)**.
- Capacity-building investments align with **SDG 8 (Decent Work and Economic Growth)** and **SDG 4 (Quality Education)**.
- Youth empowerment initiatives contribute to **SDG 4 (Quality Education)** and **SDG 10 (Reduced Inequalities)**.





**Living Environment** Under this pillar, we focus on developing and enhancing the living environments of our estate communities. Through dedicated and flagship initiatives under the Hayleys Plantation sector, we invest in essential infrastructure facilities including:

- Access road development
- Housing construction and upgrades
- Providing water and sanitation
- Child development centers
- Construction of recreation centers
- Construction of restrooms

Tracking Our Targets					
Our Target: Improve the living environment investment and beneficiaries by 50% by 2030					
Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	17,676	20%	30%	50%
Investment	10%	8.2 Mn	20%	30%	50%

Outcome: Healthier, more sustainable, and thriving communities, with improved quality of life and empowerment to live productive and fulfilling lives.

**Implementation of Estate Housing Scheme**

Signage Enhances Employee Identification A comprehensive signage system has been introduced across all housing schemes within the estates, facilitating easy identification for employees. This initiative aims to streamline navigation and improve accessibility within the estate communities, ensuring convenience and efficiency for all residents.



**Health and Nutrition** In our quest to promote vibrant and resilient communities, we give strategic precedence to health and wellness with a strong focus on:

- Immunization program
- Prevention of communicable and non-communicable diseases and nutrition
- Antenatal and postnatal care
- Childhood development, health and wellbeing
- Daycare centers, creches, and child protection focal points
- Auxiliary medical services – medical centers, ambulance services, etc.

Tracking Our Targets					
Our Target: Improve the health and nutrition investment and beneficiaries by 50% by 2030					
Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	183,494	20%	30%	50%
Investment	10%	70.2 Mn	20%	30%	50%

**Community Kitchen at Dessford Estate** The Ethical Tea Partnership (ETP) collaborated with the Plantation Human Development Trust (PHDT) and established a Community Kitchen at Dessford Estate. This initiative aims to enhance the nutritional standards within the estate community, addressing vital aspects of health and well-being.



**Living Environment**

Investment: **Rs. 8.2 Mn**

Beneficiaries: **17,676**



**Health and Nutrition**

Investment: **Rs. 70.2 Mn**

Beneficiaries: **183,494**



**Community Capacity Building** We collaborate with the Estate Worker Housing Cooperative Societies to extend capacity-building opportunities, focusing on developing skills for supplementary livelihoods along with financial and technical support:

- Loan schemes
- Housing loans, microfinance facilities
- Savings schemes
- Community training

Tracking Our Targets					
Our Target: Improve the capacity building investment and beneficiaries by 50% by 2030					
Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	40,979	20%	30%	50%
Investment	10%	24.6 Mn	20%	30%	50%

Outcome: Healthier, more sustainable, and thriving communities, with improved quality of life and empowerment to live productive and fulfilling lives.

**Uplifting Women and Nurturing Children**

We are now Certified “Mother & Child Friendly Seal” for Responsible Business. One of the first companies to obtain the certification in Sri Lanka. Going beyond our pledge to uphold the ‘Mother and Child Friendly Seal’, we extended our collaboration with the Centre for Child Rights and Business and the Save the Children Fund-bringing in meaningful changes with positive measures, systems and processes to safeguard the wellbeing of the female workers and the children of our estates. This year, we developed a comprehensive strategy and action plan, obtaining certification to systematically tackle challenges and bolster support for our female employees; whilst prioritizing investments in good childcare facilities to protect the rights of the children across our estates.



**Community Capacity Building**  
Investment: **Rs. 24.6 Mn**  
Beneficiaries: **40,979**



**Youth Empowerment** We have in place a targeted youth development programme, designed to build their skills, confidence and attitude necessary to pursue positive change and secure a more viable livelihood.

- Vocational training
- Developing interpersonal and leadership skills
- Awareness building on pertinent social issues

Tracking Our Targets					
Our Target: Improve youth empowerment investment and beneficiaries by 50% by 2030					
Key Indicators	2023	2024	2025	2027	2030
	Base	Actual	Target		
Beneficiaries	10%	39,865	20%	30%	50%
Investment	10%	0.7 Mn	20%	30%	50%

**Empowering Young Minds** We partnered with LEADS Organisation non-governmental organization, Surala (Japan) and Next Learners (Sri Lanka), to launch a mathematical learning programme for our estate children. Surala is a Japanese mathematics teaching technique designed to simplify the learning of basic mathematical concepts. To kick-start the initiative, we provided support to train our training officers along with access to our training centers-equipped with Wi-Fi connections and other necessary facilities enabling the children to learn this technique online.

**Key Indicators**

Participating estates: **Holyrood & Mattakelle estates**  
Number of trainers trained: **4**  
Number of expected beneficiaries: **60 children**

**Youth Empowerment**  
Investment: **Rs. 0.7 Mn**  
Beneficiaries: **39,865**



## Social - Empowering people & communities for social resilience

### Great Place to Work



Our workforce is the cornerstone of our success. We are committed to fostering a dynamic and inclusive work environment that empowers employees to reach their full potential. As an equal-opportunity employer, we uphold employee rights, adhere to the best HR practices, and ensure compliance with local labor laws, certification body guidelines, and global standards. Our HR management framework is designed to address potential risks and challenges, ensuring a supportive and progressive workplace.

A top-down approach guides our HR policy, with strategic priorities and action plans approved by the Management Committee. This ensures that our workforce aligns with the organization's long-term goals. Each estate's HR development teams are responsible for implementing these strategies on the ground, supported by the Hayleys Plantation Sector HR Policy Framework and the Group Code of Conduct, which guides all employees, management, and the Board on ethics and responsibilities.

Our focus is to create an environment where employees thrive, ensuring we remain a great place to work.

#### Great Place To Work Targets By 2030:

- Achieve 5 out of 5 best organization culture audit ratings by 2030.
- Achieve 99% Great Place to Work Trust index score by 2030.

#### Our great place to work targets are aligned with these UN SDGs:

- Achieving a 5 out of 5 best organization culture audit rating by 2030 supports **SDG 8 (Decent Work and Economic Growth)**, fostering an environment of fair employment and growth.
- Reaching a 99% Great Place to Work Trust index score by 2030 contributes to **SDG 10 (Reduced Inequalities)**, promoting inclusivity and equal opportunities across all levels of the organization.



We are committed to being a ‘Great Place to Work’ by fostering strong employee relations and promoting open workplace practices. Managers maintain continuous dialogue with their teams, while top management communicates operational changes to all employees at least one month in advance. Estate workers receive updates via notice boards, and staff are informed through meetings.

We uphold employees' rights to freedom of association and collective bargaining, ensuring any major operational changes are communicated in collaboration with trade unions. Our open-door policy allows employees to voice concerns, with a clear grievance-handling process in place. Monthly labor days and team meetings, along with a whistleblower policy, ensure any issues are addressed confidentially. No grievances or labor rights violations were recorded during the reporting year.

**Chat with HR**

**Fostering an Exemplary Workplace**

This year, advocating transparency, communication and employee well-being, we introduced a ‘Chat with HR’-a platform inviting all corporate office employees to openly express their concerns, grievances, and innovative ideas with the HR team. With a noteworthy participation, the forum addressed a range of topics and concerns regarding supervision, teamwork, workload, salary, subordinate relationships and training needs. Throughout these discussions, confidentiality was rigorously upheld, ensuring a safe and trusting space for employees to engage and contribute.



**TTE Triumphs in “KOLAM” Competition Celebrating Women’s Day**

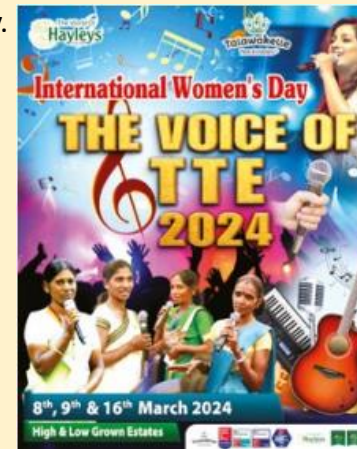
TTE takes the spotlight as winners of the “KOLAM” competition, an event organized by the Plantation Human Development Trust (PHDT) and Adhishakthi Organization to commemorate Women’s Day. The competition featured 12 estates in Nuwara Eliya, with the prestigious event taking place at the Radella Club.



**“Celebrating International Women’s Day with Our Team”**

**The “VOICE OF TTE”**

We organized a “VOICE OF TTE,” a singing competition, to celebrate International Women’s Day and provided our tea harvesters with a platform to showcase their talents. A total of 122 employees from both high-grown and low-grown regions participated in this joyful and inclusive event. It was a fantastic celebration that brought people together and highlighted the diversity and talent within our community.



**Did You Know?**  
 “Our employee satisfaction rate is 99% as surveyed under the Great Place to Work certification”

## Great Place to Work

(Third Time)  
**99 %** - Employee Satisfaction Rate

#40 In Best Workplaces in Asia 2023  
Among 70 Organizations (Large Category)

Among 15 Best Workplaces for Women in Sri Lanka for 2023



Cube Award - 2023  
Special Recognition for Bold Leadership  
**Winner**

#4 in 50 Best Workplaces in Sri Lanka 2023 & 10 Large Sized Category Companies Listed In 2023

"We Love Our Workplace"  
Video Contest - 2023  
**Winner**



## Work-Life Harmony in Asia Award

Sharing Our Best Practices at the conference in Hong Kong  
(Community Business Organisation)



## Best Corporate Citizen Sustainability Awards 2023

Employee Relations Category - **Winner**  
(The Ceylon Chamber of Commerce)



## Nine Estates Awarded Certificate of Excellence in Industrial Conciliation

Social Dialogue & Workplace Cooperation Unit  
Department of Labour



## BEST PLACE TO WORK (HR Leadership Category) - **Winner** South Asian Business Excellence Awards 2023

## Best Management Practices Company Awards - 2024

- Excellence Award
- Top Ten Companies.
- Diversity, Equity & Inclusion Category – **Winner**

(Institute of Chartered Professional Managers Sri Lanka)



## Social - Empowering people & communities for social resilience

### Value Chain Management



At Talawakelle Tea Estates PLC, we are committed to integrating sustainability across our value chain by fostering responsible sourcing and ethical practices. We aim to work closely with suppliers and customers who align with our ESG values, ensuring a positive impact throughout our operations. This approach strengthens our relationships and supports long-term business success.

#### Value Chain Targets by 2030:

- 50% of suppliers will adhere to our Supplier Code of Conduct.
- Achieve a 97% customer satisfaction rate.
- 50% of our products sourced from and delivered to ESG performance concise suppliers and buyers/ Customers

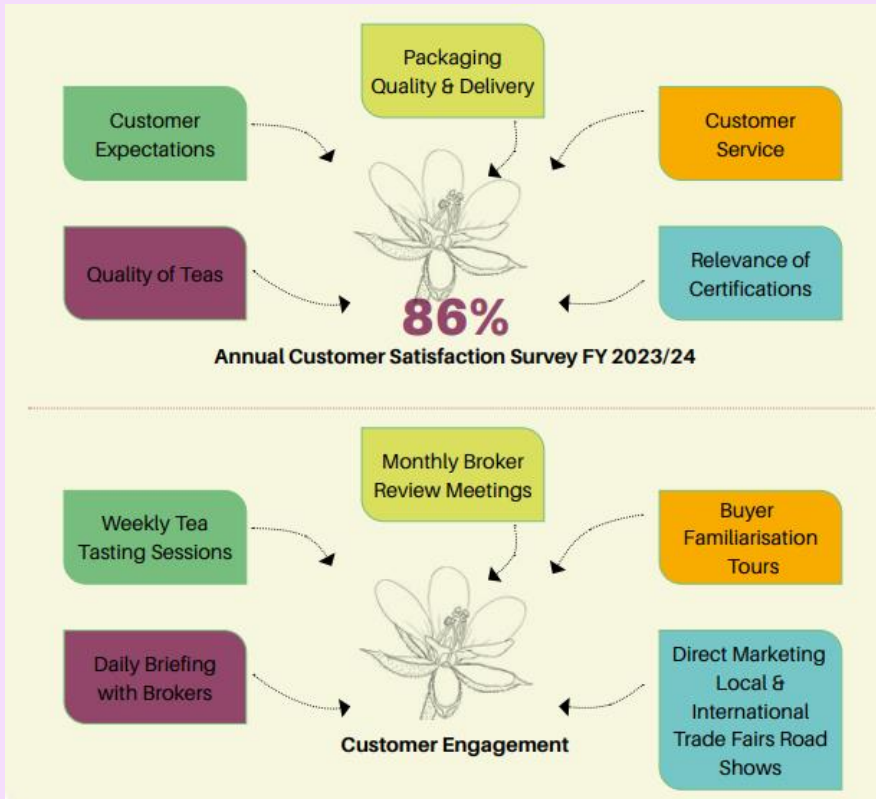
#### Our value chain management targets are aligned with key UN SDGs:

- By ensuring 50% of our suppliers adhere to the Supplier Code of Conduct by 2030, we contribute to **SDG 8 (Decent Work and Economic Growth)** and **SDG 12 (Responsible Consumption and Production)**.
- Achieving a 97% customer satisfaction rate by 2030 supports **SDG 9 (Industry, Innovation, and Infrastructure)** through enhanced quality and innovation.
- Sourcing and delivering 50% of our products from ESG-compliant suppliers and customers aligns with **SDG 12 (Responsible Consumption and Production)** and **SDG 17 (Partnerships for the Goals)**, fostering responsible business practices and sustainability.



### Customer Complaint Management

We have a robust customer complaint management process, with an emphasis on managing customer grievances as well as responding to inquiries, concerns, and feedback. Each complaint is approached with empathy, urgency, and professionalism, leading up to a thorough and well-structured investigation. This not only redresses the immediate concerns of the aggrieved customer but also gives us invaluable market insights for continuous improvements across our systems, processes, and product offers. In the reporting year, we recorded 5 formal complaints and fully resolved them.



### TeaTel By Talawakelle

Launching Our Inaugural Tea Boutique We launched a custom-designed tea boutique in Colombo on November 2023 to captivate and attract high-end local tea enthusiasts and cater to the discerning tastes of the tourism market. The boutique showcases an exquisite array of our finest quality tea blends, curated to take the tea-drinking experience to new heights.



#### Supplier Management Framework

- Supplier Selection Criteria**
  - Price, Quality, Delivery timeline
  - Legal and regulatory compliance
  - Social and environmental practices
  - Warranty/after sales service
- Supplier Due Diligence**
  - Periodic audits on compliance
  - Applicable laws, regulations
  - Social and environmental practices
  - Certification and standards
  - Traceability protocols
- Assessments and Corrective Revisions**
  - Pricing strategies
  - Quality standards

#### Bought-Leaf Supplier

- Value Proposition**
  - Knowledge sharing on good agricultural practices
  - Technical support on crop management
  - Access to agro-chemical inputs under flexible payment schemes
  - Guaranteed payments upon delivery of leaf supplies
  - Capacity building initiatives
  - Rigorous quality control on leaf supplies

#### Compliance

- Certification**
  - Rainforest Alliance (RA)
  - Ethical Tea Plantations
- Standards**
  - ISO 14000: Environmental Management Standards
- Licenses**
  - Fuelwood suppliers

## Social - Empowering people & communities for social resilience

### Diversity and Inclusion



At Talawakelle Tea Estates PLC, we are committed to fostering a diverse and inclusive workplace where all employees feel valued and respected. We believe that diversity strengthens our organization, and inclusion ensures that every individual can contribute to their full potential. By embracing different perspectives, we create a more innovative and collaborative environment, driving long-term success and social sustainability. Our efforts focus on increasing diversity at all levels and fostering an inclusive culture that promotes equal opportunities for everyone.

#### Diversity and Inclusion Targets by 2030:

- Improve board diversity index by 25%
- Improve workplace inclusion index by 20%
- Increase the representation of underrepresented groups in leadership positions by 25%

Our Diversity and Inclusion targets are aligned with the following UN SDGs:

- By improving the board diversity index by 25% by 2030, we contribute to **SDG 5 (Gender Equality)** and **SDG 10 (Reduced Inequalities)**.
- Enhancing the workplace inclusion index by 20% by 2030 supports **SDG 8 (Decent Work and Economic Growth)** and **SDG 10 (Reduced Inequalities)**.
- Increasing the representation of underrepresented groups in leadership positions by 25% aligns with **SDG 5 (Gender Equality)** and **SDG 10 (Reduced Inequalities)**, promoting fair representation and equal opportunities for all.





## Envisioning Gender Balance - Female Field Supervisors “HERLEAD” Initiative

For the first time in the history of the plantation industry...

Departing from traditional practices, we appointed 24 female supervisors to lead our field operations, a role historically dominated by men. This initiative not only empowers women but also improves the work-life of our predominantly female manual workforce by fostering a more supportive and comfortable work environment. We received over 450 applications, with ordinary-level examinations as the minimum requirement for qualification. After a thorough shortlisting process, we selected 24 talented young women to join our permanent staff as field supervisors. Comprehensive training was provided by our training partners, culminating in the successful completion of both written and oral examinations at the Tea Research Institute in Deniyaya and Talawakelle. Their training encompassed both theoretical and practical components essential for managing tea plantations, including harvesting methods, leadership skills, and effective people management, along with on-the-job training under the guidance of senior management.

- 🌿 Female field supervisors appointed : 24
- 🌿 Total project cost: Rs.3.4 Mn
- 🌿 TTE Investment: Rs.2.4 Mn (71% of Project Cost)
- 🌿 Center for Child Rights and Business: Rs. 1 Mn (29% of Project Cost)
- 🌿 Training partners: NAITA, Department of Labour, TRI Talawakelle and Deniyaya and the Centre for Child Rights and Business.



**24 female supervisors were trained and assigned, and 30 female harvesters were promoted to team leaders.**

**Target** - Improve workplace diversity index by 25% in 2030

**7% increase in the workplace inclusion index in 2023/24.**

**Key Actions 2023/24** 24 Female Field Staff Hired - 1st Time in the Industry

**Target** - Improve workplace inclusion index by 20% in 2030

**3 training sessions were conducted to ensure zero discrimination in operations and new recruitments.**

**Target** - Increase the representation of underrepresented groups in leadership positions by 25% by 2030

## Social - Empowering people & communities for social resilience

### Fair Labor Practices



At Talawakelle Tea Estate PLC, we are committed to upholding fair labor practices throughout our operations. We ensure compliance with local and international labor standards, promoting safe, equitable, and respectful working environments. Our policies prioritize the well-being of our workers, including implementing mother and child-friendly practices across all estates. Additionally, we are dedicated to creating a safe work environment by actively working towards a zero-accident workplace. These efforts reinforce our belief in providing dignified and secure employment for all.

#### Fair Labor Practices Targets by 2030:

- Achieve 90% compliance with fair labor standards across our supply chain.
- Establish mother and child-friendly plantation practices across 100% of estates.
- Ensure zero work-related accidents and injuries.

Our commitment to fair labor practices aligns with several UN (SDGs).

- By aiming for 90% compliance with fair labor standards across our supply chain, we contribute to **SDG 8 (Decent Work and Economic Growth)**, promoting safe and inclusive work environments.
- Establishing mother and child-friendly practices in 100% of our estates further supports **SDG 3 (Good Health and Well-being)** by ensuring the well-being of families in our workforce.
- Additionally, our goal of achieving zero work-related accidents aligns with **SDG 8**, fostering a safe and healthy work environment for all employees.



**5 training sessions conducted on fair labor practices for estate management.**

**Key Actions 2023/24** Employee Awareness Sessions Conducted

**Target** - Achieve 90% compliance with fair labor standards across our supply chain by 2030

**15% reduction in work-related accidents.**

**Target** - Ensure Zero work-related accidents and injuries by 2030

**8% training conducted on mother and child friendly plantations framework**

**Key Actions 2023/24** Obtained the “Mother & Child Friendly Seal for Responsible Business”

**Target** - Establish mother and child-friendly plantations practices by 100% of our estates by 2030

**Did You Know?**

“We achieved certification as ‘**Mother and Child-friendly Estates**’ — another first in our industry”

**Community Support**

Staying true to our ethos, ‘doing good is good for business’, we invested **Rs 103.6 million** in our holistic social responsibility program, ‘Home for Every Plantation Worker’, entailing community housing, infrastructure development, health and nutrition, capacity building, and youth empowerment.

**Safeguarding Child Rights**

During the reporting period, we recorded zero incidents of child labor throughout our value chain. In accordance with our HR & Social Policy, we maintain a minimum employment age of 18 years and are firmly opposed to the use of child labor, expecting the same commitment from our bought-leaf suppliers and other business partners. Each new employee receives a letter of appointment that includes a specific clause related to child protection. Additionally, we have designated a focal point within our estates to uphold child rights. In collaboration with the Save the Children Fund and the Centre for Child Rights and Business, we actively implement a robust child protection policy at all levels of our operations.

**Maternity Support Introducing “UNDER-CARE Maternity Jackets”**

As part of our commitment to employee well-being, we’ve introduced “Under-care Maternity Jackets” to support our pregnant mothers. These jackets are designed with the idea of providing extra care and comfort during pregnancy, reflecting our dedication to ensuring the health and happiness of our valued employees during this important stage of their lives.





# Our Commitment For Good Governance



## Governance - Ethical and responsible governance

### Board Diversity and Composition



The increasingly challenging environment has underscored the need for strong corporate governance. At TTE, this commitment to the highest standards of governance begins at the Board level – given their deep understanding of our vision, mission, purpose & values and the adoption of a sound governance framework anchored on integrated thinking and decision-making that takes into consideration ESG factors and reconciles the interests of the Company and stakeholders in creating and protecting sustainable value. In fact, TTE’s Board of Directors plays a crucial role in ensuring robust corporate governance through their oversight of the company’s strategic direction, risk management, and financial and ESG performance. They bring a wealth of experience and expertise that allows them to provide guidance and make decisions that balance the interests of shareholders, employees, customers, the community, and the planet.

#### Board Diversity and Composition Targets by 2030

- Achieve a board composition of at least 40% women and underrepresented minorities by 2030
- Establish and function board diversity and inclusion task force by 2030
- Publish an annual company diversity report by 2030

#### Our board diversity and composition targets support several UN (SDGs).

- By aiming for a board composition of at least 40% women and underrepresented minorities by 2030, we contribute to **SDG 5 (Gender Equality)** and **SDG 10 (Reduced Inequalities)**, promoting equity and inclusion in leadership roles.
- Establishing a board diversity and inclusion task force aligns with **SDG 16 (Peace, Justice, and Strong Institutions)** by enhancing governance practices.
- Publishing an annual diversity report supports transparency and accountability, further aligning with **SDG 16 and fostering a culture of inclusivity.**





**Initial discussion completed, with no major focus given to this target in 2023/24.**  
**Target** - Establish and function board diversity and inclusion task force by 2030



**Completed initial assessment of quality of the board**  
**Key Actions 2023/24** - Key matters discussed on board diversity according to the latest updates of the Code of Best Practices on Corporate Governance 2023 by CASL.  
**Target** - Improve Board diversity index by 40% in 2030

**Initial integration of diversity reporting components into the company's current corporate reporting suite.**  
**Target** - Publish an annual company diversity report by 2030

## Governance - Ethical and responsible governance

### Stakeholder Engagement



*“We stand committed to building collaborative partnerships with our key stakeholders across our value chain—securing investor confidence; empowering our workforce; forging solid relationships with our suppliers and buyers and brokers; and above all, striving to uphold our responsibility as an exemplary corporate citizen.”*

Our long-term success is intertwined with the well-being and interests of our stakeholders. Actively engaging and fostering meaningful relationships with them, therefore, stand as an integral part of our strategy-making process. Aligned with responsible business practices, we have in place a comprehensive framework for stakeholder engagement—facilitating effective communication to obtain their feedback and ensure that their concerns and expectations are proactively met in our quest to create shared value.

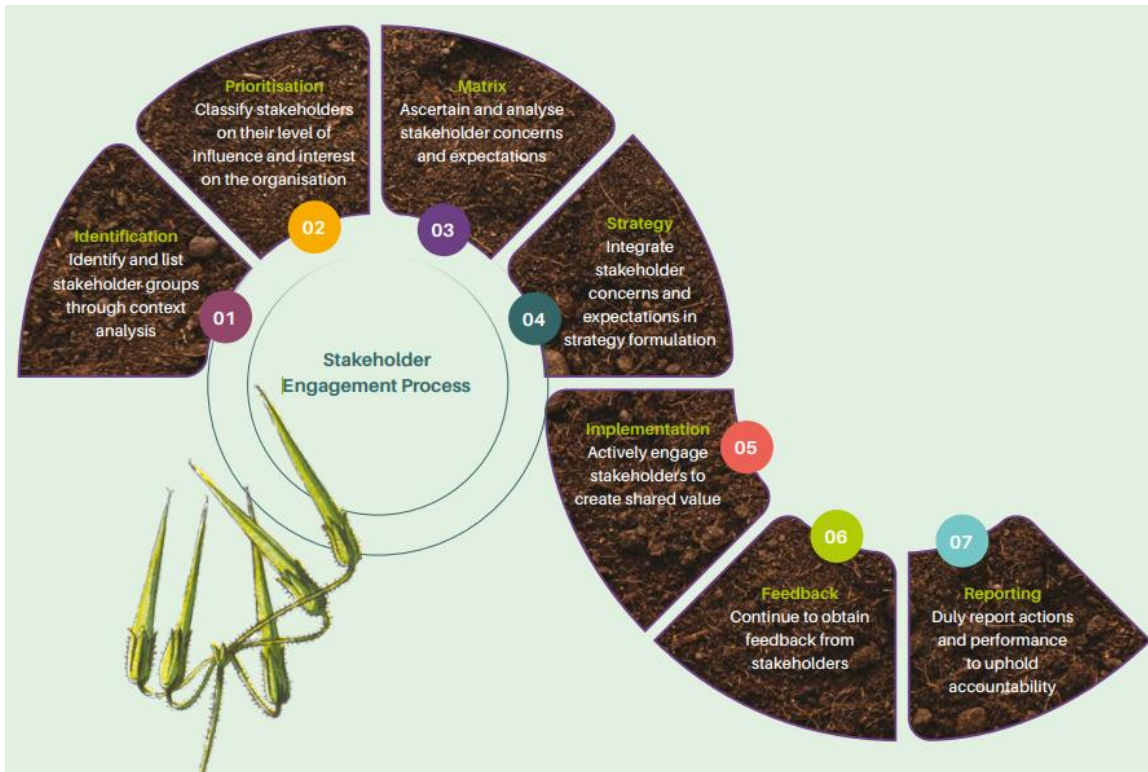
#### Stakeholder Engagement Targets by 2030:

- Increase stakeholder engagement ratio by 40% by 2030.
- Improve the effectiveness of regular stakeholder consultations and feedback sessions by 20% by 2030.
- Achieve a score of 4 out of 5 or higher on stakeholder engagement indices by 2030.

Our stakeholder engagement targets align with various UN (SDGs).

- By increasing our stakeholder engagement ratio by 40% by 2030, we contribute to **SDG 17 (Partnerships for the Goals)** by fostering collaboration and inclusive partnerships.
- Improving the effectiveness of stakeholder consultations and feedback sessions by 20% aligns with **SDG 16 (Peace, Justice, and Strong Institutions)** by promoting transparent and responsive governance.
- Achieving a score of 4 out of 5 on stakeholder engagement indices further supports **SDG 16, demonstrating our commitment to accountability and stakeholder satisfaction.**





**Developed a systematic approach to measure and feedback collection/analysis mechanism for stakeholder engagement.**  
**Target** - Improve the effectiveness of regular stakeholder consultations and feedback sessions by 20% by 2030

**Achieved a stakeholder engagement index of 3.7 out of 5 in 2023/24.**  
**Target** - Achieve a score of 4 out of 5 or higher on stakeholder engagement indices by 2030

**10% improvement in stakeholder engagement according to internal assessment by 2023/24.**  
**Key Actions 2023/24**  
 Conducted a comprehensive assessment on stakeholder engagement

**Stakeholder Engagement Our Approach**  
 Following a structured approach, a generic stakeholder mapping tool is used to identify and prioritise our stakeholder groups. Top strategic priority is given those stakeholders that fall under 'high influence - high interest' category.

**Quality of Relationships**  
 Management consistently monitors and assesses these relationships to ensure a full understanding, acknowledgment, and addressing of the legitimate needs and interests of its stakeholders.

- Strong relationship of transparency, trust and mutual understanding
- Good quality, value-adding relationship
- Good relationship but needs to improve to add value
- Functional, below average quality relationship

**Low Interest + High Influence**  
**Strategy: Align engagement - involve**  
 Suppliers/service providers  
 Certification bodies  
 Regulatory bodies

**High Interest + High Influence**  
**Strategy: High engagement - collaborate**  
 Parent company  
 Shareholders/investors  
 Employees  
 Trade unions  
 Buyers/brokers/customers  
 Resident estate communities  
 Government

**Low Interest + Low Influence**  
**Strategy: Low engagement - inform**  
 Neighbouring communities  
 Non-government organisations

**High Interest + Low Influence**  
**Strategy: Medium engagement - include**  
 Financial institutions  
 Associations  
 Media  
 Society



## Governance - Ethical and responsible governance

### Policy compliance



Talawakelle Tea Estates PLC is committed to ethical and sustainable practices throughout its operations, ensuring compliance with all applicable laws and regulations, promoting transparency and accountability in financial and non-financial reporting, and achieving full transparency across its entire value chain by 2030. The company is setting ambitious targets to achieve zero-tolerance for violations of laws and policies within the company and its supply chain by 2030, eliminate major compliance violations in the overall value chain by 2030, and achieve full transparency in financial and non-financial reporting by 2030. These ambitious targets reflect TTE's unwavering dedication to ethical conduct, transparency, and accountability.

#### Policy Compliance Targets by 2030:

- Achieve a zero-tolerance on laws and policies within the company and its supply chain by 2030.
- Zero major compliance violations by 2030 in the overall value chain.
- Increase transparency and accountability in financial and non-financial reporting with the goal of achieving full transparency overall value chain by 2030.

Our commitment to compliance and transparency aligns with several UN s (SDGs).

- Achieving zero tolerance for violations of laws and policies by 2030 supports **SDG 16 (Peace, Justice, and Strong Institutions)** by promoting rule of law and ensuring accountability.
- Striving for zero major compliance violations in our overall value chain also contributes to **SDG 12 (Responsible Consumption and Production)** through sustainable practices.
- Increasing transparency and accountability in our financial and non-financial reporting further supports **SDG 16, demonstrating our dedication to ethical governance and stakeholder trust.**



**Zero tolerance recorded for non-compliance with laws and policy-related matters.**

**Key Actions 2023/24-** Conducted **08** training sessions and **02** assessments on zero tolerance for laws and policies.

**Zero major non-compliance cases recorded in 2023/24.**

**Target** - Zero major compliance violations by 2030 in overall value chain

**Ranked as #25 in Transparency in Corporate Reporting**

**2023 Target** - Increase transparency and accountability in financial non-financial reporting with the goal of achieving full transparency overall value chain by 2030

**General Reporting Standards and Principles**

**1. Narrative Reporting**

International Integrated Reporting Framework – 2021

**2. Sustainability Reporting  
GRI Sustainability Reporting Standards**

Non-Financial Reporting Guideline by Chartered Accountants of Sri Lanka - 2022

Agricultural Products - Sustainability Accounting Standard by Sustainability Accounting Standards Board of IFRS

**3. Greenhouse Gas (GHG) Emission Reporting**

ISO 14064-1:2018 Organisation Quantification and Reporting of Green House Gases  
WRI & WBCSD

**4. Climate Related Financial Disclosures**

SLFRS S1 & S2  
TCFD & TNFD

**5. Governance**

Code of Best Practices on Corporate Governance, Issued by Chartered Accountants of Sri Lanka – 2017

**Our Reporting Suite**

ESG Report 2023/24

GHG Report 2023/24

Trilingual Financial & Non-Financial Summary

**Digital Dashboard**

We are excited to announce the launch of our digital dashboard, offering comprehensive insights into ESG and financial performance indicators. This tool empowers stakeholders with real-time data, interactive visualizations, and detailed analytics, enhancing transparency and facilitating informed decision-making in sustainability and financial metrics.

**Revolutionizing Reporting with AI-Powered, Augmented Reality Assistance Tool**

Introducing our AI-powered, augmented reality-based report assistance tool. This state-of-the-art solution leverages artificial intelligence and augmented reality to revolutionize report analysis and visualization. It provides an immersive, interactive experience, simplifying complex data interpretation and making insights more accessible and user-friendly for all stakeholders.

## Governance - Ethical and responsible governance

### Risk & Opportunity Management



*“As a leading manufacture of the famous Ceylon Tea, and operating in diverse markets, TTE is exposed to a variety of risk factors that can impact the business. These include economic, political, operational, financial, and legal risks and any other unprecedented events taking place in the environment it carries out its business.”*

In addressing challenges such as economic downturns, geopolitical instability, interest rate changes, sluggish global trade, significant labor migration, and climate-related risks that affect the tea industry, TTE is committed to sustainable business practices for all stakeholders. Our Risk Management Approach is closely aligned with the company's overall strategy, enabling proactive risk mitigation that enhances corporate value. By openly sharing risk information, we strive to build stakeholder trust and strengthen our reputation. TTE has adopted an enterprise-wide Risk Management Framework in accordance with ISO 31000, which incorporates risk management principles into decision-making processes at every level. This framework is bolstered by a Risk Register that tracks current risks and outlines their mitigation strategies.

#### Risk & Opportunity Management Targets by 2030:

- Achieve a 20% risk reduction and 20% opportunity to realize the company's overall risk and opportunity profile related to ESG factors by 2030.
- Increase the identification of new business opportunities related to sustainable products and services by 50% in 2030.
- Achieve 90% of ESG rating in 2030.

#### Our commitment to risk & opportunity aligns with the UN (SDGs)

- By aiming for a 20% reduction in risk and a 20% increase in opportunities related to ESG factors by 2030, we contribute to **SDG 8 (Decent Work and Economic Growth)** and **SDG 12 (Responsible Consumption and Production)**.
- Furthermore, increasing the identification of sustainable business opportunities by 50% supports **SDG 9 (Industry, Innovation, and Infrastructure)**, promoting innovation in our product offerings.



### KEY DEVELOPMENTS IN 2023/24

- ☘ Reviewed and updated key risk & opportunity related policies through risk and Opportunity registers.
- ☘ Effective, robust and stringent framework for Controlling risks.
- ☘ Adequate resources and systems infrastructure for grabbing opportunities
- ☘ Management system optimization
- ☘ Established comprehensive processes and policies to manage climate-related risks
- ☘ Employing climate-related scenario analysis to identify potential risks and opportunities

### Key Opportunity Factors

- O1. Growing Demand for Sustainable Products
- O2. Rising Demand for Certain Commodities
- O3. Explore opportunities for expansion into new markets with growing populations and increasing demand for products
- O4. Investing in research and development of high-yielding, disease-resistant and drought-tolerant crop varieties
- O5. The natural beauty while promoting sustainable practices, attracting new visitors, and contributing to the local community.

### How to Mitigate Key Risks

- ☘ Based on the risk identified, the Board of Directors, Managing Director & Chief Executive Officer together with the management team initiates risk response strategies developed to manage risk by accepting, mitigating, transferring or avoiding it.
- ☘ Based on risk response selected, gaps in Risk Management Capabilities are re-examined and adjusted with expert advice.
- ☘ The Risk Management Process is executed by TTE's Corporate Management Committee under the stewardship of the TTE Board and the Board Audit Committee. The Internal and External Audit Committee play a vital role in providing independent verification and assurance regarding the efficacy of the Risk Management Process.
- ☘ Continuous monitoring of TTE PLC through environmental impact assessments, use of IoTs and field tests.

### How to Grab Key Opportunities

- On realizing the opportunity, the Board of Directors, together with the Managing Director and Chief Executive Officer with the members of ESEG Steering Committee initiates strategies to grab the Opportunities by pursuing, exploring or accepting.
- ☘ Commitment to the strategy
  - ☘ Aligning strategy with organizational structure & culture
  - ☘ Creating an environment where strategy succeeds
  - ☘ Setting realistic targets for delivery across a set time Period
  - ☘ Build strong partnerships with research institutes, universities and NGOs to access knowledge, expertise and resources for innovation and sustainable development

### Introduced new business revenue from sustainable tea tourism opportunity

Target - Increase the identification of new business opportunities related to sustainable products and services by 50% in 2030

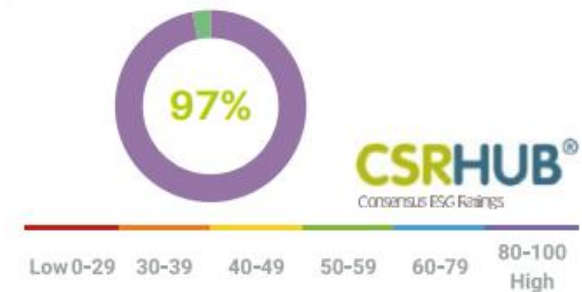
### 97% ESG rating from CSR Hub and AA rating from Ideal Ratings on ESG assessment.

Target - Achieve 90% of ESG rating in 2030

### Recorded 6.3% risk reduction effectiveness through mitigation actions and 4.7% opportunity harnessing effectiveness in 2023/24.

Target - Achieve a 20% risk reduction and 20% opportunity realizing of the company's overall risk and opportunity profile related to ESG factors by 2030

### Our ESG Ranking Compared with 36,822 Companies



## Governance - Ethical and responsible governance

### Accurate Reporting and transparency



Talawakelle Tea Estates PLC is committed to upholding transparency, accuracy, and comprehensiveness in its corporate governance, environmental, social, and governance (ESG) management, and overall value chain disclosures. The company is setting ambitious targets to increase transparency in corporate governance with a goal of achieving a 90% positive rating by 2025, implement a comprehensive ESG management information system (MIS) with a goal of achieving 100% data accuracy and completeness by 2030, and improve ESG transparency of overall value by 50% in 2030. These ambitious targets reflect TTE's dedication to stakeholder engagement, accountability, and sustainable business practices.

#### Accurate Reporting And Transparency Targets By 2030:

- Increase transparency in corporate governance with a goal of achieving a 90% positive rating by 2025.
- Implement a comprehensive ESEG management information system with a goal of achieving 100% data accuracy and completeness by 2030.
- Improve ESG transparency of overall value by 50% in 2030.

Our efforts to enhance transparency in corporate governance are aligned with the UN (SDGs)

- By striving to achieve a 90% positive rating in corporate governance by 2025, we contribute to **SDG 16 (Peace, Justice, and Strong Institutions)** by promoting accountable and inclusive institutions.
- Implementing a comprehensive ESG management information system to ensure 100% data accuracy and completeness by 2030 further supports **SDG 12 (Responsible Consumption and Production)** by improving the integrity of our reporting.
- Additionally, our goal to improve overall ESG transparency by 50% by 2030 underscores our commitment to responsible business practices and stakeholder engagement.



**Significant improvement of transparency in corporate governance board-level engagement**

**Key Actions 2023/24** Launch an ESG database for public use.

**Target** - Increase transparency in corporate governance to achieve a 90% positive rating by 2025

**Launch an ESG dashboard for external stakeholders with a systematic approach to collect, analyze, and report ESG data and information.**

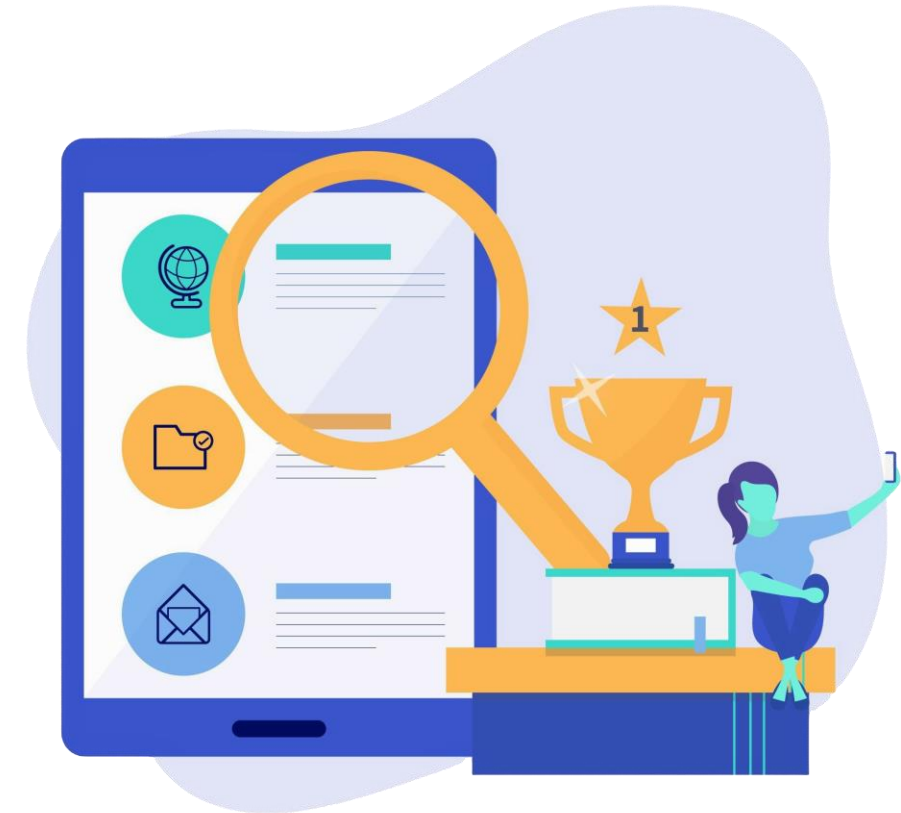
**Target** - Implement a comprehensive ESG management information system to achieve 100% data accuracy and completeness by 2030

**Recorded significant improvement and received external recognition for transparency on ESG matters.**

**Target** - Improve ESG transparency of overall value by 50% in 2030

**Awards & Recognitions For Reporting, Governance & Transparency**

- ✓ CA TAGS Award 2023 by CA Sri Lanka - Joint Winner in Plantation Sector - Gold
- ✓ CMA Excellence in Integrated Reporting Award 2023 - “Best Integrated Report in Plantation Sector” – Winner
- ✓ CMA Excellence in Integrated Reporting Award 2023 - One of the “Ten Best Integrated Reports”
- ✓ Best Presented Annual Report Awards, Integrated Reporting & SAARC Anniversary Award 2022 by SAFA - Corporate Governance Disclosure in Agriculture Sector - Bronze
- ✓ Corporate Governance Disclosures in the Agriculture Sector – Bronze
- ✓ Asia’s Best Integrated Report Award 2023 by CSR Works International - Integrated Thinking – Gold
- ✓ Asia’s Best Integrated Report Award 2023 by CSR Works International - CEO’s Message – Silver



# Sustainability & Corporate Reporting Milestone

## Initial Reporting Phase:

Began with an **annual report based on GRI (Global Reporting Initiative) and IR (Integrated Reporting) standards**. This provided a foundation for transparent and structured reporting of sustainability and corporate performance



2011/12

## Financial Year 2021/22 Enhanced Sustainability Reporting:

With rising sustainability requirements, introduced additional reporting:

Launched **TCFD (Task Force on Climate-related Financial Disclosures)** and **SDG (Sustainable Development Goals)** reports alongside the annual report.

The first GHG (Greenhouse Gas) report was published to document and manage emissions, furthering environmental accountability.



TCFD Report 2021/22



SDG REPORT 2021/22



GHG INVENTORY REPORT 2021/22

## Financial Year 2022/23 Consolidated ESG Reporting:

Combined TCFD and SDG reports into a comprehensive **ESG report**, integrating all environmental, social, and governance pillars.

Continued publishing the **GRI and IR-based Integrated Annual Report**, maintaining transparency on overall corporate performance.



ESG REPORT 2022/23

## Financial Year 2023/24 ESG Report Expansion:

It enhanced the ESG report with **TNFD (Taskforce on Nature-related Financial Disclosures)**, creating a robust reporting framework.

The ESG report now encompasses **SDG, SASB (Sustainability Accounting Standards Board), TCFD, and TNFD disclosures**, covering all aspects of ESG.

It continued publishing the **Integrated Annual Report** to align financial and sustainability objectives.



2023/24 PDF Version



ESG Report 2023\_24

## Our Commitment to UN SDGs



Talawakelle Tea Estates PLC; We are committed towards continuous development in sustainability pillars of economic, environmental, and social. Throughout our value chain, we have taken measures to enhance positive sustainable impacts while reducing negative impacts for The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) set up in 2015 by the United Nations General Assembly, assist us in guiding, enhancing and strengthening our efforts towards achieving sustainable development. To achieve that, we have driven our strategic plans on future programmes to & we will give our commitment. We continued to accelerate our sustainability efforts in 2023/24, even though the year was very challenging due to COVID – 19, economic instability. SDG Report 2023/24 of Talawakelle Tea Estates PLC will provide our stakeholders, the commitment towards achieving the targets



1 NO POVERTY



# NO POVERTY

End poverty in all its forms everywhere

## WHY IT MATTERS?

Many families living within estates struggle to make ends meet. Problems such as family disharmony and being unable to afford healthy and balanced meals also run rife. Our company, too, is affected as people, especially the younger generations, are becoming more and more reluctant to be employed at estates, fearing that their economic standing will never improve. As an entity that is the caretaker to such a large population, we have taken it upon ourselves to ensure the socio-economic progress of our resident community through various initiatives that enhance their income and improve the quality of their lives.

## WHAT WE DO?

- Improve the living environment, and community capacity building continuously.
- Empower youth and women
- Ensure improvements in the earning potentials of plantation workers and the community.
- Ensure no extreme poverty
- Home for Every plantation worker.

## OUR COMMITMENT

Enhancing the residential surroundings, fostering community development, and empowering the youth within the framework of the "Home for Every Plantation Worker" initiative strives to continuously improve the living standards and income opportunities for plantation workers, their families, and the surrounding community.



The investment in community development in the FY 2023/24 stood at Rs. 103.6 million, representing a 37 percent decrease compared to the investment of Rs. 165.4 million in the previous year. This investment encompasses the 'Home for Every Plantation Worker' programme under which key initiatives are carried out to improve the living environment, enhance capacity building, empower youth, and promote health and nutrition



## ZERO HUNGER

### TOGETHER, ERADICATING HUNGER

#### WHY IT MATTERS?

Undernourished and hungry individuals are easily susceptible to diseases, are less productive and consequently, unable to earn enough to improve their livelihoods. Nutritious food, therefore, not only forms the basis of good health, but drive increased earnings and improve standards of living. In order to ensure that our employees and their families at our estates are well nourished and never go hungry, we ensure that they understand the benefits of having balanced diets, and ensure that they have better access to nutritious foods.

#### WHAT WE DO?

- Special care to pregnant, lactating women, disabled people
- Promote and follow SMART agricultural and HR practice
- Promote to do home gardening to become more self-sustained.
- Provide food to workers from estates (grains, “Kanda”, sweet potatoes, boiled egg)
- continuous education & monitoring on nutrition, balanced diet
- Provide Mid-day meals to manual grade employees

#### OUR COMMITMENT

Within the "Home for Every Plantation Worker" initiative, the emphasis on health and nutrition revolves around ensuring food security and meeting the nutritional needs of the workforce and the associated community. Special attention is given to children, pregnant and lactating women, and older individuals. Our sustainable agriculture management system is geared towards boosting productivity and enhancing the community's capacity to adapt to climate change



- ✓ 6.4 Mn Investment on Food Security and Nutrition
- ✓ Awareness building on nutrition
- ✓ Free mid-day meal for children
- ✓ Building, training & support on growing nutritious food in home gardens

**3 GOOD HEALTH AND WELL-BEING**



# GOOD HEALTH & WELLBEING

## INSPIRING COMMUNITY TO LIVE A HEALTHY & HAPPY LIFE

### WHY IT MATTERS?

Healthy people are the foundation of resilient and healthy entities. When people have inadequate access to health facilities, or have low awareness about the importance of maintaining their own health and well-being, it's a serious impediment to socioeconomic progression. Identifying this vital role that good health plays in driving us forward, we offer our employees with ample opportunities for them to educate themselves on making better, healthier life choices, to test and screen themselves, and to obtain healthcare where necessary.

### WHAT WE DO?

- Conduct health and safety programs under RA certification
- Educate & encourage employees to attend at work for increased earnings
- Ensure a conducive working environment for employees
- Digitalization of field operations
- Provide newly designed tea harvesting baskets to employees to avoid ergonomic health impacts

### OUR COMMITMENT

The "Home for Every Plantation Worker" program addresses health and nutrition, while the health and safety program under the Rainforest Alliance certification is geared towards enhancing the well-being and safety metrics of both our workforce and the plantation community.



- ✓ Health and nutrition investment is 70.2 Mn and beneficiaries are 183,494.
- ✓ A well-structured MRL assurance process in place to minimize impacts from agrochemicals in production
- ✓ Collaborating with certification and standards-setting bodies to internalize globally accepted best practices in quality and food safety



## QUALITY EDUCATION

### CONTINUOUS LEARNING TOWARDS SUCCESSFUL FUTURE

#### WHY IT MATTERS?

Proper education drives socioeconomic progress and is a vital factor that will help people escape the vicious cycle of poverty. In order to tackle the many poverty-related problems that our estate resident communities experience, ensuring they have access to good educational facilities, including primary, tertiary and vocational education is a must. This will help them lead a meaningful and dignified life

#### WHAT WE DO?

- Build community capacity
- Empower youth
- Provide access to free and quality education
- Provide vocational and tertiary education/ funds/scholarships
- Fully Qualified CDO in preschools and child care – strategy
- PM - Free English course - 3 months - 3 , 4 months - last 2 years Improve the living environment, community capacity

#### OUR COMMITMENT

Community capacity building and Empowerment of Youth under the “Home for Every Plantation Worker” program ensure access to free and quality education, vocational and tertiary education and including University of plantation community



- ✓ Rs.14.4 Mn Training Investment FY 2023/24
- ✓ Training opportunities to all staff categories without prejudices
- ✓ Performance evaluated with recognition and rewards

5

GENDER  
EQUALITY



## GENDER EQUILITY

### EMPOWERED WITH THE DIGNITY

#### WHY IT MATTERS?

Our workforce is predominantly female, manual grade employees who, with their dextrous hands, source the green leaves that sets off the process of manufacturing our highquality teas. Identifying that gender inequality seriously impedes social progression, we ensure they receive the proper remuneration for their hard work, that working conditions are safe for them, and that they have the needed support to achieve their own ambitions.

#### WHAT WE DO?

- Conduct Women Empowerment programs ☑ Ensure human rights violations and or any kind of discrimination within the organization
- Conduct training & awareness programs addressing domestic violence, sexual & other exploitation both men & women
- Open door policy to address women’s grievances.

#### OUR COMMITMENT

Company social policies endorse and align with the United Nation “Women's Empowerment Principles”, ensure the any kind of discrimination or human right violation within the organization. Regular training and awareness program address domestic violence, sexual and other types of exploitation within plantation sector community



- ✓ Envisioning Gender Balance - Female Field Supervisors “HERLEAD” Initiative- Female field supervisors appointed: 24
- ✓ Recognized as one of 15 Best Workplaces™ for Women in Sri Lanka 2023

6 CLEAN WATER AND SANITATION



# CLEAN WATER & SANITATION

## PROVIDING ACCESS TO CLEAN PORTABLE WATER TO EVERYONE

### WHY IT MATTERS?

Water is essential to health and nourishment. When people have access to clean and safe water, it ensures food security, peace and poverty reduction. We are committed to ensuring that our resident communities have access to good water. Our commitment also extends to ensuring that all sources of water are protected and that our operations have minimal negative impact on them.

### WHAT WE DO?

- Ensure proactive drinking water and sanitation within all our location
- Conserve natural water bodies including rivers, water falls, streams, ponds. etc
- Conduct training programs on sanitation and personal hygiene
- self -help housing projects
- repairs & maintenance of existing drinking water projects
- Water Retention System – Rain Water Harvesting ☑ The Chemical Free Buffer Zones
- Protecting The Drinking Water Sources & Periodic Water Testing

### OUR COMMITMENT

Our integrated water management system ensures proactive water stewardship within all our locations. Water stewardship initiatives focus on conserving natural water bodies, water efficiency, clean water, and sanitation for the community.



- ✓ 147 water sources protection
- ✓ 94 percent compliance of wastewater discharge
- ✓ Rainwater harvesting within fields and factories
- ✓ 96 Wastewater treatment units within fields and factories

7 AFFORDABLE AND CLEAN ENERGY



## AFFORDABLE & CLEAN ENERGY

OFFERING PEOPLE THE OPPORTUNITY TO ACCESS CLEAN ENERGY

### WHY IT MATTERS?

The process of manufacturing tea is highly energy intensive. We have identified that our dependence on conventional sources of energy emits large amounts of greenhouse gases that cause climate change, and thereby affect our sustenance as well as the livelihoods of our people and wider society. To support this SDG, we are engaged in the production of renewable energy and increasing energy efficiency.

### WHAT WE DO?

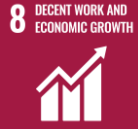
- Generate & consume renewable energy
- Increase energy efficiency while reducing energy intensity
- Supply of affordable, reliable energy to the plantation community

### OUR COMMITMENT

Our energy management policy and relevant procedures addresses enhancing the clean and renewable energy portion of the energy mix. We are continually working according to ISO 50001:2018 energy management standards to increase energy efficiency and energy intensity on production. Living environment under the 'Home for Every Plantation Worker' program focus on ensuring access of affordable, reliable, sustainable, and modern energy for our plantation's community



- ✓ Strengthening our hydropower generation and roof-top solar capacities
- ✓ Invested a sum of Rs. 90.8 Mn to take up full ownership of the Hydro Power mini plants from a stake of 51%.



## DECENT WORK & ECONOMIC GROWTH

### GREATER PRODUCTIVITY FOR A STRONGER ECONOMIC GROWTH

#### WHY IT MATTERS?

The work environment we have created for our employees is one that is productive both for them and for the wider organisation. In addition to providing them with fair remuneration for their contribution, we also ensure that their work environments are safe while supporting the upliftment of their economic standards and enabling personal development.

#### WHAT WE DO?

- Sustainable economic growth & Allocate resources efficiently
- Ensure labor management practices and compliance
- Ensure workplace health & safety
- Best plucker competition and rewarding
- Offering more dignified job to the employees
- Implement the concept of “Pay for Performance” and non-wage model to increase earnings.
- Provide fair reasonable remuneration for all

#### OUR COMMITMENT

To ensure sustainable economic growth with resources efficiency, decent jobs and productivity base labor management practices are key concerns of our economic sustainability pillar. Estate safety committees are working to ensure work place health and safety. Labor relationship approach of the company ensure compliance and best practice on labor practices.



- ✓ Employee satisfaction rate is 99%
- ✓ Decreased agrochemical while achieving increment of yield per hectare.
- ✓ Rs.1 Mn investment in Youth empowerment programmes





## INDUSTRY, INNOVATION & INFRASTRUCTURE

### BUILD A CULTURE OF INNOVATION FOR BUSINESS GROWTH

#### WHY IT MATTERS?

The socioeconomic growth of our communities, as well as our business success cannot be achieved without prudent investments in infrastructure. In a highly competitive and volatile business environment, sustainable investments also ensure resilience.

#### WHAT WE DO?

- Adopt new technology and management concepts
- Estate community infrastructure development
- Industry innovations
- Maintenance of a Digital performance Evaluation system
- Establish digital green leaf weighing systems
- Provide electronic ID to be used when weighing plucked green leaf.

#### OUR COMMITMENT

Investment and infrastructure development with new technology and management concepts are significant strategic priority of our overall business approach. This is included estate community infrastructure development Ex. Roads, housing, and other facilities. New technological implications on industry innovation also supporting to this.



- ✓ Investment in infrastructure development (Rs Mn) 235.2
- ✓ Tea processing facilities – capacity utilisation 69%
- ✓ Digital investment as percentage of revenue = 1%
- ✓ Research and development investment as percentage of revenue = 1%



## REDUCED INEQUALITIES BREAKING THE BONDS

### WHY IT MATTERS?

Inequalities affect a person's sense of personal fulfilment and their perception of self-worth. When people are subjected to inequalities on such bases such as sex, age, gender, class, ethnicity and religion, it may result in crime, hatred, disease and environmental harm. At TTE, we are committed to ensuring that no one is excluded from having equal opportunities at life.

### WHAT WE DO?

- Adhere to Human Right & Social Policy of TTE.
- Avoid any kind of discrimination and equal opportunity & treatment in employment and new recruitments
- Practice well-structured non – discrimination management systems
- Build Ethnic integration among all employees of the company

### OUR COMMITMENT

Our “Human Right Policy” and social policy provide clear direction to avoid any kind of discrimination in employment, new recruitment.



- ✓ Well-structured non-discrimination management systems
- ✓ Dedicated team to ensure compliance enhancement on human right and relevant policies



# SUSTAINABLE CITIES & COMMUNITIES

## CITIES IN BALANCE WITH THEIR COUNTRYSIDE

### WHY IT MATTERS?

The solutions to many global problems can be found in sustainable urban life. The reduction of poverty, equal access to infrastructure, and access to quality education are among these. Spaces of sustainable life also ensure better resilience against natural disasters and enhance the security of public life.

### WHAT WE DO?

- Improve and maintain minimum living conditions of our plantation community
- Estate-level disaster management
- Risk mitigation
- Ensure adequate, affordable housing and basic services to all employees and the community.

### OUR COMMITMENT

Improving and maintaining minimum Living conditions of our plantation community is covered by the Home for Every Plantation worker program. Estate-level disaster management plans and risk mitigation implications focus on reducing the impact on the community from any kind of disaster.



✓ Investment in community-based infrastructure (Rs Mn) = 8.2



# RESPONSIBLE CONSUMPTION AND PRODUCTION

## LESS IS MORE

### WHY IT MATTERS?

As a tea producer, our material consumption is significant. So is our production. Therefore, being responsible in how we consume and produce will definitely guide us in achieving better resource efficiency, and ensure that the activities within the lifecycle of our business do not compromise on the needs of future generations.

### WHAT WE DO?

- Maintain efficient material footprint
- Sustainable resource allocation
- Maximum possible use of recycled & reused materials ☑  
Maximize the raw material utilization
- Use alternative renewable resources
- Increase recycled material usage

### OUR COMMITMENT

Our management approach for resources and sustainable value creation through capital focusing to ensure sustainable consumption and production patterns. Efficient Material footprint, maximum possible use of recycle and reuse material are key focus while maintain the transparency through public report on sustainability



- ✓ Reduction of production footprint
- ✓ Use of IoT to increase production efficiency and reduce wastage
- ✓ 5,159 kg waste recycling



# CLIMATE ACTION

## SOLUTION, NOT POLLUTION

### WHY IT MATTERS?

Severe weather events have the potentiality to seriously damage human lives and property. As a developing nation with a tropical climate, Sri Lanka is especially at risk. Our resident communities are particularly vulnerable given their socioeconomic standing. Further, our business which works very closely with the environment is also heavily susceptible to the effects of an impending climate crisis. We are aware that failing to act now will have grave consequences. Additionally, we will miss out on a plethora of opportunities that make good business sense.

### WHAT WE DO?

- TTE Climate emergency action plan
- Practice UN Climate Neutral initiatives
- Reduce GHG emission

### OUR COMMITMENT

TTE climate emergency action plan focuses on reducing GHG emissions through the approach of UN climate-neutral now initiatives (Measure, Reduce, and Contribution). Our emission reduction targets are established according to Science Base Target initiatives. All of these strategies are fully integrated.



- ✓ Obtain “Gold” status for all stages of Measure, reduce, and contribution phases according to UN climate neutral now initiatives
- ✓ Became Climate neutral organization
- ✓ All our management systems (7 out of 7) now include climate change as a key topic



# LIFE ON LAND

## SAVE THE EARTH

### WHY IT MATTERS?

Our estates are situated in close proximity to sensitive natural systems. Forests that are home to endangered and native species border them. We are committed to preserving their distinct value as we have identified their significance in the natural order of things. Well managed terrestrial environments will in turn also ensure that our communities are safe and healthy.

### WHAT WE DO?

- Ensure zero ecosystems and biodiversity degradation through a conservation implication approach
- Maintain assurance of Rainforest Alliance and ISO Certifications
- Ecosystem restoration projects & Environmental investments
- Sustainable Forest Management & Conservation
- Tree Planting Initiative
- GPS mapping & Biodiversity assessment
- Conservation of Riparian habitats

### OUR COMMITMENT

Our ecosystems and biodiversity conservation implication approach addresses ensuring zero ecosystem and biodiversity degradation with the assurance of Rainforest Alliance and ISO 14001:2015 certification. Our forestry management approach ecosystem restoration to enhance biodiversity.



- ✓ 1020 Trees planted (Number)
- ✓ 8.74 Reforestation (Hectares)
- ✓ Established financial partnerships and collaboration for reforestation activities
- ✓ Investment for biodiversity and ecosystem restoration (Rs Mn) = 45



# Peace, justice and strong institutions

BUILDING TRUST, PROMOTING ACCOUNTABLE INSTITUTIONS AND FOSTERING PEACEFUL SOCIETIES

## WHY IT MATTERS?

Incorporating Goal 16 of the Sustainable Development Goals (SDGs) into our ESG report is crucial for TTE, as it underscores our commitment to promoting peace, justice, and strong institutions. By fostering trust and accountability, we enhance our reputation as a responsible corporate citizen, which is essential in today's market. This focus strengthens brand equity and demonstrates our adherence to high-quality and ethical standards.

## WHAT WE DO?

- Strengthening corporate standing as a good corporate citizen
- Enhancing brand equity on quality and standards
- Adopting certifications and standards programs

## OUR COMMITMENT

- Certification programs followed (number) =11
- Certification renewal rate (%) = 100%
- Overall RPC Ranking =1





## PARTNERSHIPS FOR THE GOALS

### PARTNERSHIPS FOR THE GOALS

#### WHY IT MATTERS?

Partnerships for the Goals is crucial for our company as it promotes collaboration and knowledge sharing, enabling us to tackle sustainability challenges more effectively. By engaging with industry peers and stakeholders, we enhance innovation and resource efficiency, ultimately driving our ESG objectives and reinforcing our commitment to sustainable development.

#### WHAT WE DO?

- Collaborating with parent and sister companies in the group on ESG goals
- Memberships and collaboration with industry and business associations



#### OUR COMMITMENT

- **Collaborative investments in social responsibility initiatives 103.6 Rs Mn**



# Disclosures for Sustainability Accounting Standards Board



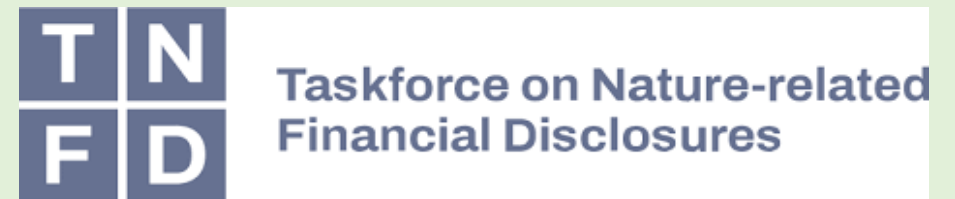
Talawakelle Tea Estates PLC (TTEL) is committed to sustainable business practices and corporate governance excellence. The company's SASB disclosures are aligned with the SASB Agriculture Standard and address the four key topics of agricultural product management, labor practices, land and natural resource management, and governance. TTEL's SASB disclosures are comprehensive and transparent, and they demonstrate the company's commitment to ESG principles.

Topic	Accounting metric	Unit of measure	Code	Disclouser/Page Reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions	tCO2e	FB-AG-110a.1	7669
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		FB-AG-110a.2	Page 12
	Percentage renewable			86%
	Fleet fuel consumed	GJ	FB-AG-110a.3	12176
Energy Management	(1) Operational energy consumed			199724
	(2) percentage grid electricity			77%
	(3) percentage renewable	%	FB-AG-130a.1	23%
Water Management	(1) Total water withdrawn	Thousand cubic metres (m3)		8834
	(2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	%	FB-AG-140a.1	0%
	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A	FB-AG-140a.2	Page 14
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	FB-AG-140a.3	0
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) (2) fatality rate, and (3) (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	N/A	FB-AG-320a.1	Annual Report – Page 164-167

Environmental & Social Impacts of Ingredient Supply Chain	(1) Percentage of agricultural products sourced that are certified to a third-party environmental or social standard, and (2) (2) percentages by standard		FB-AG-430a.1	Refer to Annual Report Natural Capital & Social capital
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) (2) associated corrective action rate for (a) major and (b) minor nonconformances		FB-AG-430a.2	
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	N/A	FB-AG-430a.3	
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)		FB-AG-430b.1	Do not use any GMOs
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	N/A	FB-AG-440a.1	Refer Page 190 of Annual report 2023/24
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Percentage (%) by cost	FB-AG-440a.2	0
<b>Activity metrics</b>				
Production by principal crop		Metric tons (t)	FB-AG-000.A	5,720 Tons Made Tea
Number of processing facilities		Number	FB-AG-000.B	15
Total land area under active production		Hectares	FB-AG-000.C	3925
Cost of agricultural products sourced externally <sup>4</sup>		Currency	FB-AG-000.D	Rs. 362 Mn

# CLIMATE AND NATURE REPORT

In accordance with the TCFD and TNFD recommendations



# Governance

For our TCFD and TNFD disclosures, the *Governance* section outlines how Talawakelle Tea Estates integrates environmental considerations into decision-making. This includes oversight from our Board and senior management to address climate and nature-related risks and opportunities. Governance measures ensure that sustainability goals align with our operational strategies, with clear accountability for environmental impact management and resilience building. Details on our governance practices and frameworks are provided in the following pages to demonstrate our commitment to sustainable growth and responsible environmental stewardship.

## Recommended disclosures for TCFD

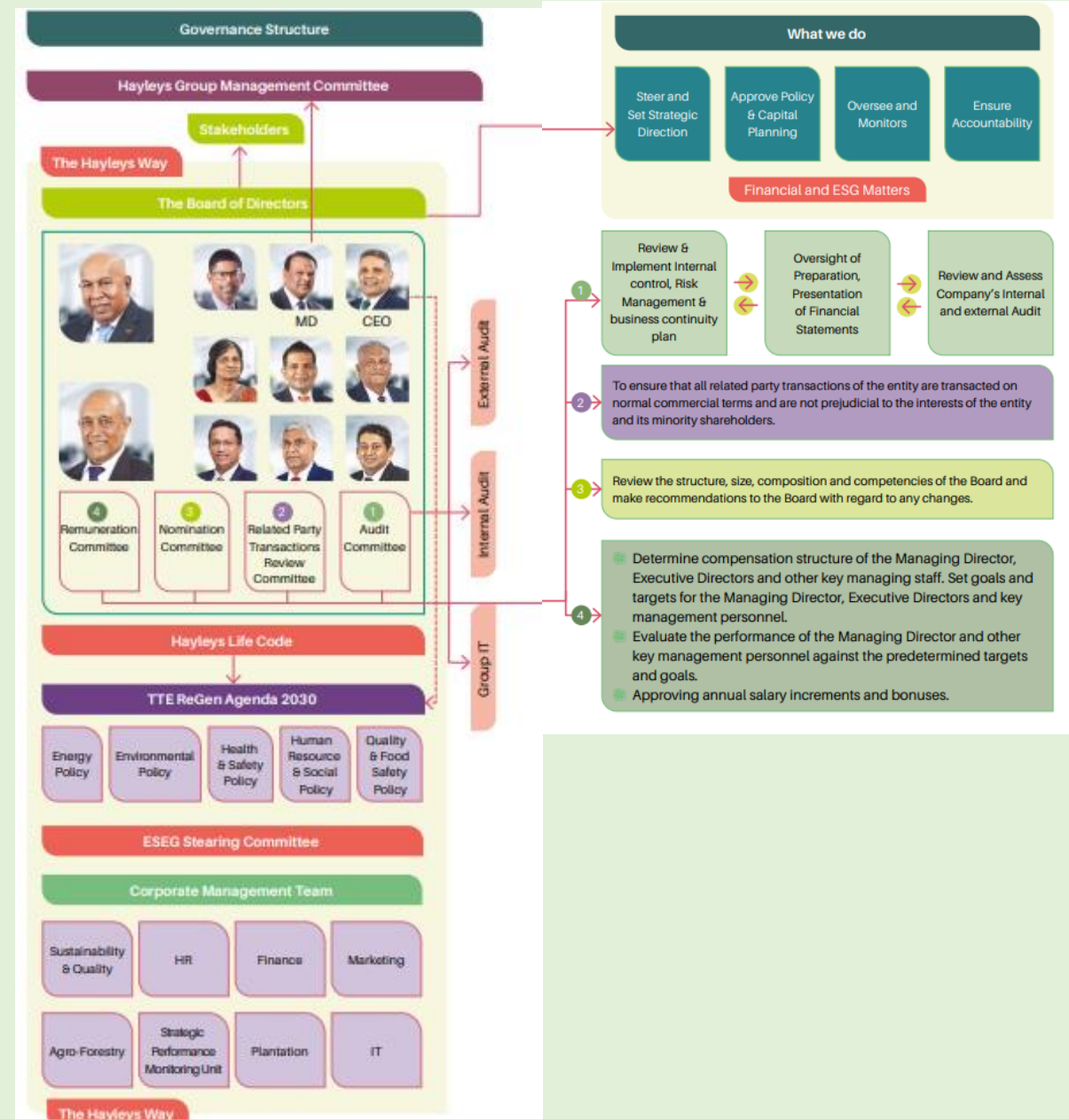
- A. Describe the board’s oversight of nature-related dependencies, impacts, risks, and opportunities.
- B. Describe management’s role in assessing and managing nature-related dependencies, impacts, risks, and opportunities.
- C. Describe the organization’s human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organization’s assessment of, and response to, nature-related dependencies, impacts, risks, and opportunities.

## Recommended disclosures for TNFD

- A. Describe the board’s oversight of nature-related dependencies, impacts, risks, and opportunities.
- B. Describe management’s role in assessing and managing nature-related dependencies, impacts, risks, and opportunities.
- C. Describe the organization’s human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organization’s assessment of, and response to, nature-related dependencies, impacts, risks, and opportunities

## (A) Description Of Board Oversight (Climate & Nature)

Board oversight of climate and nature is structured to ensure a robust approach to sustainability across all levels of Talawakelle Tea Estates PLC. The Board of Directors plays a guiding role, ensuring that sustainability is embedded in our operations and strategic direction. Under their guidance, the Executive Management Team takes the lead in driving, developing, resourcing, and tracking our progress toward sustainability goals. Key responsibilities also lie with the ESEG Steering Committee, chaired by the CEO, which focuses specifically on monitoring, managing, and overseeing Sustainability-Related Risks & Opportunities (SRROs) as well as Climate and Nature-Related Risks & Opportunities (CRROs). This committee provides quarterly updates to the Board, maintaining transparency and ensuring alignment with strategic objectives. Furthermore, every employee within the Group is responsible for upholding sustainable practices and adhering to policies related to sustainability, creating an organization-wide commitment to environmental and social responsibility.



## **(B) Description Of Management Role (Climate & Nature)**

The Board is primarily responsible for shaping the company's strategy, setting the risk appetite, ensuring compliance with ESG requirements, and upholding corporate values through the implementation of internal policies across various business units to meet stakeholder interests for sustainable operations. The Group's Sustainability Team identifies and documents significant sustainability risks related to climate and nature, drafts and updates relevant policies and guidelines, and provides monitoring support for sustainability risks across business segments. Meanwhile, the Sustainability Department focuses on adapting global, local, and industry ESG trends to enhance the company's activities, devising and implementing low-carbon initiatives, setting targets, and managing climate-related risks. Periodic updates on sustainability initiatives, risks, and opportunities are submitted to the Board by the Sustainability Department through the Managing Director.

## **(C) Description Of The Organization's Human Rights Policies And Engagement Activities**

Our strategy and measures for sustainable investing are described in the policy on environment social and governance sustainability and policy on risk management and internal controls. TTE PLC's Code of Conduct and sustainability principles guide TTE PLC and all its businesses. TTE PLC's approach to Sustainability risks and their management is described in the Group's policy on risk management and internal controls. TTE PLC's businesses work responsibly and comply with good governance practices and the principles of sustainable investing in all their operations. The implementation of responsibility and sustainability is supported by business-specific policies and guidelines.

### **Human Right**

Like climate and nature, human rights are a focus area for TTE PLC's sustainability work, and there are strong links between these issues. Human Rights outline and focus on protecting to people from severe political, legal, and social abuses. The TTE is a Sri Lankan conglomerate spanning a diversified portfolio of businesses with global operations. Thus it is of relevance that aspects and areas of Human Rights are seriously addressed in all our operations. TTE is committed to fostering an organizational culture that supports internationally recognized human rights and seeks to prevent abuse of human rights. We support the principles contained within the Universal Declaration of Human Rights and the United Nations Global Compact (UNGC). We commit to the following two sub-principles of the UNGC Principles of Human Rights;

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that they are not complicit in human rights abuses.

# Strategy

In the *Strategy* section of our TCFD and TNFD disclosures, we outline how Talawakelle Tea Estates assesses and integrates climate and nature-related risks and opportunities into our business plans. This includes identifying short, medium, and long-term impacts on our operations and exploring adaptive strategies to build resilience. Our strategy focuses on aligning our environmental objectives with core business activities, ensuring that we proactively respond to evolving environmental conditions to support long-term value creation. Detailed insights into our strategic approach are provided on the following pages.

## Recommended disclosures for TCFD

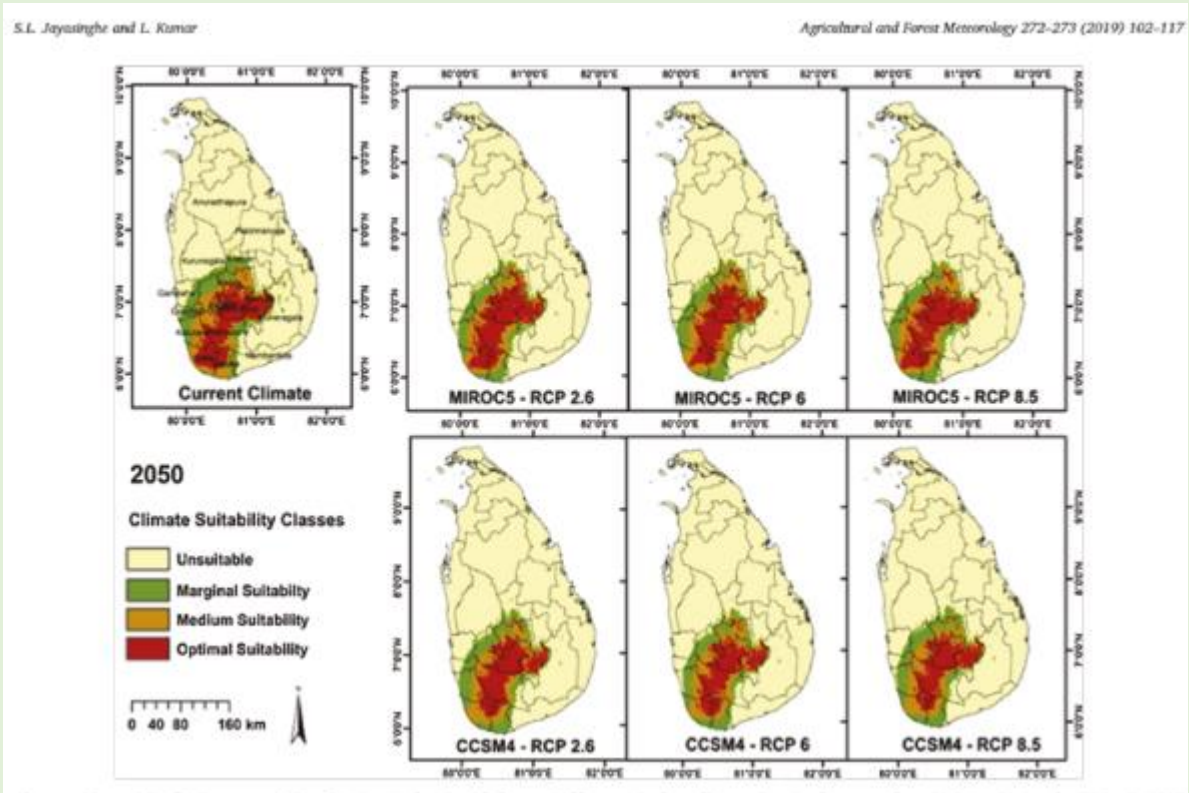
- A. Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term.
- B. Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning.
- C. Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

## Recommended disclosures for TNFD

- A. Describe the nature-related dependencies, impacts, risks, and opportunities the organization has identified over the short, medium, and long term.
- B. Describe the effect nature-related dependencies, impacts, risks, and opportunities have had on the organization's business model, value chain, strategy, and financial planning, as well as any transition plans or analysis in place.
- C. Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios.
- D. Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.



## (A) Climate-related Dependencies, Impacts, Risks, And Opportunities Over Short, Medium, And Long-term



Source: Jayasinghe, S. L., & Kumar, L. (2019). Modeling the climate suitability of tea [*camellia sinensis*(L.) O. Kuntze] in Sri Lanka in response to current and future climate change scenarios. *Agricultural and Forest Meteorology*

The figure shows the projected climate suitability for tea cultivation in Sri Lanka by 2050, based on the MIROC5 and CCSM4 models under various RCPs. The results suggest a significant decline in optimal and medium suitability areas at low elevations, while high-elevation regions remain more stable. By 2050, 'optimal' suitability areas will shrink by approximately 10.5%, 'medium' suitability by 17%, and 'marginal' by 8%. These projections highlight the negative impact of climate change on tea cultivation, underscoring the need for strategic adaptations.

### Risk and Opportunity Time Horizons

The identified climate-related risks and opportunities have been categorized based on their time horizons to align with company corporate strategy planning cycles and long-term sustainability goals:

Short-term (0-1 year)	Immediate operational adjustments to address pressing climate-related risks and capitalize on immediate opportunities.
Medium term (1-5 years)	Necessary adaptations in our business model to ensure continued growth and climate resilience.
Long-term (5+ years)	Comprehensive strategic shifts to transform our business and secure long term success in the face of climate change.

### Risk and Opportunity Identification

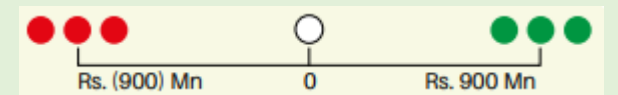
Talawakelle Tea Estates PLC has undertaken a comprehensive assessment to identify key climate-related risks and opportunities. These have been classified into transition risks and physical risks (both chronic and acute), in line with SLFRS S1 & S2 and the Task Force on Climate-related Financial Disclosures (TCFD) framework

Climate-related risks and opportunities (CRROs) Description			Current Effect			Significant risk of a material adjustment	Anticipated effects			
			Cash flows	Financial performance	Financial position		Access to finance	Cost of capital	Financial Impact	
Transition Risks:	Regulatory Risks	Increasingly stringent environmental regulations and policies aimed at reducing greenhouse gas emissions could lead to higher compliance costs and necessitate changes in agriculture and manufacturing practices.	● ●	● ●	● ●	Yes	Increased borrowing costs	Higher	Negative	
	Market Risks	Shifts in consumer preferences towards sustainably produced, certified organic, and carbon-neutral products could impact the market demand for tea that incorporates nature-based solutions in its production	● ●	● ●	● ●	Yes	Increased borrowing costs	Higher	Negative	
	Technology Risks	The need for investment in new, climate friendly agricultural technologies and renewable energy sources to remain competitive and compliant with evolving standards.	● ●	●	●	No	Increased borrowing costs	Higher	Negative	
	Reputation Risks	Negative perceptions from stakeholders regarding the environmental impact of tea cultivation practices could affect brand value and customer loyalty.	●	●	●	No	Neutral	Neutral	Negative	
Physical Risks	Chronic Risks	Temperature Increases	Gradual rise in average temperatures can affect tea plant health and productivity, altering growth cycles and reducing yields.	● ● ●	● ● ●	● ● ●	Yes	Increased borrowing costs	Higher	Negative
		Water Scarcity	Long-term changes in precipitation patterns and increased evaporation rates lead to imbalance of ground water table, impacting tea quality and production.	● ●	● ●	● ●	Yes	Increased borrowing costs	Higher	Negative
	Acute Risks	Extreme Weather Events	Increased frequency and severity of extreme weather events, such as heavy rainfall, floods, and droughts, can cause immediate damage to tea lands, crops, infrastructure, and disrupt operations.	● ●	●	●	Yes	Increased borrowing costs	Higher	Negative
		Pest and Disease Outbreaks	Climate change exacerbates the prevalence of pests and diseases, leading to increased use of pesticides and higher operational costs	●	●	●	Yes	Neutral	Neutral	Negative

*Climate-Related Risk Identification*

Climate-related risks and opportunities (CRROs) Description			Current Effect			Significant risk of a material adjustment	Anticipated effects		
			Cash flow	Financial performance	Financial position		Access to finance	Cost of capital	Financial Impact
Opportunity	Climate Resilient Crop Varieties	Developing and cultivating tea varieties that are more resistant to climatic stresses can enhance crop resilience and productivity.	● ●	● ●	● ●	No	Improved financing terms	Lower	Positive
	Organic Tea Production	Transitioning to organic farming practices can open new markets, meet growing consumer demand for organic products, and improve soil health.	● ●	● ●	● ●	No	Improved financing terms	Lower	Positive
	Renewable Energy Adoption	Investing in renewable energy sources, such as Hydro, solar and wind power, can reduce greenhouse gas emissions and lower operational costs.	● ●	● ●	● ●	Yes	Improved financing terms	Lower	Positive
	Sustainable Agriculture Practices	Implementing sustainable agriculture techniques, such as agro-forestry, permaculture and organic farming, can improve soil health, sequester carbon, and enhance biodiversity.	●	●	●	No	Neutral	Neutral	Positive
	Eco-Tourism Development	Leveraging the scenic beauty and biodiversity of our tea estates, we can develop eco-tourism initiatives that attract visitors, generate additional revenue, and promote environmental conservation.	●	●	●	No	Improved financing terms	Neutral	Positive

Climate-Related Opportunity Identification



## (A) Nature-related Dependencies, Impacts

Talawakelle Tea Estates PLC relies on natural resources and ecosystem services to support our operations and sustain the quality of our tea production. Key dependencies include water resources for irrigation, healthy soil for nutrient support, and favorable climatic conditions for optimal growth. Additionally, biodiversity plays a crucial role, as the natural ecosystems around our estates help maintain soil health, pollination, and pest control. Recognizing these dependencies helps us understand the importance of preserving natural ecosystems, which are vital not only for our current operations but also for the long-term resilience of our business.



**Climate and Temperature** -Tea production is highly dependent on stable and suitable climatic conditions. Tea plants require specific temperature ranges, and any significant change in weather patterns can impact yield and quality. Dependency on stable climates and seasonal variations is a key consideration for the estate's long-term viability.



**Water Resources-** The company relies heavily on freshwater for irrigation, processing tea leaves, and maintaining healthy tea plantations. Water availability is essential for both the growth of tea plants and the operational aspects of production. Talawakelle Tea Estate is dependent on nearby rivers, rainfall patterns, and groundwater reserves, making water a critical resource.



**Biodiversity and Ecosystem Services-** The estate benefits from the natural ecosystem services provided by surrounding forests and landscapes. These include pollination, pest control by natural predators, and maintenance of soil structure. The biodiversity in and around the estate helps reduce the need for artificial inputs like pesticides.



**Soil Quality-**High-quality, fertile soil is essential for the cultivation of tea. The estate depends on natural soil nutrients and organic matter to maintain crop productivity. Healthy soil ecosystems also ensure that tea plantations are resilient to diseases and pests. Dependency on proper land management practices is crucial to maintaining soil health.



**Pollination Services-** Although tea plants are largely self-pollinating, the surrounding biodiversity of plants and pollinators supports overall ecosystem health, which indirectly benefits the tea plantations.

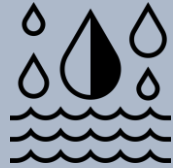
*Nature related dependencies identification*

## (A) Nature-related Dependencies, Impacts

Talawakelle Tea Estates PLC’s activities impact natural ecosystems in various ways. Tea cultivation and processing require land, water, and energy resources, which can lead to deforestation, water usage, and greenhouse gas emissions if not managed sustainably. Additionally, agricultural runoff can affect local water quality, while changes in land use can disrupt local biodiversity. By identifying and mitigating these impacts, we aim to reduce our environmental footprint and enhance the sustainability of our operations, supporting both the ecosystems we rely on and the surrounding communities.



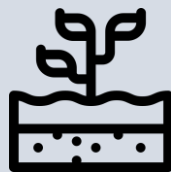
**Climate Change Contributions-** Agriculture, including tea production, contributes to greenhouse gas emissions through land-use changes, use of fertilizers, and energy consumption in processing plants. These emissions can exacerbate climate change, which in turn affects the estate’s operations.



**Water Usage and Pollution-** The company’s operations, particularly in processing tea, consume significant amounts of water. Inefficient water management or untreated wastewater discharge can lead to the depletion of local water resources and pollution of rivers or groundwater, impacting both the environment and local communities.



**Biodiversity and Ecosystem Services-** The estate benefits from the natural ecosystem services provided by surrounding forests and landscapes. These include pollination, pest control by natural predators, and maintenance of soil structure. The biodiversity in and around the estate helps reduce the need for artificial inputs like pesticides.



**Soil Degradation-** Poor land management, overuse of fertilizers, or monoculture practices can lead to soil degradation. Loss of soil fertility, increased erosion, and disruption of natural soil processes can reduce productivity and harm the surrounding environment.



**Impact on Biodiversity-** The use of agrochemicals like fertilizers and pesticides can reduce biodiversity in and around tea estates. Loss of natural vegetation and wildlife can disrupt ecosystems, reduce pollination, and affect long-term agricultural productivity.

*Nature-related impacts identification*

## (A) Nature-related Risks Over Short, Medium, And Long-term

### Nature related risks

Nature-related risks encompass potential negative effects on our operations due to environmental changes. For Talawakelle Tea Estates, these risks might include physical risks like droughts, storms, temperature shifts that affect crop yield, and transition risks tied to regulation changes, market preferences, or environmental policies. Understanding these risks allows us to prepare better and mitigate the impact on our production, revenue, and reputation, ensuring a more resilient business model aligned with sustainable practices.



### Physical Risk

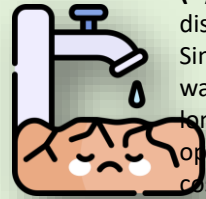
#### Chronic Risk (Long-term environmental changes)

- (1) Climate Change
- (2) Water Scarcity

**(1)** Rising temperatures and shifting weather patterns may cause long-term disruptions in tea cultivation. Tea plants are sensitive to temperature and rainfall, and gradual climate changes can reduce productivity and impact tea quality. Over the long term (5-15 years), this may lead to decreased land availability for tea cultivation and a decline in yield.



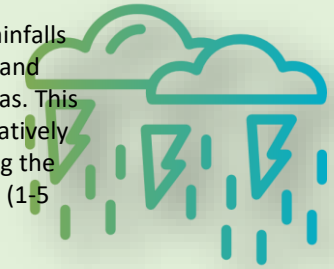
**(2)** Persistent droughts or changes in rainfall distribution could lead to chronic water shortages. Since Talawakelle Tea Estates relies heavily on water for both tea cultivation and processing, any long-term water stress can severely affect operations, crop yields, and increase operational costs related to water procurement.



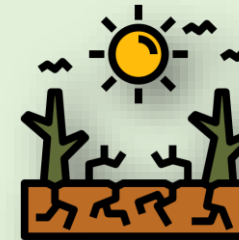
#### Acute Risk (Extreme weather events)

- (3) Heavy Rainfall and Flooding
- (4) Droughts
- (5) Storms and High Winds

**(3)** Increased frequency of heavy rainfalls and flooding can cause soil erosion and landslides in hilly tea plantation areas. This can result in the loss of topsoil, negatively impacting soil fertility and increasing the risk of yield losses in the short term (1-5 years).



**(4)** Acute drought conditions, particularly in regions that rely on seasonal monsoon rains, can disrupt water availability, affecting both the cultivation and processing stages. In the short-to-medium term (1-10 years), reduced water availability can lead to immediate production losses and increase the need for water conservation technologies.



**(5)** Extreme weather events such as storms can cause physical damage to tea plants, affecting productivity in the short term (1-5 years). Damage to infrastructure, including processing facilities, may result in additional costs and operational downtime.



## (A) Nature-related Risks Over Short, Medium, And Long-term

### Nature related risks

Nature-related risks encompass potential negative effects on our operations due to environmental changes. For Talawakelle Tea Estates, these risks might include physical risks like droughts, storms, temperature shifts that affect crop yield, and transition risks tied to regulation changes, market preferences, or environmental policies. Understanding these risks allows us to prepare better and mitigate the impact on our production, revenue, and reputation, ensuring a more resilient business model aligned with sustainable practices.



#### Transition Risk

- (1) Regulatory Risks: Stricter Environmental Regulations
- (2) Market and Consumer Preferences: Shifts in Consumer Demand

(1) Over the medium to long term (5-15 years), there is a growing likelihood of stricter environmental regulations in Sri Lanka and internationally, especially concerning water use, waste management, and emissions. Complying with new environmental laws could increase operational costs, requiring investment in water conservation technologies, emission control systems, and sustainable land management practices. Compliance with international standards, such as the European Union’s deforestation regulations, could lead to additional supply chain costs or restrictions on exports if the estate does not meet sustainability criteria.



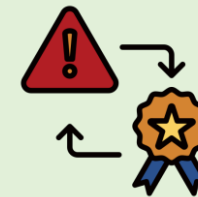
(2) Globally, there is increasing demand for sustainably produced tea, with buyers and consumers showing a preference for eco-friendly and certified products. Failing to adapt to this shift could result in reputational risks and potential loss of market share. Over the medium term (5-15 years), the company may need to transition to more sustainable practices to meet the growing demand for certified products such as organic or Rainforest Alliance-certified tea.

(5) Increasingly, investors and financial institutions are prioritizing companies with strong ESG credentials. Over the medium to long term, failing to meet sustainability standards could result in restricted access to financing, higher interest rates, or reduced investor interest, leading to increased costs of capital or even loss of funding opportunities



- (3) Technology Risk: Increased Costs for Sustainable Technology
- (4) Reputation and Branding Risk: Failure to Meet Sustainability Expectations
- (5) Financial Risk: Access to Capital

(3) Transitioning to low-impact agricultural technologies, such as drip irrigation, renewable energy in processing plants, or automated soil management systems, may require significant upfront investment. In the medium term, failure to adopt these technologies could reduce operational efficiency and increase energy and water costs, resulting in financial risks.



(4) In the long term, a lack of visible sustainability initiatives may harm Talawakelle Tea Estate’s reputation, especially if competitors are quick to adopt green practices. The company could face increased scrutiny from investors, regulators, and consumers if it does not demonstrate leadership in sustainability practices or achieve relevant certifications, posing a threat to its market positioning and brand reputation.



## (A) Nature-related Opportunities Over Short, Medium, And Long-term

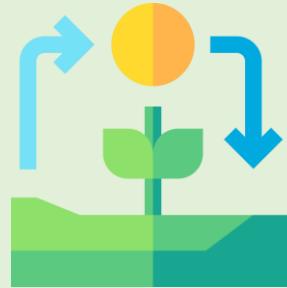
### SHORT TERM



**Water efficiency improvements -** Investing in better irrigation technologies and wastewater management systems can reduce water dependency and cut operational costs.

**Sustainable certifications**  
**Shifts in Consumer Demand -** Achieving certifications like Rainforest Alliance or Organic Tea can increase market demand and premium pricing.

### MEDIUM TERM



**Climate adaptation strategies-** Implementing agroforestry or shade-grown tea cultivation can mitigate the impacts of climate change while enhancing biodiversity and ecosystem

**Regenerative agriculture-** Shifting towards regenerative practices can restore soil health, increase yields, and improve ecosystem functions, offering long-term sustainability.

### LONG TERM



**Carbon sequestration opportunities -** By adopting more sustainable land management practices and reforestation efforts, Talawakelle Tea Estate can position itself as a leader in carbon sequestration, creating new revenue streams through carbon credits.

**Sustainable product differentiation-** As global markets demand more sustainable and eco-friendly products, the company can leverage its efforts to reduce nature-related impacts to strengthen its brand and access premium markets.

Nature-related opportunities represent potential benefits for Talawakelle Tea Estates through sustainable practices and adaptation to environmental changes. Optimizing water and soil management in the short term can enhance crop quality and reduce costs. Medium-term opportunities include diversifying crop varieties and leveraging carbon credit markets, which can provide additional revenue and align with consumer demand for eco-friendly products. Investing in biodiversity conservation and regenerative practices can strengthen ecosystem resilience, offering a competitive advantage and supporting sustainable growth.



**(B) Climate-** Describe The Effect Climate-related Dependencies, Impacts, Risks, And Opportunities Have Had On The Organization’ s Business Model, Value Chain, Strategy, Financial Planning, And Any Transition Plans Or Analysis In Place.

	Impacts on Business Model	Impacts on Value chain	Response Plans	Mitigation Plans
<b>Current</b>	<p><b>Leaf Quality:</b> Unpredictable weather patterns may lead to decreased Tea leaf quality, affecting the overall product standard. Yield: Immediate impacts include reduced yields due to adverse weather conditions.</p>	<p><b>Small Farmers:</b> Climatic fluctuations affect small farmers’ productivity and income, disrupting the supply chain.  <b>Suppliers and Distributors:</b> Adverse weather conditions can lead to supply chain disruptions, affecting product availability and consistency.</p>	<p><b>Resource Allocation:</b> Investing in precision agriculture and soil conservation to maintain yield and leaf quality.  <b>Supply Chain Adjustments:</b> Enhancing sustainability and reducing GHG emissions to protect value chain integrity. <b>Data-Driven Decision Making:</b> Using real-time data to monitor weather impacts on crop quality and yield.</p>	<p><b>Mitigation:</b> Implementing water and soil conservation techniques to sustain leaf quality and yield.  <b>Adaptation:</b> Adjusting agriculture planning and selecting climate-resilient tea varieties to cope with immediate climatic impacts.</p>
<b>Anticipated</b>	<p><b>Crop Levels:</b> Long-term climatic changes could significantly reduce crop levels, impacting volumes and revenue.  <b>Revenue:</b> Potential revenue losses from sustained climatic changes.</p>	<p><b>Strategic Partnerships:</b> Long-term climate impacts necessitate strategic adjustments in partnerships and collaboration with small farmers and other key players.  <b>Resource Allocation:</b> Strategic decisions on resource allocation to ensure support for small farmers and maintain supply chain stability</p>	<p><b>Decommissioning Carbon Intensive Operations:</b> Gradually reduce synthetic fertilizer use and increase renewable energy.  <b>Capital Expenditure:</b> Investing in climate-resilient crops and sustainable farming R&amp;D to safeguard future yields and revenue.  <b>Resource Allocation for Business Development:</b> Developing eco-tourism and diversifying product lines to mitigate revenue losses.</p>	<p><b>Production Process Changes:</b> Adopting regenerative agriculture to improve long-term crop resilience.  <b>Facility Upgrades:</b> Supporting renewable energy installations to reduce operational carbon footprint.  <b>Workforce Adjustments:</b> Training employees in new sustainable practices to enhance adaptation capabilities.</p>

*Describe the effect climate-related dependencies, impacts, risks, and opportunities have had on the organization’s business model, value chain*

## Climate-Related Transition Plan



# CLIMATE TRANSITION ACTION PLAN

Collaboration and partnership

Crop Diversification and business Innovation

Renewable Energy Adoption

Regenerative Agriculture transformation

Launch of climate Transition plan of TTE PLC in 2024 aligns with gold standard for climate transition plans of Transition Plan Taskforce

Transition Plan:

**Key Assumptions:** The transition plan is based on the assumption that regulatory requirements for reducing greenhouse gas emissions will become increasingly stringent, and consumer demand for sustainable products will continue to grow.

**Dependencies:** The successful implementation of the transition plan relies on continuous innovation in agricultural technologies, availability of renewable energy sources, and strong collaboration with stakeholders.

Achieving climate-related targets is a priority for Talawakelle Tea Estates PLC, with ambitious goals and comprehensive plans in place. By 2030, the company aims to cut greenhouse gas emissions by 50% (verified near-term target from SBTi) and achieve net-zero emissions by 2050. Significant financial investments in renewable energy, climate-resilient technologies, and sustainable and regenerative agriculture practices will support achievement of these targets. Additionally, employee training and collaborations with research institutions and government and nongovernment organizations enhance resource utilization for climate adaptation and mitigation projects. Progress is meticulously tracked through regular monitoring of greenhouse gas emissions, agriculture input usage, and energy consumption, with results published in integrated annual reports ESG Report and Digitalised ESG dashboard. Stakeholder feedback is actively sought to refine strategies, ensuring continuous improvement and adaptation to new research and technologies.

**(B) Nature-** Describe The Effect Nature-related Dependencies, Impacts, Risks, And Opportunities Have Had On The Organization’ s Business Model, Value Chain, Strategy, and Financial Planning.

Impacts on Business Model	Impacts on Value chain	Impacts on Strategy	Impacts on Financial Planning
<p><b>Nature Dependency:</b> Talawakelle Tea Estate’s business model is closely linked to natural resources, primarily water, fertile soil, and favorable climatic conditions. These dependencies shape the core of our agricultural operations, making us vulnerable to changes in the natural environment.</p>	<p><b>Upstream Impacts:</b> Our tea plantations are significantly dependent on natural resources at every stage of the value chain. Climate variability, such as unpredictable rainfall and temperature changes, affects both the productivity and cost of raw material inputs. The availability of high-quality water for irrigation and processing is vital, and any risk to these resources can disrupt supply.</p>	<p><b>Strategic Adaptation:</b> The nature-related risks and opportunities have led Talawakelle Tea Estates to incorporate more sustainable practices into its strategic framework. For example, in response to water scarcity and climate variability, we are adopting precision irrigation techniques, improving soil management practices, and planting climate-resilient crop varieties. These strategies not only mitigate operational risks but also create</p>	<p><b>Capital Allocation:</b> Addressing nature-related risks has influenced our financial planning, particularly in allocating capital toward sustainable infrastructure and technologies. Investments in water-saving technologies, soil conservation efforts, and renewable energy sources have reduced operational costs in the long term and ensured resource availability.</p>
<p><b>Impacts on Operations:</b> The reliance on consistent rainfall and healthy soil ecosystems means that any disruption in these factors, such as water scarcity or soil degradation, directly affects our tea yield, processing capabilities, and the overall quality of our products. Nature-related impacts have necessitated a focus on sustainable practices, such as better water management, to ensure long-term business continuity.</p>	<p><b>Downstream Effects:</b> Growing consumer demand for sustainably sourced products influences our value chain, requiring us to implement sustainable agricultural practices. This shift also drives the need for certifications, such as organic or fair trade labels, which help meet market expectations and secure premium pricing. Nature-related opportunities, like adopting climate-resilient agriculture, have the potential to enhance our brand reputation and create more value downstream.</p>	<p><b>Scenario Analysis:</b> As part of our strategic planning, we have begun exploring scenario analysis to assess the potential impacts of chronic climate change and acute extreme weather events on our plantations. This allows us to develop adaptive strategies that ensure our long-term resilience in the face of environmental uncertainties.</p>	<p><b>Revenue Streams and Market Opportunities:</b> On the opportunities side, sustainability certifications and climate-resilient practices open up new revenue streams. By meeting the growing demand for environmentally responsible products, we can access premium markets, which supports our financial sustainability.</p>

*Describe the effect nature-related dependencies, impacts, risks, and opportunities have had on the organization’s business model, value chain, strategy, and financial planning*

## (C) Describe The Resilience Of The Organization's Strategy To Climate & Nature-related Risks And Opportunities, Taking Into Consideration Different Scenarios

Talawakelle Tea Estates PLC has incorporated climate & nature-related risk management and resilience-building as core aspects of its strategic planning. Our strategy is designed to respond effectively to both current and future nature-related risks while leveraging opportunities to ensure the long-term sustainability of our operations.

### a. Climate Change Scenario Analysis (TCFD)

We have carried out scenario analysis based on varying levels of climate change impacts, both acute (extreme weather events) and chronic (long-term shifts in temperature and precipitation patterns). These analyses help assess the potential consequences on our tea plantations and inform proactive steps for adaptation.

#### Low Climate Impact Scenario (Short Term - 1-5 years):

In scenarios with limited climate impacts, we focus on strengthening existing sustainable agricultural practices. This includes optimizing water use efficiency through improved irrigation systems and introducing better soil management techniques to mitigate gradual environmental changes.

#### Moderate Climate Impact Scenario (Medium Term - 5-10 years):

For more severe scenarios with higher levels of climate variability, we have developed a strategy that incorporates climate-resilient crop varieties, better land use planning, and diversification of production areas. Investments in reforestation projects and ecosystem restoration play a key role in preserving soil health and biodiversity, which supports the resilience of our tea production over the medium term.

#### High Climate Impact Scenario (Long Term - 10+ years):

In extreme climate scenarios, we prepare for the potential reduction in suitable land for tea cultivation due to temperature increases and water scarcity. Our long-term strategy includes exploring alternative crops, expanding tea production to more climate-resilient regions, and investing in infrastructure that protects against extreme weather events like floods or droughts. This forward-looking approach ensures

### b. Water Scarcity and Drought Risk Scenarios (TNFD)

Water scarcity, particularly due to shifting rainfall patterns, poses a major risk to our operations. We are investing in water conservation technologies, such as drip irrigation systems and rainwater harvesting, to ensure that we remain resilient even during periods of low rainfall. In addition, we have enhanced our watershed management efforts to protect natural water sources and ensure a steady supply for both cultivation and processing.

#### Short Term (1-5 years)

In the near term, the risk of localized water shortages due to variability in rainfall patterns is expected to increase. To manage this, we will focus on water conservation practices, such as installing more efficient irrigation systems (e.g., drip irrigation) and optimizing the use of existing water resources. We will also expand rainwater harvesting initiatives to ensure a stable water supply during periods of low rainfall.

#### Medium Term (5-10 years)

Over the medium term, more frequent droughts may impact water availability for both tea cultivation and processing. In response, we will increase investment in infrastructure, such as advanced irrigation systems and water storage facilities, while promoting watershed management to protect natural water sources. We may also explore water-efficient crop varieties and refine land-use practices to enhance resilience against prolonged dry periods.

#### Long Term (10+ years)

In the long term, a sustained reduction in rainfall, combined with more intense droughts, may severely impact the availability of water for tea production. To mitigate this risk, we will consider diversifying crop production towards more drought-resilient varieties or potentially relocating some operations to areas with better water availability. Large-scale water management infrastructure and ecosystem restoration projects will also be crucial in sustaining operations under extreme climate conditions.

## Climate - Scenario Analysis

The analysis is categorized into transition risks, physical risks, and opportunities, each evaluated across short-term, medium-term, and long-term timeframes. Factors such as regulatory risks, market risks, technology risks, and reputation risks are assessed for their financial impacts in terms of cost and revenue. Additionally, opportunities related to renewable energy, sustainable agriculture transition, and business diversification are analyzed. This analysis aids in understanding the potential financial outcomes and strategic planning required to mitigate risks and leverage opportunities over different time horizons.



Category	Factors	Metric (unit)	Scenario Analysis								
			Short-term			Medium-term			Long-term		
			Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C	Scenario A	Scenario B	Scenario C
Transition Risks	Regulatory Risks	Cost	●●●	●●	●	●●	●	○	●	●	○
	Market Risks	Revenue	●●●	●●	○	●●	●	●	●●●	●●	●
	Technology Risks	Cost	●●●	●●	●	●●	●	○	○	●	●
	Reputation Risks	Revenue	●●●	●●	●	●●	●	○	○	●	○
Physical Risks	Chronic Risks	Revenue	●	●●	●	●●	●●●	●●●	●●●●	●●●●●	●●●●●
	Acute	Cost	●●	●●	●	○	○	●●●	○	○	●●●
Opportunity	Renewable Energy	Cost/Benefit	●●●	●●	●	●	●	○	●●●	●●	●
	Sustainability Agriculture transition	Cost/Benefit	●●●	●	●	●●●	●	●	●●●	●●	●
	Business Diversification	Revenue	●●●	●●	●	●●●	●	●	●●●	●●	●



Climate-related scenario analysis

## Nature - Scenario Analysis

Scenario ID	Level of approach	Time Frame	Description	Financial Impacts	Risk	Opportunity
<b>Scenario A</b> <b>Increased Climate Regulation</b>	Top-Down Approach (Macro-level)	Short to Medium term (2025–2035)	Governments, including Sri Lanka, enforce stricter biodiversity conservation laws and climate-related regulations in response to global targets (e.g., the Paris Agreement, Convention on Biological Diversity).	Potential increase in costs by nearly 10–15% to upgrade operations to meet new environmental standards. Revenue could be impacted if certifications (e.g., Rainforest Alliance, FSC) are not obtained.	New regulations could require Talawakelle Tea Estates to adopt more eco-friendly practices, such as reducing pesticide use, conserving water, and reforesting parts of the estate. This could lead to higher operational costs due to compliance with these regulations.	If Talawakelle adopts eco-friendly practices early, it could gain a market advantage by attracting sustainability-conscious buyers and possibly commanding higher prices for certified sustainable tea.
<b>Scenario B</b> <b>Global Biodiversity Loss</b>	Top-Down Approach (Macro-level)	Medium to Long (2035–2050)	Global biodiversity declines due to deforestation, pollution, and climate change, resulting in ecosystem imbalances.	Pest control and chemical costs could rise leading to lower profitability. Long-term damage to ecosystem services (e.g., water regulation) could impact the yields of plants.	Loss of biodiversity in regions where Talawakelle operates could lead to more frequent pest outbreaks, reduced pollination, and less natural pest control, increasing the need for chemical inputs. This would raise costs and potentially affect tea quality.	By investing in biodiversity restoration projects, Talawakelle could mitigate some of these impacts and position itself as a leader in sustainable agriculture, opening new markets or partnerships.
<b>Scenario C</b> <b>Local Water Scarcity</b>	Bottom-Up Approach (Micro-level)	Short term (2025–2030)	Local climate conditions in Sri Lanka’s tea-growing regions change, leading to more frequent droughts and reduced water availability.	Potential reduction in yields during dry seasons, with revenue losses of up to 10%. Water management infrastructure upgrades could result in additional capital expenditure.	Water scarcity could directly affect tea production, leading to lower yields, poorer-quality tea, and higher costs for water management (e.g., irrigation). Competition for water resources with nearby communities could result in reputational risks.	Investing in water-saving technologies (e.g., drip irrigation, rainwater harvesting) could reduce water dependency and improve resilience to droughts. Talawakelle could also collaborate with local communities on water conservation projects, improving local relationships and sustainability credentials.
<b>Scenario D</b> <b>Soil Degradation and Erosion (2025–2040)</b>	Bottom-Up Approach (Micro-level)	Short to Medium term (2025–2040)	Soil erosion and loss of fertility occur due to unsustainable land use practices and extreme weather events, particularly in Sri Lanka’s hilly areas.	Rehabilitation costs could increase operational expenditures by 7% with possible long-term yield losses.	Erosion could lead to decreased tea yields and lower soil productivity, requiring expensive soil rehabilitation efforts. If left unmanaged, this could result in the loss of arable land for tea cultivation.	Implementing sustainable agricultural practices (e.g., contour planting, agroforestry, soil enrichment with organic matter) could reduce the risk of soil degradation. Investments in soil conservation could boost long-term productivity and sustainability certification prospects.

### Nature -related scenario analysis

## (D) Disclose The Locations Of Assets And/Or Activities In The Organization’s Direct Operations And, Where Possible, Upstream And Downstream Value Chain(s) That Meet The Criteria For Priority Locations. (Nature)

Talawakelle Tea Estate PLC produces high-quality Ceylon tea from sixteen tea gardens located in Sri Lanka’s best tea-growing areas, each with unique nature-related dependencies and risks. Based on a comprehensive analysis, the following estates have been identified as priority locations due to their direct dependency on local ecosystems, water resources, and climate conditions:

### Low-Grown Tea Estates (Southern Agro Climatic Districts of Galle and Deniyaya)

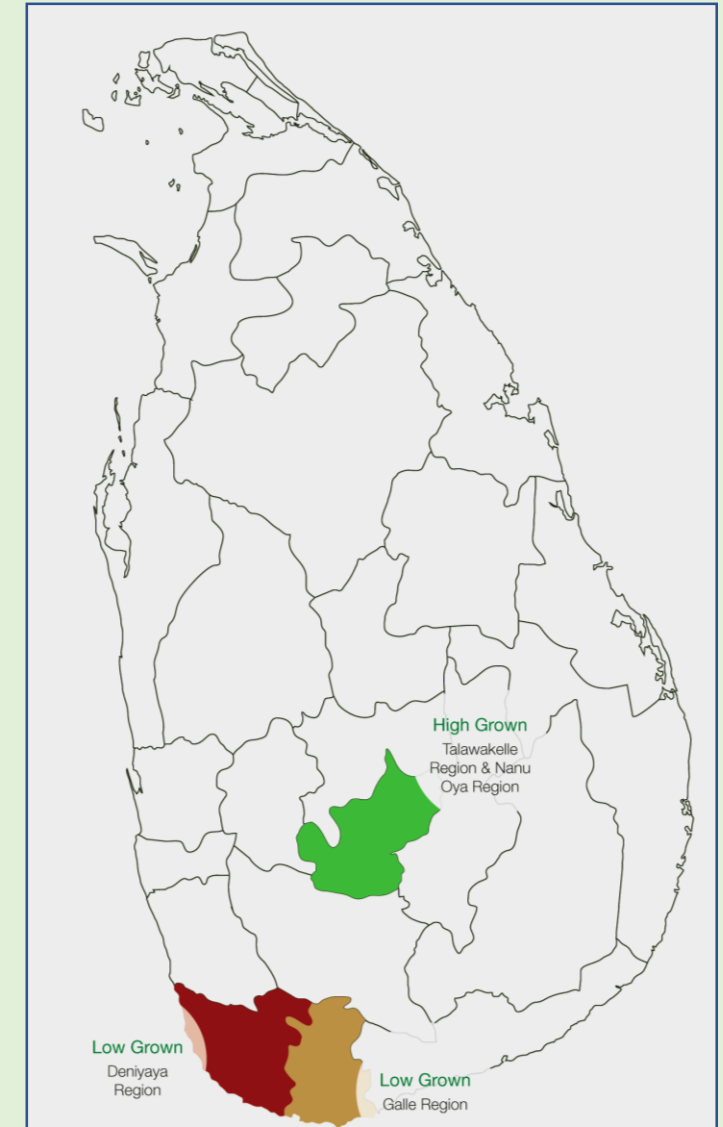
- Moragalla Estate
- Kiruwanaganga Estate
- Deniyaya Estate
- Indola Estate

These estates are located near the low country area, near the Singharaja Forest Reserve (a UNESCO World Heritage Site). The rich soils, originally covered by tropical rainforests, contribute to the growth of leafy and small-leaf tea varieties, such as Orange Pekoe and Broken Orange Pekoe, which are in demand globally. However, these estates face risks from climate variability, including prolonged dry spells, impacting both water availability and soil health.

### High-Grown Tea Estates (Dambulla Valley in Nanuoya/Lindula/Talawakelle Regions)

- **Nanuoya Region:** Calsay, Clarendon, Dessford, Somerset, Radella
- **Talawakelle Region:** Bearwell, Great Western, Mattakelle, Holyrood, Wattegoda, Logie, Palmerston

The twelve estates in the Dambulla Valley, situated in the Central Hills, are renowned for their high-grown teas with exquisite flavors and aromas. These estates rely heavily on consistent rainfall and cool climates, making them vulnerable to shifts in weather patterns and water scarcity.



# Risk & impact management

In the *Risk & Impact Management* section of our TCFD and TNFD disclosures, we detail our approach to identifying, assessing, and managing climate and nature-related risks and impacts. This includes a systematic evaluation of physical, transition, and nature-related risks, as well as their potential effects on our operations, value chain, and stakeholders. We outline the processes and controls in place to mitigate these risks and manage our impact on natural ecosystems, supporting resilience and sustainable growth. Detailed insights into our risk and impact management practices are covered in the following sections.

## Recommended disclosures for TCFD

- A. Describe the company's processes for identifying and assessing climate-related risks.
- B. Describe the company's processes for managing climate-related risks.
- C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management.

## Recommended disclosures for TNFD

- A. (i) Describe the organization's processes for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in its direct operations. (ii) Describe the organization's processes for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in its upstream and downstream value chain(s).
- B. Describe the organization's processes for managing nature-related dependencies, impacts, risks, and opportunities
- C. Describe how processes for identifying, assessing, prioritizing, and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes.



## (A) The Process To Identify And Assess Climate And Nature-related Impacts, Dependencies, Risks, And Opportunities

Talawakelle Tea Estates PLC has conducted a thorough evaluation to identify key climate & nature-related risks and opportunities, categorizing them into transition risks and physical risks (both chronic and acute), in alignment with SLFRS S1 & S2 and the TCFD & TNFD frameworks. The risks are assessed based on the likelihood of significant material adjustments using a two-step scale: "Yes" or "No." Anticipated effects are evaluated on a three-tier scale, considering access to finance, cost of capital, and overall financial impact.

TTE identifies and assesses climate & nature-related risks through an annual operating context analysis and materiality assessment. Employees at all levels are encouraged to identify risks within their scope. The risk management process includes the following steps:

1. Identify and assess risks
2. Evaluate the likelihood and impact of risks
3. Develop and implement risk mitigation strategies
4. Monitor and review risks

### Climate

At Talawakelle Tea Estates PLC, we have implemented specific processes for identifying, assessing, and prioritizing climate risks and opportunities across various aspects of our agricultural operations. These assessments are carried out by the respective estate and sustainability team. Our risk management processes are guided by climate data from multiple providers, enabling us to assess risks for different estates and production lines. For most estates, carbon data serves as the foundation for risk assessment and prioritization, while sectors like agroforestry and land management, which have longer time horizons, are evaluated with a broader perspective.

Additionally, we integrate physical climate risks and forward-looking data into our assessments. For instance, we have identified the estates responsible for the majority of our operational emissions and evaluated their climate initiatives, which form the basis of our strategic engagement and mitigation plans.

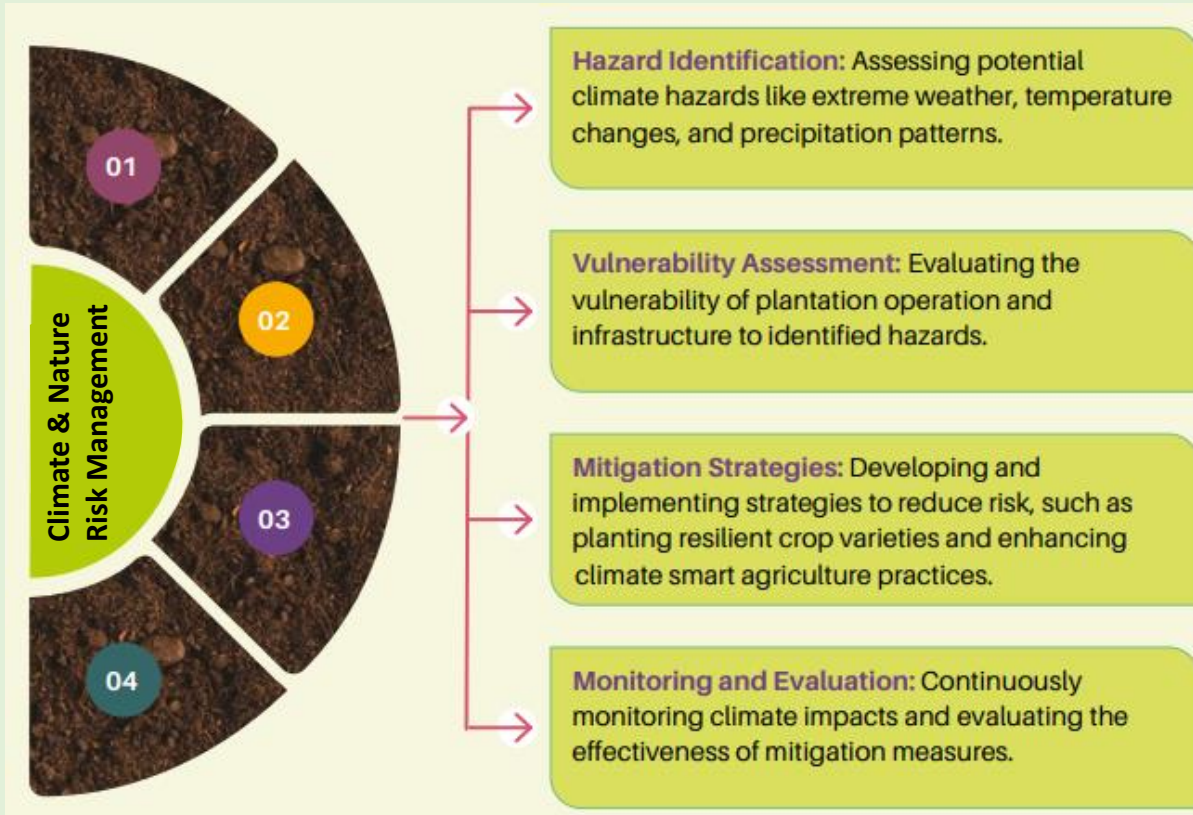
### Nature

At Talawakelle Tea Estates PLC, we are committed to identifying and managing nature-related risks, particularly those linked to deforestation. We have conducted an analysis of our operations to identify areas with high deforestation risks, with a particular focus on key agricultural supply chains, such as tea cultivation and related agroforestry activities. Utilizing tools like the ENCORE, WWF Biodiversity filter, we assess the management of deforestation issues in our supply chain and analyze high-risk areas for future mitigation efforts.

Our analysis in 2023 identified estates with elevated deforestation risk, and we have prioritized these areas in our environmental management and engagement strategies. In addition, we plan to collaborate with external environmental think tanks to develop tools for comprehensive monitoring of deforestation risks across all estates, incorporating multiple risk indicators into our assessment framework.

Furthermore, we assess the exposure of our suppliers and partners to raw materials that carry a high deforestation risk and will integrate these findings into our sustainability evaluations. Going forward, we will include deforestation risk management in our annual reviews of supplier sustainability practices and in the due diligence process for new partners in our supply chain.

## (B) The Process Of Managing Climate And Nature-related Impacts, Dependencies, Risks, And Opportunities



**Processes and Policies for Climate and Nature-Related Risk Management**  
 Talawakelle Tea Estates PLC (TTE) has established comprehensive processes and policies to manage both climate and nature-related risks. These include:

**Data Inputs and Parameters:** We utilize climate models, weather forecasts, biodiversity assessments, and historical data on environmental and ecological impacts. Our scope encompasses all operational areas, including tea plantations, processing facilities, and supply chains.

**Scenario Analysis:** We employ both climate and nature-related scenario analysis to identify potential risks and opportunities, including deforestation risks and biodiversity loss. This includes best-case, moderate-case, and worst-case scenarios derived from the IPCC Sixth Assessment Report (AR6) and other relevant ecological studies.

**Assessment of Risks**

**Nature, Likelihood, and Magnitude:** Risks are assessed based on qualitative and quantitative factors, such as their potential impact on crop yields, biodiversity, ecosystem services, and market demand. This involves evaluating risks related to climate change and ecological degradation.

**Prioritization of Risks:** Both climate and nature-related risks are prioritized using a risk matrix that considers severity, likelihood, and potential financial impact on operations and supply chain continuity.

**Monitoring and Changes in Processes**

**Monitoring:** Continuous monitoring is carried out through environmental impact assessments, biodiversity monitoring, use of IoT sensors, and field inspections. We track both climate conditions and nature-related factors such as soil health, water resources, and deforestation rates.

**Process Improvements:** Our risk management framework is regularly updated based on new scientific insights, technological advancements, and regulatory changes related to climate and ecological factors.

**Processes for Identifying Opportunities**

TTE actively identifies and evaluates climate and nature-related opportunities using scenario analysis to inform strategic decisions. This includes:

**Sustainable Agriculture:** Exploring opportunities in organic tea production, regenerative agriculture, and sustainable land-use practices to protect ecosystems.

**Eco-Tourism:** Leveraging our plantations’ natural beauty and biodiversity to develop eco-tourism initiatives that promote conservation and sustainable development.

## (C) Integration into Overall Risk Management ( Climate & Nature )

At TTE, climate and nature-related risks and opportunities are integrated into our overall risk management process through quarterly reporting to the Audit Committee. This ensures a comprehensive approach that considers the interconnectedness of various risks and their combined impact on our operations and financial performance. For detailed information, please refer to pages 190 and 199 of the 2023/24 Annual Report.

These climate and nature-related risks are embedded within our existing risk categories, including financial, operational, and impact risks. Financial risks are linked to transition and physical risks, as well as our dependency on vulnerable natural resources and ecosystems. Operational risks include reputational damage and diminished trust in our business, while impact risks stem from the effects of our investments on the climate and environment. These risks are continuously monitored and reported to the management team and Board of Directors.



# Metrics & targets

In the *Metrics & Targets* section of our TCFD and TNFD disclosures, we present the key indicators we use to track, measure, and report on our environmental performance and progress toward sustainability goals. This includes quantitative metrics on emissions, resource use, biodiversity, and nature-related dependencies, as well as our targets for reducing environmental impacts. By setting and monitoring these metrics, we ensure accountability and transparency in our journey towards a more sustainable and resilient business. Detailed metrics and targets are provided in the subsequent sections.

## Recommended disclosures for TCFD

- A. Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process.
- B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- C. Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets.

## Recommended disclosures for TNFD

- A. Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process
- B. Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature.
- C. Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks, and opportunities and its performance against these.

## (A) (B) Metrics Used By The Company To Assess Climate-related Risks & Opportunities And Greenhouse Gas Emission Data



TTE PLC is committed to transparent reporting on our climate-related metrics and targets. This disclosure aligns with SLFRS S1 & S2 guidelines and outlines our approach to measuring and managing greenhouse gas (GHG) emissions, as well as our targets for mitigating climate-related risks and seizing opportunities.

		Scope 01	Scope 02	Scope 03
A	Gases included in the calculation	CO2, CH4, N2O	CO2, CH4, N2O	CO2, CH4, N2O
B	Base year for the calculation	2018/19	2018/19	2018/19
	Emissions in the base year - tCO <sub>2</sub> e	10,319	3,515	1,749
	The rationale for choosing it	Most representative year (followed GHG Protocol for base year selection)		
	The context for any significant changes in emissions that triggered recalculations of base year emissions	None	None	None
C	Source of the emission factors and the global warming potential (GWP) rates used.	The greenhouse gas protocol: A corporate accounting and reporting standard, WRI/ WBCSD Sri Lanka Energy Authority (SLSEEA), National Energy Balance 2021)		
D	Consolidation approach for emissions	Operational control	Operational Control	Operational Control
E	Standards, methodologies, assumptions, and/or calculation tools used.	ICAO tool for the business travel emission calculation		
F	Gross direct (Scope 1) GHG emissions in tCO <sub>2</sub> e	7,669		
G	Gross location-based energy indirect (Scope 2) GHG emissions in tCO <sub>2</sub> e	2,205		
H	If applicable, gross market-based energy indirect (Scope 2) GHG emissions in tCO <sub>2</sub> e	N/A		
I	Gross other indirect (Scope 3) GHG emissions in tCO <sub>2</sub> e	1,170		
j	Biogenic CO <sub>2</sub> emissions (Scope 03) in tCO <sub>2</sub> e	Not Calculated due to Data Limitation		

Measurement Approach We disaggregate Scope 1 and 2 emissions between emission sub categories and the consolidated accounting group, and provide detailed information on Scope 3 emissions, focusing on purchased goods and services and financed emissions. We regularly assess and report the percentage of assets vulnerable to climate-related transition risks, such as regulatory changes and market shifts, and evaluate the impact of chronic and acute physical risks on our tea plantations and facilities. TTE PLC identifies and quantifies opportunities from climate-related changes, such as organic tea production and renewable energy projects, aligning with strategic goals and enhancing resilience. We track and report capital expenditure on climate-related risks and opportunities, including investments in sustainable farming, water conservation technologies, and renewable energy. Additionally, TTE PLC uses an internal carbon price in relevant decision-making processes, disclosing the cost attributed to GHG emissions.

## (A) Metrics Used By The Company To Assess Nature-related Dependencies And Impacts

Category	TNFD Core global indicator	Disclose metrics	Our Current State (for the FY of 2023/24)
Land/ freshwater/ ocean use change	Total extent of land/ freshwater/ ocean use change	Total area of natural forest under management	Refer Annual Report 2023/24 page 181
		Total area of plantation forest under management	
		Area of freshwater catchment in Forest Management	No Data
		Total area of natural forest restoration / rehabilitation	KIRULU Project 3.74 Ha / St. Clair Project 5 Ha
Pollution/ pollution removal	Pollution/ pollution removal	Total amount of solid waste	139 tonnes
		Total amount of fertilizers used	2,121 Mt
		Total amount of pesticides used.	14 Mt
	Wastewater discharged	Total amount	6,808 m3
		Weight of hazardous	1 tonnes
	Waste generation and disposal	Weight of non hazardous	138 tonnes
		split into waste: • Reused; • Recycled; and • Other recovery operations	Recycled: 5,159 KG Composting: 132,414 KG Authorized Landfill: 6,786 KG
		Non-GHG air pollutants (tonnes) by type: • Particulate matter (PM2.5and/or PM10); • Nitrogen oxides (NO2, NO and NO3); • Volatile organic compounds (VOC or NMVOC); • Sulphur oxides (SO2, SO, SO3, SOx); and • Ammonia (NH3)	Non-GHG air pollutant data is currently unavailable. We are working to establish measurement systems to include these metrics in future ESG reports.

*Metrics used to assess nature-related D&I*

## (A) Metrics Used By The Company To Assess Nature-related Dependencies And Impacts

Category	TNFD Core global indicator	Disclosure metrics	Our Current State (for the FY of 2023/24)
Resource use/ replenishment	Quantity of high-risk natural commodities sourced from land/ ocean/ freshwater	Water withdrawal and consumption from areas of water scarcity	0
		Quantity of high-risk natural commodities (tonnes) sourced from land/ocean/ freshwater, split into types, including proportion of total natural commodities.	N/A
		Quantity of high-risk natural commodities (tonnes) sourced under a sustainable management plan or certification program, including the proportion of total high-risk natural commodities.	N/A
State of nature	Ecosystem condition	The level of ecosystem condition by type of ecosystem and the related business activity.	Refer Annual Report 2023/24 page 181-183
	Species Extinction Risk	The species extinction risk related to the organization's activities	

*Metrics used to assess nature-related D&I*

**(B) Metrics Are Used By The Organization To Assess And Manage Risk And Opportunity In Nature.**

Category	Disclose metrics	Our Current State (for the FY of 2023/24)
Risk	Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related transition risks (total and proportion of total).	Future quantitative scenario analysis will be conducted to integrate asset values, operational costs, and revenue streams with these nature-related risks. This will allow us to better understand the financial exposure of our operations and guide strategic decisions on how to mitigate physical and transition risks. We aim to assess the proportion of our portfolio that is vulnerable to these risks and explore opportunities for adaptation and sustainable growth.
	Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related physical risks (total and proportion of total).	
	Description and value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts.	
Opportunity	Value of capital allocated to nature-related opportunities, by type of opportunity, with reference to a government or regulator green investment taxonomy.	Further work will be required to enable quantitative disclosure against this metric. However, our qualitative analysis to date has identified significant nature-related opportunities. These include potential improvements in renewable energy, as well as opportunities to invest in sustainable water management technologies. We also recognize the increasing demand for sustainably produced tea, which aligns with consumer preferences for ethical and eco-friendly products.
	Proportion of revenue, assets, or other business activities aligned with nature-related opportunities	
	Amount of capital expenditure, financing, or investment deployed toward nature-related risks and opportunities	Using quantitative scenario analysis in 2024 and beyond, we will develop value metrics and targets associated with these opportunities, specifically in areas like climate adaptation, resource efficiency, and sustainable product offerings. We have started estimating potential gains and refining our investment in nature-based solutions and market-driven sustainability initiatives.

*Metrics used to assess nature-related R&O*



## (C) Describe The Targets And Goals Used By The Organization To Manage Climate & Nature-related Dependencies, Impacts, Risks And Opportunities And Its Performance Against These.

### Climate- Climate-related Targets

Setting and Monitoring Targets: TTE PLC sets quantitative and qualitative climate-related targets in accordance with the Science Based Targets framework. This includes :

- Completion of Implementation of a comprehensive climate adaptation plan by 2030.
- Completion of implementation of a comprehensive climate risk management strategy by 2030.
- Achieving a 50% reduction in GHG emissions to meet the Science Based Targets near-term goal by 2030.

Target completion (% completed)	Current target status	Target timeframe (% elapsed)	Target type	Scope(s) Covered	Year target approved
51.0%	25.7 of a 50.4% reduction target	50%	Absolute	Scope 1	2021/22
73.9%	37.3 of a 50.4% reduction target		Absolute	Scope 2	
56.8%	28.6 of a 50.4% reduction target		Absolute	Scope 1+2	
110.3%	33.1 of a 30.0% reduction target		Absolute	Scope 3	N/A
56.2%	29.1 of a 51.9% reduction target		Absolute	Scope 1+2+3	N/A

### Nature - Nature-related Targets

#### Circular Resource Management

- Achieve 80% recyclable and compostable product packaging by 2030
- Implement a waste management system to reduce solid waste by 60% by 2030
- Increase the percentage of sustainable input materials in operations by 80% by 2030

#### Water Stewardship

- Achieve a 30% reduction in freshwater withdrawal by 2030
- Improve water quality by reducing the discharge of pollutants into water bodies by 100% by 2030
- Improve water quality by reducing the discharge of pollutants into water bodies by 100% by 2030

#### Biodiversity Conservation and Ecosystem Restoration

- Completion of Implementation a comprehensive biodiversity action plan across all company operations by 2030.
- Implement a digitally smart ecosystem monitoring program by 2030.
- Achieve a net-positive impact on local ecosystems by restoring and protecting 100 hectares of land by 2030.

#### Sustainable Land Management

- Increase soil organic matter content by 10.5% by 2030
- Implement regenerative Agriculture practices by 100% of all estates by 2030
- Increase the adoption of permaculture practices by 100% of estates by 2030



**THANK YOU**