NATURAL CAPITAL

"Embracing environmental responsibility at every step, we stand committed in our quest to protect natural habits within our estates, conserve biodiversity and ensure soil health, whilst pursing carbon neutrality in our path to create sustainable value."

With our estates nestled over 6,000 hectares of ecologically significant land, we recognise our responsibility as custodians to protect and conserve the environment. Given our heavy reliance on natural resources for raw materials and the direct impact of climate on crop production and leaf quality, it is strategically imperative for us to be concerned and frugal in the way we use our resources; whilst actively managing our environmental footprint and striving towards achieving net zero carbon emissions. This section will shed light on our regenerative environment management framework, our practices and key initiatives in our efforts to conserve and build upon our natural capital base.

Our Materiality Focus

Materials | Soil and Land | Energy | Water | Climate | Waste | Biodiversity & Ecosystem

Stakeholders Impacted

Input

Our Environmental Footprint

Land
- Tea Fields
- Other Crop

- Biodiversity
- Energy
- Water bodies
- Climate

Strategic Investments
- Environment management and conservation

5159 kg
Waste Recycling
FY 2022/23: 5,530 kg

1.93
GHG Emissions Intensity
FY 2022/23: 1.5

86 %
Renewable Material Used
FY 2022/23: 88%

85%
Renewable Energy Share
FY 2022/23: 88%

Rs 62 Mn
Environment Management and Conservation Investment
FY 2022/23: 48.9 Mn

Process	Output	Impact
Environment Policy and Strategy in Action	Conserving the Environment and Carbon Neutrality	Value Creation

Sustainable Land Management
- Restore and revitalise soil health, prevent erosion and land degradation from pollution.

Circular Resource Management
- Source and optimise sustainable material inputs whilst minimising waste on 4R principles.

Climate Action
- Improve energy efficiency, invest in renewable energy sources and work towards net zero GHG emissions whilst strengthening operational resilience to climate risks.

Water Stewardship
- Minimise water usage, adopt efficient irrigation, rainwater harvesting and protect water sources/ bodies.

Biodiversity Conservation and Ecosystem Restoration
- Preserve natural habitats, promote the growth of native plant species and protect wildlife.

- **Responsible corporate citizen**
- **Soil health and fertility**
- **Enhanced tea yields and quality**
- **Protected water sources**
- **Protected biodiversity and ecosystems**
- **Lower carbon footprint**

Implementing an effective environmental management framework to build, conserve and protect natural capital, thus ensuring sustainable value creation.

Key Risk & Opportunity
- Risks: Climate change impacts, environmental regulations.
- Opportunities: Sustainable farming and renewable energy.

Strategic Response
- Implement regenerative agriculture and renewable energy projects.
- Enhance biodiversity conservation.

Trade-offs

With Financial Capital
- Short-term costs for sustainable practices ensuring long-term environmental and economic benefits.

With Natural Capital
- Employment opportunities in sustainable projects improve workforce stability and skills.

Natural Capital

Best Corporate Citizen Sustainability Awards 2023 by Ceylon Chamber of Commerce

- Environmental Sustainability (Planet) - Triple Bottom-Line Winner
- Corporate Environmental Commitment - Category Winner
- Environmental Integration - Category Winner
- Environment Beyond the Business - Category Winner

As guided by our Environmental Policy, we strive to balance our operations and achieve growth aspirations in keeping with globally recognised best practices in environmental stewardship. Aligned with this policy, we have implemented an integrated environment conservation model and management system providing a framework to roll-out key measures and pragmatic initiatives under five strategic areas: land management including soil health, material footprint, water conservation, energy efficiency and emissions reduction, biodiversity & ecosystems preservation and restoration. This comprehensive approach complements our ESG goals outlined in our Regenerative Agenda 2030 and the Hayleys Life Code. Led by the ESEG Steering Committee at the Board level, our corporate sustainability team collaborates with estate-level environmental management committees to implement key initiatives and measures, whilst closely monitoring the performance against the set targets. We use the "Hayleys CUBE" Sustainability Data Management System to track, monitor and evaluate our environmental performance across estates on a monthly basis; the findings are duly reported through the steering committee to the Board for deliberations and recommendations. In addition, we carry out periodic audits, both, internal as well as independent external audits through our certification bodies and non-profit organisations. These audits ensure compliance with our environmental standards and provide insights for continuous improvement.

Capital Performance

Kiruwanaganga Green Building Factory

A testament to our commitment to innovation and sustainability

Marking a significant milestone, this reporting year, we successfully completed the construction phase of our state-of-the-art tea factory at our Kiruwanaganga estate, the largest in the low-grown region. Promoting socio-economic and environmental sustainability, the factory is unique and stands as a prototype demonstrating how organisations in traditional industries like tea, can adopt innovation to best-fit the evolving business landscape.

The facility is meticulously planned, designed and built in keeping with the Sri Lanka Green Building Standard; incorporating a comprehensive set of sustainable and cost-effective features as follows:

Energy Efficiency
- Lighting systems
- Roof-top solar

Water Conservation
- Efficient plumbing fixtures
- Rainwater harvesting system
- Reusing factory waste water for landscape irrigation

Materials
- Environmentally friendly building material
- Waste management system

Indoor Environmental Quality
- Adequate ventilation
- Natural lighting

The Green building factory is scheduled to commence commercial operations in end of the 2024.

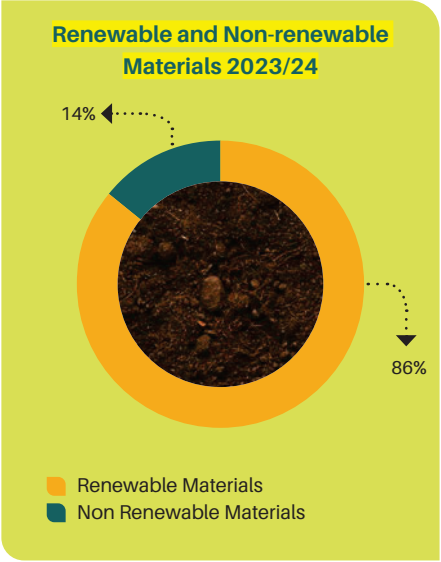
Material Consumption

GRI 301-1,2 &3

With operations spanning vast tea fields and encompassing factory processing and packaging in 16 estates, our material consumption levels are substantial. As envisioned by our Regenerative Agenda, we strive to go beyond the linear 'take-make-dispose' model embracing a more sustainable circular approach; whereby, resources are used efficiently, reused, recycled or recovered (4Rs). Accordingly, we prioritize renewable inputs in our production process to the extent possible, whilst upholding responsible management practices, particularly, when using non-renewable resources. Our main raw material, green leaf accounts for over 86 % share. Only 14% accounts for non-renewable resources, entailing fertiliser, agrochemicals and dolomite. We do not use recycled material in our production process. As an export-oriented company, we do not reclaim and reuse packaging materials. However, we use recyclable paper sacks for packaging and give precedence to suppliers who offer lower material footprint solutions.

Material Used acrossed the TTE Value chain	2023/24	% Share	2022/23	% Share
Factory Operations / Renewable Materials - Tons				
Green Leaf	25,270	86%	22, 201	88%
Packing material	75	0.25%	0.20	0.2%
Field Operation / Non-renewable materials				
Fertiliser	2, 121	7%	1,735	7%
Agrochemicals	14	0.05%	11	0.04%
Dolomite	1,880	6%	1,297	5%

Natural Capital



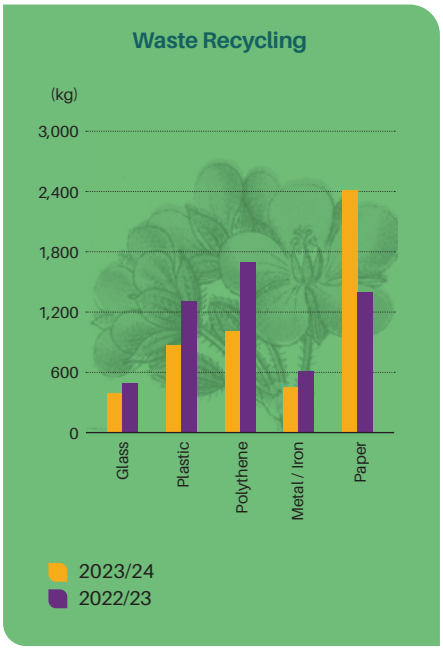
Solid Waste Management

GRI 306-1, 2, 3, 4 & 5

As guided by the standards set by the Rainforest Alliance and advocating the 4R concept, we have seamlessly integrated an effective solid waste management mechanism across all our estates. Under this initiative, we train and create awareness among our employees and resident communities on the necessity and on how to be responsible in managing solid waste.

Waste type and Disposal	2023/24	2022/24
Waste diverted from disposal (kilograms)		
Composting		
Biodegradable mix waste	132,414	125,204
Recycling		
Glass	396	492
Plastic	871	1,314
Polythene	1,014	1,704
Metal/Iron	457	616
Paper	2,422	1,404
Total Recycling	5,159	5,530
E-waste	287	439
Bulbs-used	643	649
Total on-site storage	930	1,088
Waste directed to disposal (kilograms)		
Authorized Landfill		
Non-hazardous mix waste	6,786	3,412

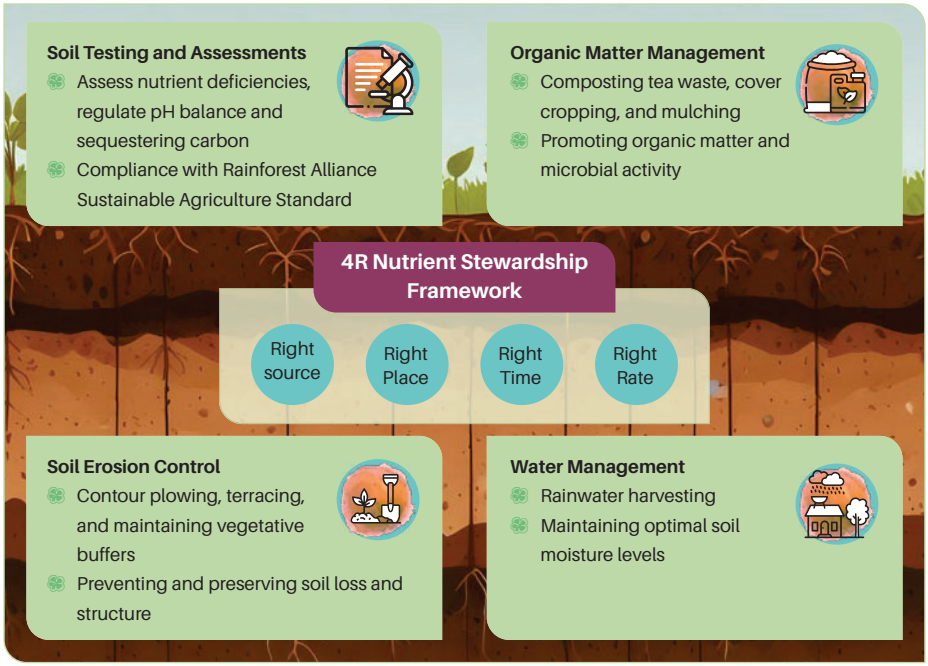
Our biodegradable waste, generated both in factories and by the resident communities, is recycled as compost, enriching our tea fields and home garden plots. Agricultural waste is reused to make briquettes, used as biomass fuel. Non-biodegradable waste—metal, glass, plastic, polythene and paper is systematically collected, segregated and responsibly disposed, most often, through recycling channels. Empty agrochemical containers are returned to suppliers for reuse while hazardous e-waste including used bulbs is responsibly stored and subsequently disposed through a waste disposal company authorized by the Central Environmental Authority. The use of unauthorized landfill sites and incineration practices of waste are strictly prohibited within our estates.



Sustainable Land Management

GRI Sector 13.5. 1, 13.6.1

Upholding regenerative agronomic practices, we have in place key measures to protect, conserve and nurture soil vitality for optimal conditions for crop growth, sustained productivity, and for minimum impacts on climate change. This entails erosion prevention, nutrient preservation, pH regulation, and carbon enrichment.



Biochar Project

A Transformative Step Towards Sustainable Agriculture

Following through with our pilot initiative in the previous year to produce bio-char from agricultural waste, we collaborated this year, with a forward thinking globally renowned bio-char company to take-off the project on a commercial basis. In collaboration, we carried out a comprehensive feasibility study to explore innovative solutions to address the energy intensive nature of bio-char production and enhance the overall sustainability of the process.

Bio-char, with its highly porous structure, offers a sustainable solution to improve soil fertility, enhance water retention and increase the nutrient content. This can be used as an eco-friendly alternative to synthetic fertilizer, promoting plant growth, increasing crop yields and sequestering carbon.

Recognizing the substantial energy demands of bio-char production, we sought the expertise of our partnering company to refine our methods, reduce energy consumption, lower emissions and minimize our carbon footprint. Since, bio-char is a high valued carbon credit product, this initiative will give us a leveraging point within the carbon market; whilst supporting us to minimize our reliance on synthetic fertilizer in agronomic practices as well as bring down our cost of production for higher returns. We expect the commercial operations of our bio-char project to take-off in the ensuing financial year.

Natural Capital

Agrochemical Usage

GRI Sector; 13-6

Balancing natural solutions along with agrochemicals, we have adopted an integrated pest management (IPM) method in our agricultural operations. This ecosystem-based approach to pest and disease control operates on three tiers: prevention, monitoring and intervention. Our primary focus lies on non-chemical measures as outlined by the Food and Agriculture Organisation (FAO). Accordingly, we give precedence to natural lines of defense through good agricultural practices alongside our efforts to enhance biodiversity and ecosystems.

Upholding responsibility, we adhere to stringent quality and standards and regulatory guidelines when using agrochemicals in our operations. As recommended by the Tea Research Institute, we only use registered agrochemicals sourced from authorised suppliers within the country. Necessary precautionary measures are taken in both applications as well in transportation. All personnel handling chemicals are well-trained and we ensure that they use personal protective gear and follow the label instructions conscientiously.

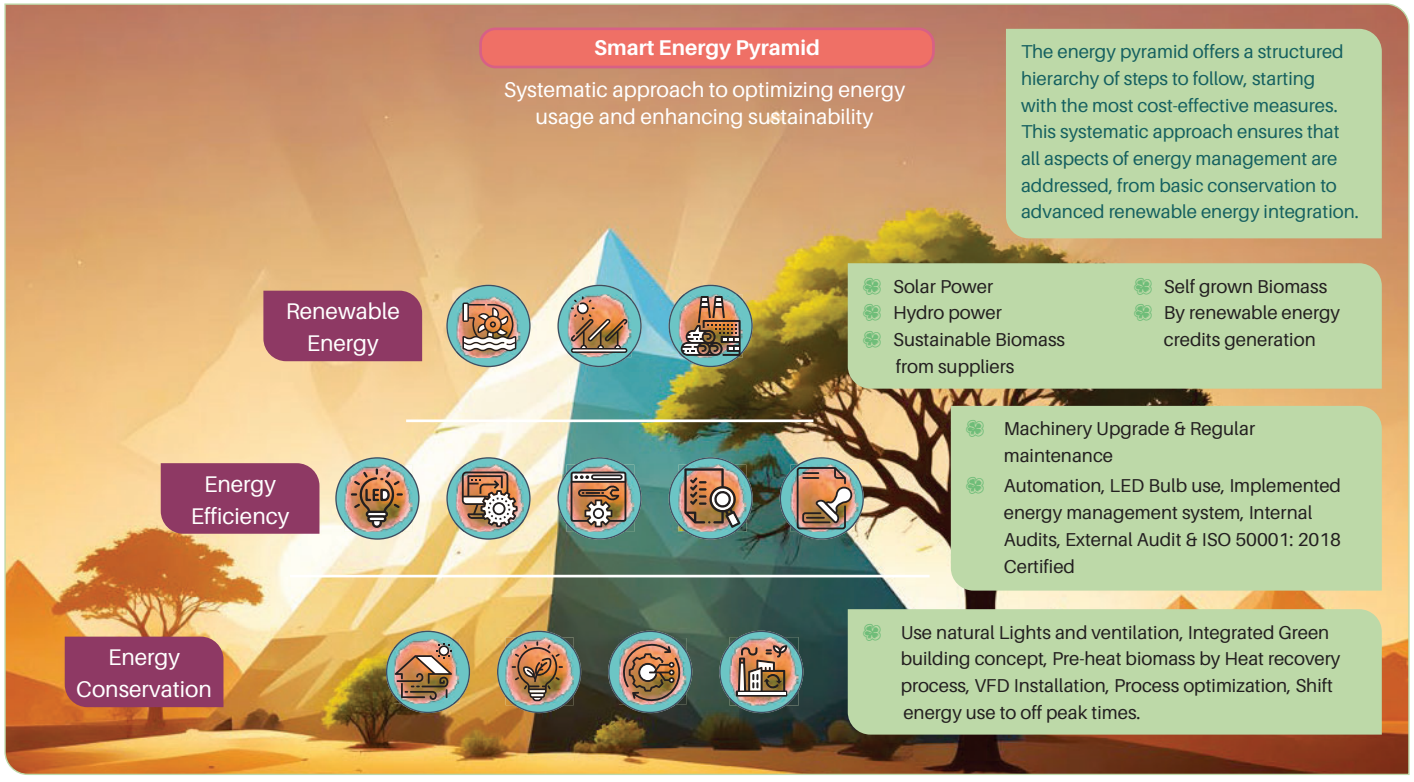
Climate Action

Energy Management

GRI 302-1, 2, 3, 4 & 5

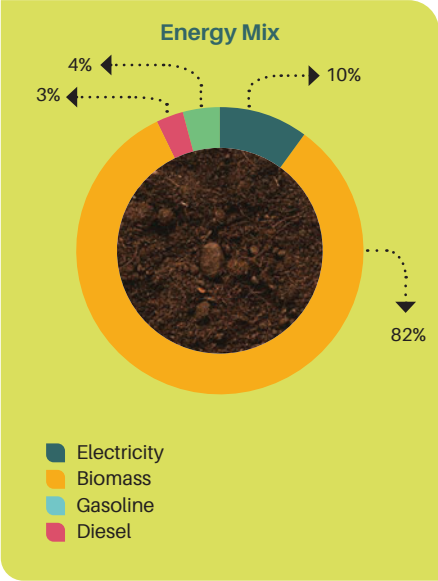
Guided by our Energy Management Policy alongside the ISO 50001: 2018 Energy Management System, we are steadfast in our efforts to be efficient in energy consumption and improve energy intensity across all operations. Direct energy in the reporting year included fuels and oil sourced externally to operate machinery and equipment and for transport. We also used biomass energy generated onsite to operate tea driers and 92% Direct energy usage registered a 4% increase year-on-year. Indirect energy, that is electricity purchased from the national grid, was mainly used for factory operations, accounting for 8% of the total consumed. Electricity usage increased in the year by 16% over the previous year. However, 6 % energy consumption increased in both direct and indirect energy sources. The reduction in energy requirements in terms of sold products is not measurable.

External energy consumption for our organisation encompasses third-party transportation for finished goods, fertilizer & agrochemicals, Dolomite, packing material and fuelwood transportation.



Energy Statement

Energy consumption by scope	2023/24	% Share	2022/23	% Share	% Change
Within the organisation (Gj)					
Direct					
Biomass	177,085	82%	172, 856	86%	2% ▲
Gasoline	9,314	4%	2,621	1%	255% ▲
Diesel	6,386	3%	7,365	4%	13% ▼
Indirect					
Electricity	16,910	8%	11,751	6%	44% ▲
Energy consumed within the organisation (1)	214,663	-	201,663	-	6% ▲
Outside the organisation (Gj)					
Direct					
Gasoline for vehicles	-	-	-	-	-
Diesel for vehicles	1,191,707	100%	654, 602	100%	82% ▲
Energy consumed outside the organisation (2)	1,227,827	-	654, 602	-	82% ▲
Total energy consumed (1+2)	1,442,497	-	856, 265	-	68% ▲
Energy Intensity	34.91	-	34.96	-	-
Energy consumed within the organisation (1)	214,663	-	201,663	-	6% ▲
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	-	-



Building Team Capacity

Energy Management and GHG Emissions
The National Cleaner Production Centre in partnership with UNDP, 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 programme. 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 the ISO certification in the near future.

Natural Capital

Renewable Energy

FY	2023/24	2022/23	tCO_2e 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

In our ongoing efforts to transition our energy portfolio away from non-renewable sources, we have steadily ramped up our investments in alternative sustainable energy sources be it biomass energy, hydropower to solar power. Our initiatives in this regard have proven successful, enabling us to shift our energy mix to encompass nearly 85 percent of renewable energy.

Biomass Energy

We use both fuelwood and briquettes in our biomass energy production. We have allocated considerable land area, over 1,039 hectares for fuelwood cultivation, predominantly within our high-grown estates—constituting for over 75 percent of the total area planted. *Eucalyptus spp*. took up the bulk that is 99 percent of the area planted with mixed forestry blocks taking up the balance. We also sourced fuelwood from licensed third-party suppliers. As for briquettes, we produce them using agricultural waste.

In the reporting year, we used a total of 11,352 metric tons of fuelwood including 80% procured from third-party suppliers to generate our biomass energy requirements. Consequently, we planted 28 hectares, in turn, strengthening our capability to be energy self-sufficient and ensuring a sustainable future supply.

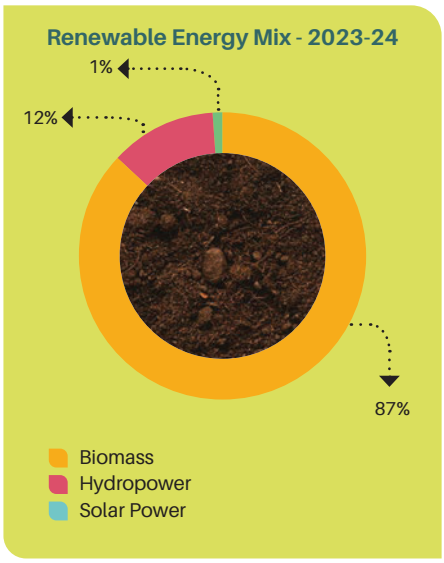
Solar Power

We continued to be bullish in our roof-top solar power initiatives. We have invested in solar in five of our estates, with a total capacity of 599.43kWp electricity generation. This reporting year, we generated 622 MWh of electricity.

Hydropower Energy

Reinforcing our drive for alternative energy, this year, we invested in acquiring full ownership, bringing our stake to 100 percent in mini-hydro plants previously operated under our subsidiary ventures in Radella, Palmerstone, and Somerset.

Given the low rainfall in hydro-catchment areas during the end of the year under review period, our hydro-electricity generation decreased by 14 % on-year to 6,860 MWh. However, this exceeded our electricity requirement of 4,697 MWh from the electricity grid, corresponding to 77% of the requirement.



GHG Emissions

GRI 305-1, 2, 3, 4, 5, 6 & 7

SCOPE 01
69%

Emission from Field and Factory Operation

- Fertilizer — 46% — 5,094 tCO_2e
- Biomass — 15% — 1,673 tCO_2e
- Diesel for generators — 0.5% — 57 tCO_2e
- Fuel usage - road and off road — 7.5% — 832 tCO_2e
- LPG use — 0.11% — 13 tCO_2e
- Refrigerators & Air conditioners — 0.01% — 0.00019 tCO_2e

SCOPE 02
20%

Emission from Imported Electricity

- Grid electricity consumption — 18% — 2,011 tCO_2e
- Transmission Loss — 1.75% — 194 tCO_2e

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

Emission Saving from Solar generation 441 tCO_2e

Emission saving from hydro power 4,679 tCO_2e

SCOPE 03
11%

Emission from Upstream & Downstream Supply chain

- Fertilizer, firewood, packing material transportation (Upper steam transportation) — 0.12% — 14 tCO_2e
- Business travel - Air — 0.11% — 12 tCO_2e
- Made tea dispatch (down stream transportation) — 0.65% — 72 tCO_2e
- Packaging Material — 0.92% — 103 tCO_2e
- Fertilizer indirect emission — 8.76% — 968 tCO_2e

Upholding best environmental practices, efficient energy management and key investments in renewable energy sources have underscored our efforts to minimise and meet our GHG emissions targets. We have in place a well-structured monitoring mechanism to track and assess our GHG footprint. Our annual GHG Inventory Report, validated by 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 tCO2e. We were able to leverage on 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 singnificant increase of fertilizer and fuel usage. However, the emission intensity remain at 1.93 as close to the previous year.

Our operations do not release ozone depleting substances; NOx or SOx gasses produced through our daily operations and community households are negligible.

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.

CLIMATE NEUTRAL NOW
ACHIEVEMENT 2023–2024
MEASURE GOLD
REDUCE GOLD
CONTRIBUTE GOLD
JOINED 2019

Natural Capital

Emission Summary

GRI 305-1,2,3

Emission Source	2023/24 (tCO_2e)	2022/23 (tCO_2e)	Variance
Direct emission (Scope 01)			
Category : Direct GHG Emissions in tCO_2e			
1.1 Direct emission from stationary combustion	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% ▼
1.2 Direct emissions from mobile combustion	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% ▲
1.3 Direct emission from the release of GHG's in anthropogenic systems	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	-
Total Direct Emission	7,669	5,662	35% ▲
Indirect GHG emissions (Scope 02)			
Category : Indirect GHG emissions from imported energy	2,205	2,335	6% ▼
Indirect GHG emissions from imported energy	2,011	2,148	6% ▼
Indirect emission (Scope 03)			
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% ▲
Total Emission (Excluding biogenic emission)	11,045	9,085	22% ▲
GHG saving from Hydropower generation	4, 679	6, 381	27% ▼
GHG Saving from Solar Power generation	441	455	3% ▼
Total emission saving from renewable energy generation	5,119	6,836	25% ▼

Water Stewardship

GRI 303-1, 2,3,4 & 5

Conserving and Protecting Water Bodies

Availability and access to clean water is integral to ensure the sustainability of our operations, the wellbeing of our resident estate communities and the preservation of biodiversity and ecosystems. As guided by best practices, we have in place a comprehensive water management system to conserve and protect all 147 water sources/bodies within our estates including rainwater harvested tanks from possible contamination from agrochemicals. This entails grass buffer zones, riparian habitats, vegetative barriers and chemical free buffer zones. Water quality tests are also consistently carried out to ensure compliance with established standards and parameters. In the reporting year, there were no incidents of non-compliance associated with water quality standards as per the Rainforest Alliance certification standards.

Water Withdrawn, Consumption and Discharger

Typically, as a tea plantation company, water usage is minimal; used mainly by employee's consumption and cleaning of factories. We withdraw water as surface water extraction from water bodies including rainwater harvested tanks located within our estates.

Surface water - Kilolitre	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% ▼

Although there are no harmful contaminants from the production process, we have set up wastewater filtering systems throughout all our estates, ensuring that both factory and domestic wastewater is purified prior to being discharged into natural water bodies. We also rely on bioremediation methods, using biological control tanks and residual absorption plants to safeguard against any potential adverse impacts on biodiversity and ecosystems.

UN GLOBAL COMPACT CEO WATER MANDATE

Biodiversity Conservation and Ecosystem Restoration

GRI 101-1, 2, 3, 4, 5, 6, 7 & 8, Sector 13-4

Our estates are strategically located within high-value biodiversity regions, both in the hill country and the low country wet zones. It is in this light that we recognize our profound duty, embrace our responsibility to protect and conserve biodiversity, and nurture the ecosystems thriving within our estates. The company's high-grown region estates are located in the central highlands, which are vital ecological settings for the country's watersheds. These highlands are critically important as water catchment areas, nurturing the main rivers of Sri Lanka. Additionally, our southern estates border the Sinharaja Rainforest, the largest rainforest in the country. Consequently, we recognize that significant nuber of our sites are in or near ecologically sensitive areas. This drives us to prioritize biodiversity as a key component of our natural capital and an integral part of our overall business process

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

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

Talawakelle/ Nanu Oya
- Great Western Natural Forest
- Horton Plains
- Kikiliyamana Natural Forest
- Piduratalagala Natural Forest
- Ambewela Natural Forest
- Pattipola Natural Forest

In keeping with the stringent criteria set by the Rainforest Alliance, we have rolled out an extensive biodiversity conservation programme. This initiative includes a range of key measures including educating, creating awareness and engaging our employees and resident communities to safeguard, enrich and conserve biodiversity whilst preserving and restoring natural ecosystems across our estates. This reporting year, we invested in this regard along with funding and technical support we received from non-profit organizations including Wildlife Nature protection Society.

TTE is committed to eliminating natural ecosystem conversion through the following policies;

- Implementing sustainable land-use practices to minimize the impact on natural ecosystems
- Avoiding the conversion of natural ecosystems for agricultural purposes
- Implementing a zero-deforestation policy and committing to zero loss of biodiversity
- Developing a land-use plan to ensure responsible use of natural resources
- Ensuring supplier compliance with natural ecosystem conversion policies and commitments
- Participation in multi-stakeholder and sectoral initiatives for ecosystem conservation

In this reporting year, our commitments to halt and reverse biodiversity loss are not informed by the 2050 goals and 2030 Targets in the Kunming-Montreal Global Biodiversity Framework. However, it is intended to align our strategies with the framework in next reporting year.

TTE employs the following tools and systems to monitor natural ecosystem conversion in its activities, supply chain, and sourcing locations for determined which of our sites have the most significant actual and potential impacts on biodiversity.

Natural Capital

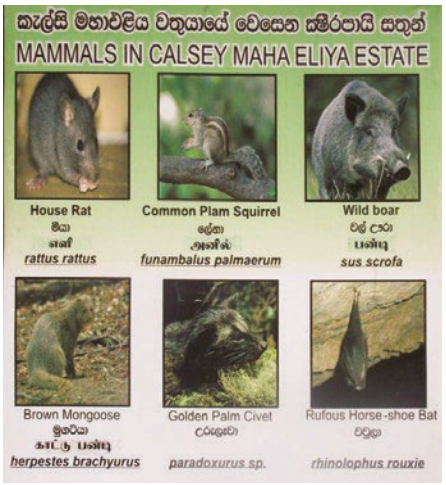
- Geographic Information Systems (GIS) to map and analyze natural ecosystems
- Satellite imagery to monitor land-use changes
- Supply chain traceability systems
- Third-party certification schemes to verify compliance with sustainability standards
- Regular monitoring and reporting of key performance indicators related to natural ecosystem conversion

We also regularly invite and enlist top environmentalists and environmental agencies to carry out periodic audits and surveys. These efforts enable us to continuously update our inventory of fauna and flora. As per the latest survey carried out in the year under review, our estates have over 113 faunal species, both vertebrates and invertebrates. Out of these species, over 44 fall under the endangered, vulnerable and threatened species in line with IUCN Red Data List published in 2012. As for flora, apart from tea, we have identified 31 floral species including native and endemic tree species and fruit trees.

Actions Taken to Avoid, Minimize Negative Impacts on Biodiversity

Since we are committed to preserve biodiversity, we have undertaken specific actions to avoid and minimize our biodiversity impact according to the biodiversity management plan of the company. We refrain from converting forestlands into tea fields ensuring natural habitats are protected. Consequently, activities such as hunting, capturing and trafficking of wild animals and birds, as well as their captivity within the estates, are strictly prohibited. These measures help maintain ecological balance and promote the sustainability of our tea cultivation practices.

We ensure our raw material to the field operation are free from pest and diseases also invasive alien species, establish buffer zones next to protected areas to safeguard biodiversity, avoid using prohibited pesticides to protect wildlife and ecosystems, limits the use of synthetic fertilizers to promote soil health and reduce chemical runoff. We located our factories in less sensitive areas to minimize environmental disruption. Our initiatives also included creating pathways that connect habitats, reducing ecosystem fragmentation.



Actions Taken to Restore and Rehabilitate Affected Ecosystems

As part of our commitment to environmental stewardship, we have implemented extensive restoration and rehabilitation actions in the Kirulu and St. Clair projects. These initiatives are designed to restore affected ecosystems and promote biodiversity under biodiversity management plans.

Forest Restoration and biodiversity conservation projects

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

Targeted Species and Ecosystems

- Native tree species and various endemic shrubs and grasses.

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

Upcountry rainforest ecosystems and riparian zones that support a wide range of plant and animal life. By recreating natural habitats, we provide essential resources for native species to thrive. Diverse plantings support a wide range of insects, birds, and mammals, promoting a balanced ecosystem. Continuous monitoring and research help track the recovery of species and adjust strategies as needed.

In this reporting year we did not use genetic resources to conduct research and development on the genetic or biochemical composition of resources, including through the application of biotechnology.

Biodiversity conservation within efforts ultimately benefit our broader stakeholders in numerous ways. By preserving a diverse range of plant and animal species, the company enhances ecosystem stability and resilience, which in turn ensures a more reliable and sustainable supply of tea crop.

Transformative actions

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-in-hand with the three-year running Kirula 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.

Preferred by Nature

Preferred by Nature OÜ hereby confirms that the
Talawakelle Tea Estates PLC
No. 400, Deans Road
Colombo 10, 01000
Sri Lanka
has been verified as meeting the requirements of
Ecosystem Restoration Field Verification Standard V3.1
The verification certificate is valid from Apr 02, 2024 to Apr 01, 2029
Certificate version date: Apr 02, 2024

Scope of certificate
Area: 25
For additional details regarding the scope of verification please check the publicly available documentation on the Preferred by Nature's website
https://preferredbynature.org/certification/ecosystem-restoration/ecosystem-restoration-verified-organisations

Certificate registration code
PBN-ER-033852

Justinas Janulaitis
Management board member
Filosoofi 31, Tartu
Estonia

Preferred by Nature™

Natural Capital

Tracking UN Sustainable Development Goals

Goal 6: Clean Water and Sanitation

Target: Efficient water usage and protect and conserve water bodies/sources

- Water management system
- Water quality testing and compliance
- Waste water treatment system
- Protect water bodies from chemical contamination

Goal 12: Responsible Consumption and Production

Target: Maximise resource efficiency, opt for renewable inputs and minimise waste

- Prioritise and opt for renewable material inputs
- Responsible and well-structured solid waste management system based on 4R-principles.
- Advocate energy efficiency and invest in renewable energy

Goal 13: Climate Action

Target: Strive for energy efficiency, renewable energy and lower carbon footprint

- Closely monitor and reduce energy usage
- Invest in renewable energy
- Closely monitor carbon emissions
- Integrate climate smart actions into operations
- Apply for carbon credits to offset emissions

Goal 15: Life on Land

Target: Soil health, biodiversity conservation and ecosystem restoration

- Proactive measures to protect and conserve soil health
- Cautious usage of agrochemicals
- Collaborate with government and non-governmental agencies to protect water bodies and restore riverine ecosystems
- Policies in place and close monitoring to prevent unauthorised ecosystem conversions
- Carry out biodiversity assessments and surveys
- Reforestation initiatives

Key Performance Indicators	Related UNSDG	FY 2023/24	FY 2022/23	2030 Industry Baseline
Water quality standards achieved	**Goal 6:** Clean water and sanitation	97%	97%	100%
Waste water treated		100%	100%	100%
Fertiliser and agrochemical footprint per unit of tea produced	**Goal 12:** Responsible consumption and production	0.7	0.6	0.4
Renewable material footprint per unit of tea produced		4.4	4.3	4.0
Non-biodegradable waste recycled		5,159	5,530	4,000
GHG emissions decrease (%)	**Goal 13:** Climate action	25%	(4.4)%	(50.4)%
GHG emissions intensity per unit of tea produced		1.93	1.5	1.2
Renewable energy generated as percent of electricity consumption		123%	209%	220%
	Goal 15: Life on land			
Reforestation (Hectares)		8.74	8.74	12
Trees planted (Number)		1,020	1,200	5,000
Investment for biodiversity and ecosystem restoration (Rs Mn)		45	46	48
Partnership for biodiversity conservation and ecosystem restoration (No.of)		2	1	5
Employee volunteering for biodiversity conservation and ecosystem restoration (No.of Programs)		5	4	10