NATURAL CAPITAL

Natural capital is central to our operations and long-term sustainability. From soil and water to biodiversity and climate stability, these ecosystems serve as both inputs and beneficiaries of our responsible practices. At TTE, we take a regenerative approach minimizing impacts while restoring ecosystems through soil conservation, reforestation, and climate-smart agriculture. This section explains how we measure, manage, and improve our environmental footprint to protect the landscapes we rely on.

Use of Drones to Minimize Agrochemical Usage

Deploying agricultural drones to apply pesticides or fertilizers more precisely and uniformly, targeting only where necessary.

Motor System Optimization to Reduce Energy Consumption

Improving the efficiency of electric motors in factory operations by upgrading to energy-efficient models or optimizing load, speed, and controls.

Waste to Energy

Biogas project converts estate waste into energy, reducing methane emissions and promoting circular economy practices.

Chemical Leasing Model

Adopted chemical leasing to cut agrochemical use, reduce GHG emissions, and promote climate-smart, low-emission tea cultivation.

GRI 3-3 | 13.1.1, 13.7.1, 13.8.1

Management Approach

Risks
Rising temperatures and erratic weather patterns threaten crop yields, biodiversity, and water availability.

Unsustainable land use and agrochemical reliance can degrade soil health and ecosystem stability.

Opportunities
Prioritise regenerative agriculture to enhance soil fertility to improve long-term productivity.

Material Matters
- Materials
- Soil and Land
- Energy
- Water
- Climate
- Waste
- Biodiversity & Ecosystems

Management Approach
Our approach to preventing Natural Capital loss environmental policies are anchored to 4 pillars: Climate Action, Resource Conservation, Sustainable Land Management and Ecosystem Restoration, that collectively represent a holistic commitment to preserving and enhancing the natural environment while ensuring the long-term sustainability of our operations. Our climate action strategy prioritises decarbonisation through energy reduction initiatives and strategic investments in renewable energy aimed at lowering emissions and enhancing climate resilience, while commitment to resource conservation aims to minimise waste and drive circular economy principles. Meanwhile our efforts towards sustainable land management aim to preserve and protect the Country's agricultural lands. Likewise we continue to demonstrate our leadership in ecosystem restoration through high impact projects that focus on reversing or at the very least halting nature loss.

Governance

Oversight
- Board of Directors
- Group Management Committee
- Sustainability & Quality Systems Development Team
- Estate Environmental Management Committees

Compliance
- Environment Act of Sri Lanka
- Environmental Protection Licence

Voluntary Best
- UN Climate Neutral Now
- Eco label - Tea
- UN Global Compact
- CEO Water Mandate
- Science Based Target Initiative (SBTi)
- ISO 14001:2015
- ISO 14064-1:2018
- ISO 50001:2018

Internal Mandates and Commitments
- Hayleys Life Code
- Environmental Policy
- Nature-Positive Business Policy
- Net Positive Water Impact Commitment
- Climate Action and Energy Conservation
- Green Building Initiatives
- Circular Economy and Waste Management

Monitoring and Reporting
- Environment Management System (EMS)
- Energy Management System (EnMS)
- Hayleys CUBE" Sustainability Data Management System
- Global Reporting Initiative (GRI)
- GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022
- Sustainability Accounting Standards Board (SASB)
- Good Agricultural Practices
- UN Sustainable Development Goals (SDG's)

Capital Performance FY 2024/25

Resource Allocation Highlights

- Rs. 60.4 Mn invested in renewable energy
- ISO 50001 Energy Management System implemented at Mattakelle Tea Factory
- 247 hectares of land allocated for fuelwood cultivation
- Implemented the Net Positive Water Impact Policy
- Implemented the Net Positive Business Policy
- Commenced a large-scale reforestation project to establish a forest corridor in Sri Lanka's central highlands

Outputs for TTE
- 4.8% year on year increase in energy intensity
- 5.86% year on year increase in renewable energy generation
- 27% reduction in Scope 1 and Scope 2 emissions in line with SBTi baseline targets set in 2020
- 15.7% year on year decrease in the use of agrochemicals

Stakeholder Outcomes	FY 2024/25	FY 2023/24	Value Enhanced (+) | Preserved (=) | Eroded (-)
Emissions CO_2 owing to climate action initiatives (emission reduction)	23,431tCO_2e	25,194tCO_2e	Enhanced
Conservation of water bodies	147	147	Preserved
Renewable energy usage	88%	86%	Enhanced
Contamination of water bodies due to spills	NIL	NIL	Preserved

SDG's

- Target 6.6: Protect and restore water-related ecosystems, including forests, wetlands, and rivers.
- Target 6.4: Increase water-use efficiency and ensure sustainable freshwater withdrawals.

- Target 12.2: Achieve sustainable management and efficient use of natural resources.
- Target 12.4: Reduce chemical pollution and waste generation through responsible production.

- Target 13.1: Strengthen resilience and adaptive capacity to climate-related disasters.
- Target 13.2: Integrate climate change measures into policies and planning.

- Target 15.1: Ensure the conservation, restoration, and sustainable use of terrestrial ecosystems.
- Target 15.2: Promote sustainable management of forests and halt deforestation.

NATURAL CAPITAL

Climate Adaptation and Resilience

"Recognizing the dual challenge of contributing to and being impacted by climate change, we have embedded climate resilience across our natural capital strategy to protect and enhance the ecosystems we rely on"

At Talawakelle Tea Estate PLC, we recognize that safeguarding our natural capital goes hand-in-hand with building resilience to climate change. As extreme weather patterns, water stress, and biodiversity loss become more frequent, we are proactively adapting our operations to withstand these risks while contributing to climate resilience across the landscapes we manage.

Resilience Measures

Energy | Emission | Water | Biodiversity & Ecosystem

Our estate operations have integrated **climate-smart water management** practices, including rainwater harvesting, contour drains, and efficient irrigation systems—enhancing our ability to adapt to seasonal variability and prolonged droughts. Through the adoption of **energy-efficient** technologies and the reduction of fossil fuel dependency, we are not only lowering our carbon footprint but also reinforcing energy security in the face of future climate volatility. We are strengthening ecosystem resilience by expanding biodiversity corridors, conserving native flora, and restoring degraded areas. These nature-based approaches serve as buffers against landslides, erosion, and erratic rainfall, while protecting critical habitats.

Our strategy also draws on indigenous knowledge and scientific innovation to build community and ecological resilience. By aligning our adaptation actions with our emissions reduction, water stewardship, and biodiversity goals, we ensure that our climate response is holistic, inclusive, and future-ready.

For further details, refer to the Climate Adaptation and Resilience section under SLFRS Sustainability Disclosures on page 81

Energy Management

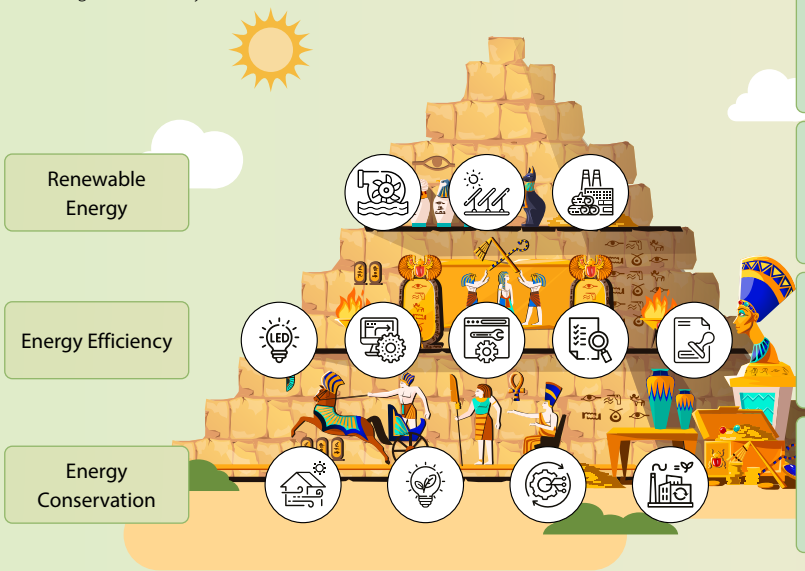
GRI 302-1, 2, 3, 4, 5

215,985 GJ	13.16%	5.8%
Renewable Energy Generated	Reduction in Grid Electricity usage	Increase of renewable energy usage

TTE Systematic Approach to Optimizing Energy Usage and Enhancing Sustainability

Smart Energy Pyramid

Systematic approach to optimizing energy usage and enhancing sustainability



The energy pyramid offers a structured hierarchy of steps to follow, starting with the most cost-effective measures. This systematic approach ensures that all aspects of energy management are addressed, from basic conservation to advanced renewable energy integration.

- Solar Power
- Hydro power
- Sustainable Biomass from suppliers
- Self grown Biomass
- By renewable energy credits generation

- Machinery Upgrade & Regular maintenance
- Automation, LED Bulb use, Implemented energy management system, Internal Audits, External Audit & ISO 50001: 2018 Certified

- Use natural Lights and ventilation, Integrated Green building concept, Pre-heat biomass by Heat recovery process, VFD Installation, Process optimization, Shift energy use to off peak times.

As a tea manufacturing company, our core operations are centered on agricultural processing rather than the design or modification of energy-consuming products, limiting our direct influence on the energy requirements of end-use products. However, we acknowledge that our midstream operations withering, rolling, and drying are highly energy-intensive, relying on a mix of direct on-site generation and grid-supplied electricity. As operations grow, improving energy intensity remains a strategic priority. Guided by our Energy Management Policy and aligned with ISO 50001:2018, we continue to invest in energy-efficient technologies and renewable energy solutions to enhance process efficiency. A significant milestone was the successful ISO 50001 implementation at Mattakelle Tea Factory, supported by the National Cleaner Production Centre. With this achievement, 2 TTE factories now operate under the ISO 50001 framework, reinforcing our commitment to energy efficiency, sustainable growth, and long-term emissions reduction.

Reducing Energy Consumption

During the year, TTE recorded a 2.4% change in total energy consumption, driven by continuous improvements in energy efficiency and process optimisation. We have also taken steps to reduce the energy intensity of our operations for example, by upgrading to energy-efficient machinery and enhancing heat recovery systems in tea drying processes. These improvements not only lower our operational footprint but also reduce the energy required per unit of product, supporting our goals in sustainability and climate adaptation, while ensuring consistency and traceability in tracking energy performance across sold products and services.

Invest in Renewable Energy

Our investment in renewable energy is critical in lowering our overall carbon footprint. Over the years, we have expanded our renewable energy portfolio through investments in mini-hydros, biomass, and more recently, through rooftop solar installations with the aim of achieving energy self sufficiency. As of March 31, 2025, these combined initiatives have enabled TTE to meet a significant portion of its energy requirements through renewable sources, with clean energy accounting for 88% of our annual consumption.

Biomass

Biomass remains the largest contributor to TTE's renewable energy mix, accounting for 85% of total usage. As early adopters of biomass technology, all TTE factories are equipped with biomass-powered steam systems for the tea drying process.

Our biomass production draws on fuelwood and briquettes. This year, fuelwood from licensed third-party suppliers met 78% of our demand. To reduce supply chain risks, TTE has allocated over 80 hectares within high-grown estates for fuelwood cultivation, including 29.5 hectares added this year. Eucalyptus spp. makes up 76% of this area, with the rest under mixed forestry.

Solar Energy

Solar energy accounts for 0.96% of the Company's total energy mix. To-date TTE has invested over LKR 59.3 Mn in rooftop solar systems at 6 of our estates. In the current year alone, we allocated significant resources toward solar expansion, including the latest addition to our network, Kiruwanaganga Tea Factory. This factory stands as a benchmark in sustainable design, incorporating energy-efficient systems, natural lighting, and recycled materials, all of which align with global green building principles. With this latest solar rooftop installation, our collective generation capacity increased to 300 KWp. Generation recorded for the current financial year was 2,064.5 GJ.

HydroPower

Hydropower has served as a reliable renewable energy source for TTE for many years, supported by investments in mini-hydro plants that harness natural water flow to generate renewable energy. Mini-hydros located at our Somerset, Radella and Palmerston estates which are within designated hydro-catchment areas in Sri Lanka, contribute approximately 13.3% to TTE's renewable energy mix.

Renewable Energy

FY	2024/25	2023/24	tCO_2e Saving
Biomass (GJ)	185,137	177,085	-
Hydropower (GJ)	28,783	24,697	5452.72
Solar Power (GJ)	2,064.50	2,240	406

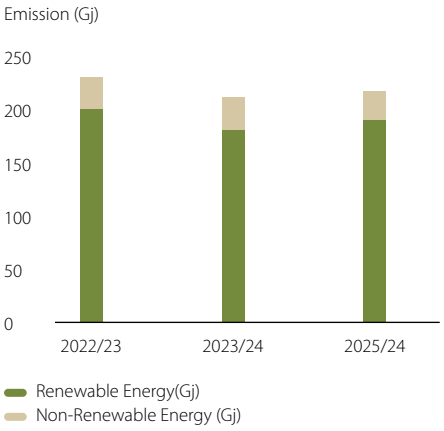
NATURAL CAPITAL

Motor System Optimization to Reduce Energy Consumption

To address high electricity consumption at Holyrood Estate, we implemented a Motor System Optimization Project. Using the PEL 103 Power Logger, we assessed key motors and identified inefficiencies caused by outdated models and repeated rewinding. Many motors operated below optimal efficiency. The assessment recommended replacing old motors with IE3-class energy-efficient models and installing Variable Frequency Drives (VFDs) for the dryer fan to align energy use with operational needs. This initiative aims to enhance system performance, optimize power usage, and reduce electricity consumption—contributing to our Natural Capital conservation efforts.

Energy consumption by scope	2024/25	% Share	2023/24	% Share	% Change
Within the organization (Gj)					
Renewable Energy					
Biomass	185,137	85%	177,085	83%	4.5%
Non Renewable					
Diesel	6686.53	3%	6,540	3%	2.2%
Petrol	2884.23	1%	5,126	2%	-43.7%
Grid Electricity usage	14684	7%	16,910	8%	-13.2%
Self generated consumption (Hydro)	6274	3%	4,975	2%	26.1%
Total Energy consumed within the organization (1)	215,666	99%	210,637	99%	2.4%
Outside the organization (Gj)					
Diesel	1128.32	0.5%	1098.00	0.5%	2.76%
Petrol	1,039	0.5%	925	0.4%	12.37%
Energy consumed outside the organization (2)	2,168	1%	2,023	0.95%	7.16%
Total energy consumed (1+2)	217,833	-	212,660	-	2.43%
Made tea output (Kilograms)	5,518,985	-	5,719,536	-	-3.5%
Average energy consumed per unit of made tea inside the organisation (GJ/KG)	0.04	-	0.037	-	6.2%
Average energy consumed per unit of made tea outside the organisation (GJ/KG)	0.0004	-	0.00035	-	11.1%

Energy Usage (3 YEAR TREND) (000')



TTE PLC Metric GHG emission within our organization boundary

Our 2030 Target Net-zero greenhouse gas emissions by 2050.

Contribution We are committed to achieving net-zero emissions and verifying our targets through the Science Based Targets initiative (SBTi)

Target 13.1 | 13.2

Emission Management Strategy

GRI 305-1, 2, 3, 4, 5, 6, 7 | 13.1.2, 13.1.3, 13.1.4, 13.1.5, 13.1.6, 13.1.7, 13.1.8

13.2%
Scope 2 Emission Reduction

5,858 kg CO_2
Emission Saving

4.8%
Increase in Emission Intensity

TTE continues to measure annual carbon footprint in line with ISO 14064-1:2018 standards for GHG inventory preparation and management, certified by the Sri Lanka Climate Fund. This includes tracking Scope 1 (direct emissions) from company-owned sources, Scope 2 (indirect emissions) from purchased electricity, and Scope 3 (other indirect emissions) from supply chain activities. Additionally, since formally committing to the UN Climate Neutral Now programme in 2019, TTE continues to work towards the Net Zero emission by 2050 target in accordance with the 2015 Paris Climate Agreement.

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

GREENHOUSE GAS VERIFICATION OPINION

Sri Lanka Climate Fund (Pvt) Ltd
Ministry of Environment

Organization Level GHG statement developed by
Talawakelle Tea Estates PLC
No.400, Deans Road, Colombo 10, Sri Lanka

complying with the requirements of ISO 14064-1:2018 has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No : SLCF/CFP/0358
Date of Issue : 20.05.2025
Period of Assessment : 01.04.2024 – 31.03.2025
Selected Boundary : Operationally controlled business operations of Talawakelle Tea Estates PLC (Head Office and 16 Tea Estates)

Direct GHG Emissions : 8,161 tonnes of CO_2 equivalent
Indirect GHG Emissions : 15,271 tonnes of CO_2 equivalent
Total GHG Emissions : 23,432 tonnes of CO_2 equivalent

Scope 1 Direct GHG Emissions : 8,161 tonnes of CO_2 equivalent
Scope 2 Electricity Indirect GHG Emissions : 1,703 tonnes of CO_2 equivalent
Scope 3 Other Indirect GHG Emissions : 13,569 tonnes of CO_2 equivalent

ISO 14065 GHG 001-01

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 20.05.2025 – 30.06.2026
Exclusions: GHG Emissions from Land use Change
*Materiality threshold is below 5%, **GHG emissions have been reported in accordance with GHG Protocol

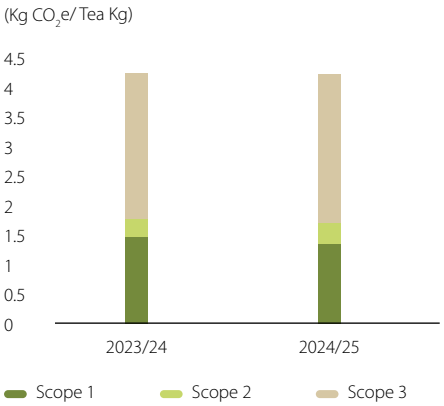
Emission Summary

Item	2024/25 Total tCO2e	2023/24 Total tCO2e	Variation
Scope 01			
Stationary Combustion			
Diesel for Generator	66.70	68.35	-2.4%
LPG use	14.74	12.56	17.4%
Biomass	1701.78	1673.37	1.7%
Mobile Combustion			
Diesel (Off-road)	168.87	173.03	-2.4%
Petrol (Off-road)	70.05	146.04	-52.0%
Diesel (On Road)	284.74	268.35	6.1%
Petrol (On Road)	137.48	223.55	-38.5%
Fugitive Emissions			
Refrigeration and air conditioning	0.14	0.14	0.0%
Use CO2 fire extinguisher	0.17	0.17	-2.4%
Direct Emission from fertilizer	5713.36	6696.31	-14.7%
Process Emissions			
Mixed food & garden waste Composting/Anaerobic digestion	1.97	1.17	68.7%
Total Scope 01	8160.01	9263.04	-11.9%
Scope 02			
Indirect emissions from imported electricity	1,703	1961.62	-13.2%
Total Scope 02	1,703	1961.62	-13.2%
Scope 03			
(Category 1) Purchased goods and services	5798.72	6145	-5.64%
(Category 2) Capital goods	125.81	60.57	107.71%
(Category 3) Fuel- and energy-related activities	552.81	694.44	-20.39%
(Category 4) Upstream transportation & distribution	590.34	516.72	14.25%
(Category 5) Waste generated in operations	1.98	1.19	66.39%
(Category 6) Business travel	78.93	38.32	105.98%
(Category 7) Employee commuting	45.59	47.87	-4.76%
(Category 8) Upstream Leased Assets	Non	Non	-
(Category 9) Downstream transportation & distribution	1207.14	1253.88	-3.73%
(Category 10) Processing of sold products	827.59	769.13	7.60%
(Category 11) Use of Sold Products	N/A	N/A	-
(Category 12) End of life treatment of sold products	4159.74	4291.32	-3.07%
(Category 13) Downstream leased assets	179.55	151.62	18.42%
(Category 14) Franchises	Non	Non	-
(Category 15) Investments	Non	Non	-
Total Scope 03	13,568.20	13970.06	-2.88%
Total Emission	23,431.21	25,194.72	-7.0%
Biogenic Emission from Firewood and Briquettes	20735.32	20389.33	1.70%
GHG saving from electricity (Hydro)	5452.72	4604.36	18.43%
GHG saving from electricity (Solar)	405.97	436.19	-6.93%
Total GHG Saving	5858.69	5040.54	16.23%
Emission intensity of per Kg of tea (Kg CO2e/ Tea Kg)	4.24	4.41	-3.62%

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

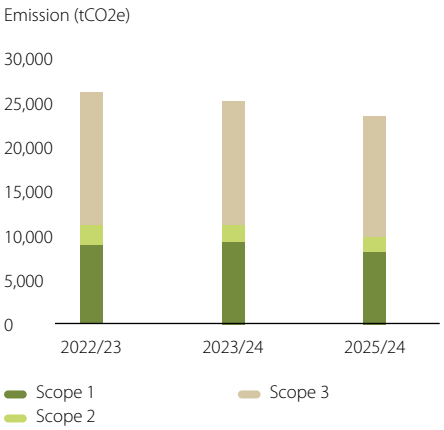
NATURAL CAPITAL

Emission Intensity by Scope



In FY 2024/25, Talawakelle Tea Estates PLC recorded a total GHG emission intensity of 4.24 kg CO_2e per kg of made tea. The graph above provides a detailed breakdown across Scope 1, Scope 2, and Scope 3 emissions, offering transparency into our carbon performance. Compared to the 2022/23 baseline, we achieved a 7.18% overall reduction in emissions, primarily driven by a 13.2% reduction in Scope 2 emissions. Emission calculations included CO_2, CH_4, N_2O, and HFCs, and were conducted in accordance with ISO 14064-1:2018 standards, certified by the Sri Lanka Climate Fund. Scope 1 and 3 reductions continue to be tracked under our broader emissions reduction roadmap.

GHG Emission (3 Year Trend)



SBTi Commitment

TTE has further advanced its commitment to the Net Zero emission target by aligning with the Science-Based Targets (SBT) to set ambitious carbon reduction goals to support the achievement of global climate action objectives. In the four years since embarking on the SBTi journey, the most recent verification of TTE's Near-Term Targets have confirmed a 27% reduction in Scope 1 and Scope 2 emissions, which is consistent with the baseline targets established in 2022/23.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

THE NET ZERO STANDARD
APPROVED NET-ZERO TARGETS

Driving Decarbonisation Across the Value Chain

Recognising that decarbonisation is a collective responsibility, we have extended our climate action efforts beyond our own operations by collaborating with buyers, brokers, and other key stakeholders across the value chain to co-develop sustainable codes and establish carbon inventory benchmarks for midstream and downstream activities. TTE is also an active member of the Climate Emergency Task Force, an industry-driven initiative focused on driving large-scale climate action within and beyond the plantation sector.

TTE's GHG Emission Reduction Strategic Plan

Baseline Emissions	Near Term Targets	Net Zero
2022/23	2030	2050
Fuel Switch	Low Carbon Agriculture Practices	Supplier Engagement
Energy Efficiency Improvement		
Sustainable Agriculture	Renewable Energy (Hydro, Solar)	Offsetting Residual Emission

Chemical Leasing for Low-Emission Agriculture

Talawakelle Tea Estates PLC, in collaboration with Lanka Responsible Care, adopted a Chemical Leasing model shifting from volume-based agrochemical sales to a performance-focused approach. In the plantation sector, nitrogen-based fertilizers are a major source of GHG emissions. By optimizing fertilizer and pesticide application, this initiative aims to reduce chemical use and lower emissions from soil. It enhances productivity, operational efficiency, and supports climate-smart agriculture reinforcing our commitment to sustainable, low-emission tea cultivation in Sri Lanka.

Water Management

GRI 303-1, 2, 3, 4, 5 | 13.7.2, 13.7.3, 13.7.4, 13.7.5, 13.7.6

147
Natural water sources protected

97%
Water discharge quality compliance

7,998 m³
Total water consumption

As a plantation Company, TTE's water footprint is minimal. Water is used mainly for employee consumption, factory cleaning and gardening. Water requirements are met through surface water extraction from natural water bodies as well as rainwater harvested from tanks located within our estates. Over the years, TTE has made substantial investments towards rainwater harvesting infrastructure and other technology to reduce water wastage. At our new Kiruwanaganga factory, we have invested in rainwater harvesting systems that work to replenish and restore groundwater water.

To minimise water extraction, we focus on eco-friendly irrigation systems and prioritise water recycling initiatives across our operations, where possible and practical. TTE has also established chemical-free buffer zones around water bodies. As a member of the CEO Water Mandate, , TTE reports on its water stewardship initiatives annually.

We follow the
UN CEO Water Mandate Principle

WE SUPPORT UN GLOBAL COMPACT CEO Water Mandate

Effluent Management

As an initiative to manage effluent discharge, our estates have established wastewater purification systems equipped with sedimentation and filtration tanks to treat both factory and domestic wastewater. Additionally, we promote bioremediation by conserving natural vegetation and planting recommended species such as Canna generalis, Tithonia diversifolia, Vetiveria zizanoides, and Wedelia trilobata along wastewater flow.

Water Source Protecting

As part of our ongoing commitment to environmental stewardship, Talawakelle Tea Estates PLC continues to lead the St. Clair Restoration Project an initiative focused not only on restoring biodiversity but also on protecting critical watershed areas that feed into one of Sri Lanka's major water sources. Through strategic reforestation, riparian buffer zone management, and long-term monitoring, we aim to safeguard water quality and availability for both ecosystems and surrounding communities. This project is a cornerstone of our sustainable water management efforts, and we remain actively engaged with local and national stakeholders to ensure its continued impact.

Surface water Megalitre	2024/25	2023/24	Variance
Total water withdrawn	7.998	7.723	3.6%
Total water consumption	0.555	0.521	6.5%
Total water discharge	7.443	7.201	3.4%

Water Risk Assessment

Type	Water Source		Availability	Quality	Access
Water Stress Basin	Talawakelle Region		Medium Risk	High Risk	Low Risk
	Nanu Oya Region		Medium Risk	High Risk	Low Risk
	Deniyaya Region		High Risk	Medium Risk	Low Risk
Non-stressed Basins	Galle Region		N/A	N/A	N/A

NATURAL CAPITAL

As part of our Nature-Positive Business Policy, we began our Net-Positive Water Impact (NPWI) journey, guided by the Water Resilience Coalition under the CEO Water Mandate. A pilot assessment, supported by TTE PLC and IWMI under the Ministry of Irrigation's IWWRMP, was completed using a tailored NPWI scorecard.

We also assessed water availability, quality, and access across our operational regions. Based on this, we remain committed to responsible water management. In water-stressed areas, especially where local communities face high risk, we take proactive steps to reduce water usage and conserve shared water resources.

TTE PLC Metric
Contribution to Watershed management & Reducing pollutant discharge

Our 2030 Target
Improve water quality by reducing the discharge of pollutants into water bodies by 100% by 2030

Contribution
By investing in treatment facilities and rainwater harvesting, we contribute to ecosystem health and responsible water use

Target 6.3 | 6.6

Material Consumption

GRI 301-1, 2, 3

24.3%
Reduction in Dolomite Usage

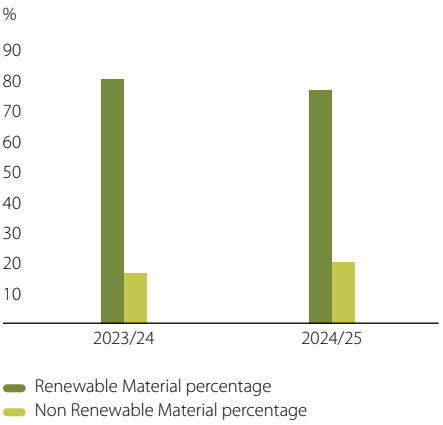
15.7
Reduction in Agro-chemical Usage

505 Kg
Plastic Waste Recycled

With operations extending across 16 estates covering cultivation, processing, and packaging, our material usage is significant. Aligned with our Regenerative Agenda, we are transitioning from a traditional linear economy model to a circular approach focused on resource efficiency and the 4Rs reuse, recycling, recovery, and reduction. We actively prioritize the use of renewable inputs wherever feasible and ensure prudent management of non-renewable resources. Green leaf, our core raw material, represents over 86% of total input, while non-renewables such as fertilizers, agrochemicals, and dolomite account for the remaining 14%. Currently, recycled materials are not integrated into our production process. As an export-focused operation, reclaiming and reusing packaging materials is not practical. However, we utilize recyclable paper sacks and prefer suppliers who provide sustainable, low-footprint packaging solutions.

Material Consumption	2024/25	% Share	2023/24	% Share
Factory Operations				
Green Leaf	20,213	79.1%	22,071	80.87%
Packing material	83	0.3%	75	0.27%
Total renewable materials (Tons)	20,296	79.4%	22,146	81.14%
Field operation				
Fertilizer	3,624	14.2%	2971	10.89%
Agrochemicals	11.8	0.0%	14	0.05%
Dolamite	1,634	6.4%	2,161	7.92%
Total Non renewable materials (Tons)	5,270	20.6%	5,146	18.86

Renewable Vs Non-Renewable Material Usage



Waste Management

GRI 306-1, 2, 3, 4, 5 | 13.8.2, 13.8.3, 13.8.4, 13.8.5, 13.8.6

Waste Generation and Significant Waste-Related Impacts

TTE's waste management policy is driven by circular economy principles that underscore the Company's commitment to reducing waste sent to landfills. Policy dictate 7R practices - refuse, reduce, reuse, recycle, reclaim, repair, and replace. As part of this approach, organic waste is repurposed into compost and biogas, while refuse tea is converted into value-added products. Agricultural waste is reused to make briquettes, used as biomass fuel.

Non-biodegradable waste such as metal, glass, plastic, polythene and paper are collected, segregated and responsibly disposed of, 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

Management of Significant Wasterelated Impacts

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Waste to Energy

As part of our sustainable waste management strategy, we initiated a biogas project at Dessford Estate, Nanu Oya, using food, kitchen, and garden waste to generate renewable energy. This project not only reduces methane emissions and environmental pollution but also lessens reliance on LP gas and chemical fertilizers turning waste into a valuable resource while promoting circular economy principles.

Waste Management Within Estate

Talawakelle Tea Estates PLC, in partnership with the Nanu Oya Pradeshiya Sabha, has implemented a structured waste segregation initiative across its estates. Moving beyond awareness, the program introduces a practical system where estate residents are required to separate and hand over waste biodegradable and non-biodegradable every Friday. Public Health Inspectors and Environmental Officers provided clear guidance on proper segregation methods.

Waste type and disposal	2024/25	2023/24
Waste diverted from disposal (Kg)		
Composting		
Biodegradable mix waste	222,200	132,414
Recycling		
Glass	206	396
Plastic	505	871
Polythene	277	1,014
Metal/Iron	128	457
Paper	707	2,422
Total Recycling	1823	5,159
E waste	209	287
Bulbs used	789	643
Total on site storage	998	930
Waste directed to disposal (Kg)		
Authorized Landfill		
Non hazardous mix waste	-	6,786
Total Waste Generation	225,021	145,289

During the reporting period, no significant spills were recorded across any of our estates or facilities. As a result, there were no spill-related incidents disclosed in the financial statements. Our operations maintained strict environmental safeguards and spill prevention protocols, ensuring zero occurrences of oil, fuel, waste, or chemical spills that could impact soil or water surfaces.

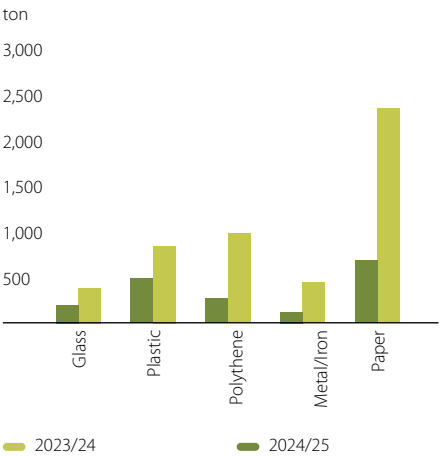
TTE PLC Metric Waste generation within in our estate

Our 2030 Target Increase the adoption of permaculture practices by 100% of estates by 2030

Contribution Estate-level waste segregation, composting, and biogas use help reduce environmental pollution and promote circular economy principles

Target 12.5 | 12.4

Waste Recycling by Waste Type



Segregation of waste

NATURAL CAPITAL

Sustainable Land Management

GRI 13.5.1,13.6.1,13.6.2

As a tea plantation Company, TTE PLC has a deep-rooted connection to the land. We recognize that the health of our plantations is vital for our operations and as such have put in place key measures to protect, conserve and nurture soil vitality in line with the Rainforest Alliance Sustainable Agriculture Standard.

Improving Soil Health

We take a multi-faceted approach to improving soil health. Fertilizers supply key nutrients like nitrogen, phosphorus, and potassium to boost plant growth, yield, and soil fertility. Weedicides and herbicides control weeds competing for nutrients, water, and sunlight, while fungicides prevent diseases like mildew and rust. Adaptive Management Systems use real-time weather, environmental, and climate data, along with IoT devices, to monitor soil health indicators such as pH, carbon levels, and temperature. This enables timely adjustments for optimal use of fertilizers, agrochemicals, water, and nutrients, strengthening climate resilience. To promote long-term fertility, we've developed the 4K Soil Nutrient Framework, focusing on soil testing, organic matter, erosion control, and water management to sustain moisture and microbial activity. We also engage in public-private partnerships for research. A key initiative is our collaboration with the Universities of Sabaragamuwa and Wayamba, leading to the development of biochar and vermicompost units. Biochar, with its porous structure, enhances soil fertility, water retention, and nutrient levels supporting regenerative agriculture across our estates.

Soil management

4R of Nutrients Framework

The 4Rs promote best management practices (BPMs) to achieve cropping system goals while minimizing field nutrient loss & maximizing crop uptake

Right Source
- Use of appropriate fertilizer types (e.g., nitrogen-based, organic alternatives).
- Preference for slow-release or stabilized fertilizers to minimize leaching.
- Soil testing conducted to match fertilizer type with nutrient needs.

Right Rate
- Periodic calibration of equipment to ensure precise application.
- Avoidance of over-fertilization to reduce nutrient runoff and GHG emissions.

Right Time
- Avoidance of application during heavy rainfall to reduce runoff.
- Split applications during the season to improve efficiency.

Right Place
- Use of drones or mechanized tools for site-specific application.
- Buffer zones maintained near water sources to prevent contamination.

Minimizing Agrochemical Use

Although TTE PLC does not maintain a standalone policy on agrochemical usage, the Company's comprehensive environmental policy governs all related practices, ensuring alignment with broader environmental objectives. In accordance with recommendations from the Tea Research Institute (TRI), only registered agrochemicals procured from authorized local suppliers are utilized, with strict adherence to national quality, safety, and regulatory standards. All applications and transport procedures follow established precautionary protocols, and personnel involved in chemical handling are thoroughly trained, equipped with appropriate personal protective equipment, and comply with all safety guidelines. Through participation in the Chemical Leasing initiative in collaboration with Lanka Responsible Care, TTE PLC gains valuable insights into minimizing agrochemical runoff and mitigating environmental absorption. Central to this approach is the continuous monitoring and evaluation of chemical application processes. Beyond conventional practices, the Company emphasizes integrated pest management through biological remediation. Guided by Food and Agriculture Organization (FAO) principles and good agricultural practices, priority is given to natural pest control methods that support ecosystem health and biodiversity. In partnership with the TRI, TTE PLC is also engaged in ongoing research to identify and implement sustainable, nature-based solutions that reduce pesticide dependency and exposure.

Minimizing Agrochemical Use

As part of its commitment to responsible chemical usage, TTE monitors pesticide application based on toxicity hazard levels. In the reporting year,

Type of pesticide	Intensity Per hectare	Use amount (2024-2025)	Hazardous level
Herbicides (Weeds and unwanted plants) Glyphosate	1.4- 2.8 L per hectare	13969L	Slightly hazardous (Class III)
Fungicides (Fungi (molds, mildew, etc. copper hydroxide)	280-420g per hectare	670Kg	Moderately hazardous (Class II)

Hazardous level according to WHO recommended classification for pesticide with no use of extremely or highly hazardous substances. This reinforces the Company's emphasis on low-toxicity solutions that protect both human health and the environment.

Use Drone for Minimize Agrochemical Usage

Harnessing drone technology, we've reimagined agrochemical application—ensuring precise, efficient spraying across our tea fields while significantly reducing chemical use and safeguarding both workers and the environment.

Land Management Inside the Estates

To promote sustainable land management, our estates implement contour plowing, terracing, and vegetative buffer zones to reduce erosion. We also adopt soil conservation techniques, rainwater harvesting, and moisture retention practices to preserve soil health and ensure long-term agricultural productivity.

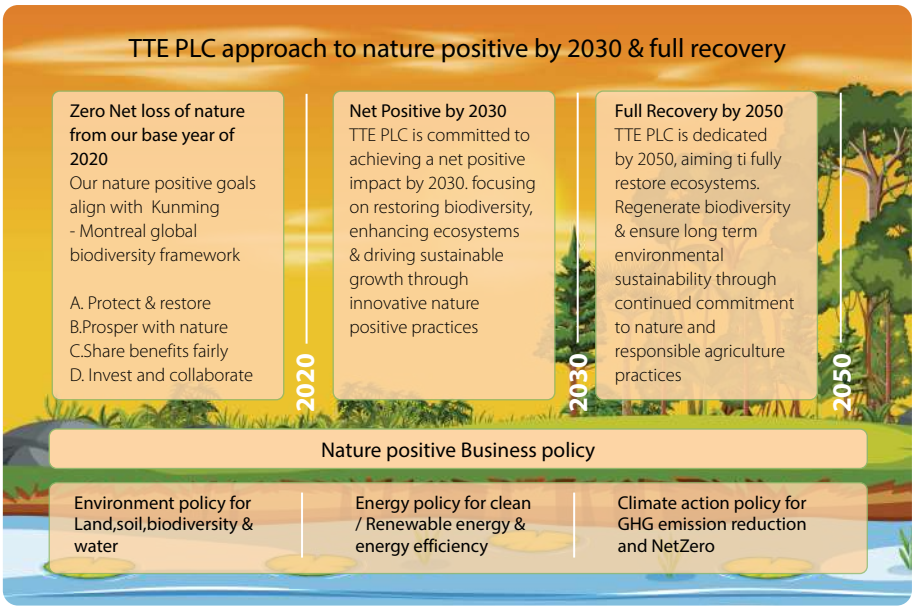
Ecosystem Conservation and Biodiversity Restoration

GRI 101-1, 2, 3, 4, 5, 6, 7, 8 | 13.3.1,13.3.2,13.3.3,13.3.4,13.3.5 | 13.4.1,13.4.2,13.4.3,13.4.4,13.4.5

62 ha
Area Restored

441,571
Trees Planted

Rs. 58 Mn
Invested in Environment Initiatives



Policies to halt and reverse biodiversity loss & Nature Conservation

In 2024, TTE went beyond mainstream efforts to unveil its Nature-Positive Business Policy in 2024 to formally declare its commitment to halting and reversing nature loss. Mapped against the Kunming-Montreal Global Biodiversity Framework, our Nature-Positive Policy aims for Zero Net Loss of Nature from our 2020 baseline and strives for a Net Positive impact by 2030 through transformative regenerative agriculture and regenerative business practices. By prioritizing biodiversity restoration, ecosystem regeneration, and sustainable growth, we are dedicated to achieving Full Recovery by 2050.

Nature Ecosystem Conservation & Biodiversity Management

TTE is committed to a zero-conversion policy for all lands under its management since the 2020 cut-off date, ensuring that no natural ecosystems have been cleared or significantly altered for tea cultivation or estate development. All 16 estates are confirmed conversion-free through internal biodiversity mapping and land-use records.

In compliance with Rainforest Alliance certification, we monitor land-use changes and biodiversity to prevent deforestation and the conversion of forests, wetlands, or ecologically sensitive areas. Estate boundaries are regularly reviewed, and any development is carefully assessed to minimize environmental impact.

We increasingly rely on biomass from our own fuelwood plantations, improving traceability and reducing risks tied to third-party supply chains. We also engage in multi-stakeholder, landscape-level initiatives such as preserving a wildlife corridor near Horton Plains and conserving High Conservation Value (HCV) areas close to St. Clair Waterfall—supporting ecosystem connectivity and community-based biodiversity efforts.

At Talawakelle Tea Estates (TTE), we apply the mitigation hierarchy to manage and minimize our biodiversity impacts, recognizing our estates are located in high-value biodiversity regions, including the central highlands (vital water catchments) and estates bordering the Sinharaja Rainforest.

NATURAL CAPITAL

1) Avoidance:

We strictly avoid forestland conversion, and activities such as hunting, capturing, or trafficking of wildlife are prohibited across all estates. Buffer zones are maintained near protected areas to prevent disturbances to natural ecosystems.

2) Minimization:

We regularly conduct environmental audits and ecological surveys to monitor our impact. We maintain an inventory of 113 faunal species (44 of which are classified as endangered, vulnerable, or threatened by the IUCN), along with 31 floral species, and adjust estate operations based on scientific data.

3) Restoration & Rehabilitation:

We engage in proactive conservation and restoration measures in degraded areas, with goals focused on ecosystem recovery and protection of native flora and fauna. Local community involvement, awareness campaigns, and education initiatives support ongoing ecosystem restoration, enhancing ownership and stewardship.

Access to Biodiversity Resources and Fair Distribution of Benefits

Currently, Sri Lanka does not have specific national regulations on access and benefit-sharing (ABS), and Talawakelle Tea Estates PLC (TTE) does not engage in research or commercial activities involving the genetic or biochemical composition of resources.

However, in the spirit of fair and equitable benefit-sharing, TTE has implemented voluntary measures to support community wellbeing and biodiversity protection. Estate communities are permitted to collect firewood and non-timber forest products from our estate areas in a regulated and environmentally responsible manner.

Additionally, our biodiversity restoration projects including reforestation, habitat conservation, and ecological buffer zone management have created employment opportunities for local residents, especially in tree planting and land rehabilitation. These actions not only contribute to conservation but also enhance local livelihoods.

Identification of Biodiversity Impacts

Our organization began biodiversity assessments by identifying risk areas in alignment with the Rainforest Alliance standard, helping us recognize key ecological zones and potential operational impacts.

Building on this, and as a TNFD Early Adopter, we are now applying the LEAP approach (Locate, Evaluate, Assess, Prepare) to assess actual and potential impacts on biodiversity from our direct operations,including estates, factories, and other sites we own or manage.

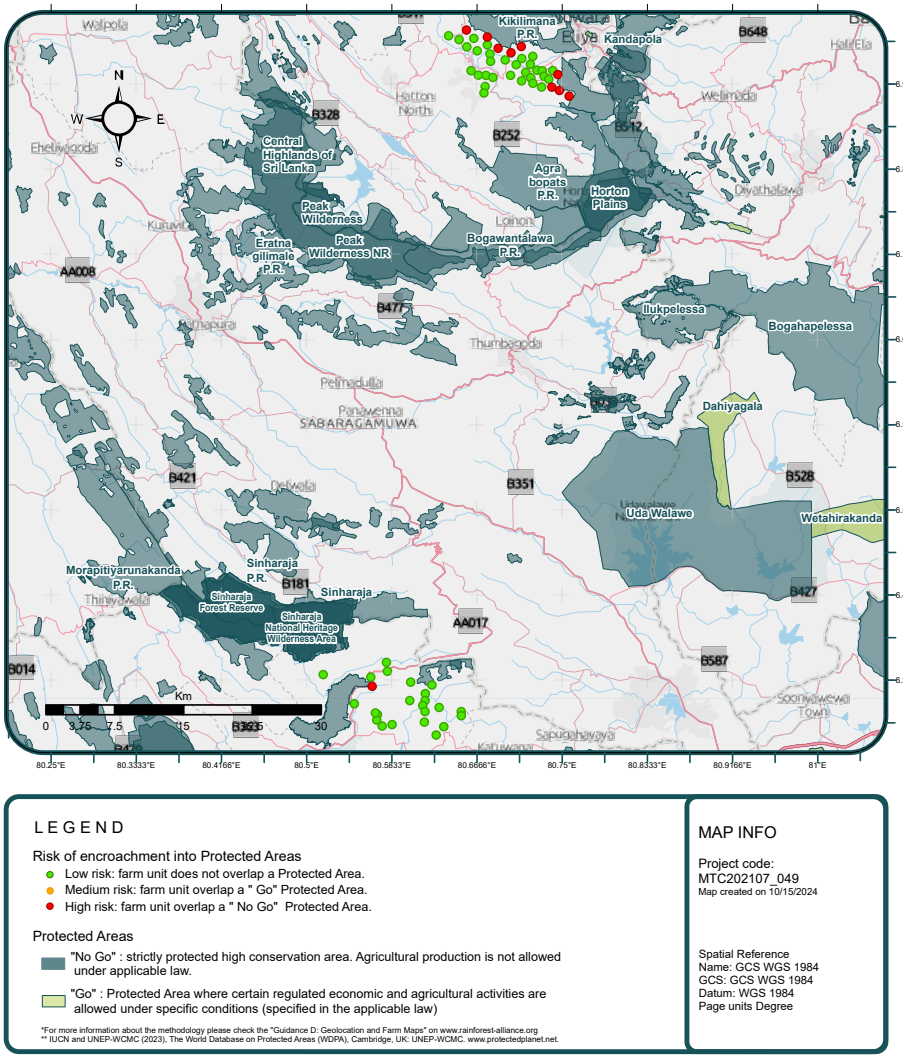
We use tools like the WWF Biodiversity Risk Filter and ENCORE to evaluate:

- Proximity of sites to ecologically sensitive areas,
- Health and importance of local ecosystems,
- Biodiversity impact drivers such as land use, pollution, and water use.

These tools help overlay site-specific data with global biodiversity datasets, enhancing our understanding of where significant impacts may occur. This ongoing process informs our conservation actions, risk management, and future reporting aligned with the TNFD framework.

Locations with biodiversity impacts

According to the Rainforest Alliance standard, we have identified that approximately 15% of our operational sites are in or near ecologically sensitive areas. These areas include zones of biodiversity importance, high ecosystem integrity, and key ecosystem services. This identification helps guide our biodiversity risk assessments and informs conservation efforts across our operations.



(Risk of encroachment into Protected Areas)

Direct drivers of biodiversity& ecosystem loss & changes to the state of biodiversity

Since 1992, our company has maintained a strict policy of zero conversion of natural ecosystems into commercial land. As a result, 0 hectares of natural ecosystems have been converted across our operational sites after this reference year.

Although no ecosystem degradation occurred, several important native and endemic tree species have been identified and preserved within estate areas. These include:

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

Ecosystem Services

We have identified ecosystem services and beneficiaries that are or could be affected in various ways through on-ground biodiversity observations, estate-level natural resource monitoring with biodiversity experts, and stakeholder input, including estate managers and community feedback.

Ecosystem Service Type	Ecosystem Service	Beneficiaries
Provisioning Services	Freshwater for domestic and agricultural use from estate-managed watersheds	Estate workers, surrounding local communities
Regulating & Maintenance Services	Erosion control from vegetation on steep slopes	Local communities (protection from landslides), plantation operations (soil stability)
	Microclimate regulation and shade from preserved native tree cover	Tea crop (yield and quality), plantation workers
	Water purification and retention in riparian zones	Downstream users, communities, company's own agricultural operations
Cultural Services	Aesthetic and recreational value of scenic landscapes (e.g., forested valleys, water streams)	Local residents, eco-tourists, estate employees
	Spiritual and cultural significance of endemic species and old trees	Spiritual and cultural significance of endemic species and old trees

Large-scale Reforestation Project to Establish a 13 km Forest Corridor Along the Naanu Oya and Agra Oya in Sri Lanka's Central Highlands

TTE, in collaboration with the Wildlife and Nature Protection Society (WNPS) PLANT, launched a large-scale reforestation project in Sri Lanka's central highlands to establish a 13 km forest corridor along the Naanu Oya and Agra Oya. A formal Memorandum of Understanding (MoU) was signed between TTE and WNPS to restore 11 hectares of riparian buffer zone within the Company's estates. The initiative brought together 15 companies to collectively raise Rs. 5.2 million for ecosystem conservation. Two universities joined as technical partners, and several NGOs signed MOUs to support conservation efforts.

Project Scope: Covers Somerset, Bearwell, Dessford, Radella, Palmerston, Great Western, and Logie estates.

Objective: Plant over 50,000 native trees across 150–200 acres, with local community engagement in planting, nursery development, and biodiversity monitoring.

Fauna and flora observation

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Actions Taken to Avoid, Minimize Negative Impacts on Biodiversity

To uphold our commitment to biodiversity, we follow a dedicated biodiversity management plan focused on minimizing ecological impact. We avoid forest-to-tea land conversion, strictly prohibit wildlife hunting, capturing, and captivity, and enforce zero tolerance for invasive species. Field inputs are screened for pests and diseases, while buffer zones are maintained near protected areas. We refrain from using banned agrochemicals, reduce synthetic fertilizer use, and prioritize soil health. Factories are located in less ecologically sensitive zones, and habitat corridors have been established to enhance landscape connectivity and reduce fragmentation.

TTE PLC Metric Area (ha) of restored or rehabilitated habitat

Our 2030 Target Net-positive impact by restoring and protecting 100 hectares of land

Contribution Completed 62 hectare of forest restoration

Target 15.1 | 15.5 | 15.9

Short Term

- Expand estate-level environmental data collection systems to better track resource use such as water and energy consumption and improve responsiveness to environmental risks.

Medium Term

- Increase investment in nature- based solutions such as biodiversity corridors, reforestation and regenerative agriculture to enhance soil health, water retention and climate resilience across estates.

Long Term

- Establish TTE as a leader in climate-smart agriculture by integrating renewable energy, circular waste practices and ecosystem restoration into all plantation operations, achieving a net-positive environmental impact.

Future Roadmap

Trade-offs

With Financial Capital

At TTE, we continue to invest more in sustainable practices that protect the environment and secure the future of our business. In FY 2024/25, we spent Rs. 58 Mn on initiatives such as reforestation, soil conservation, and renewable energy infrastructure. While these efforts come with high short-term costs, they're designed to deliver long-term value by building climate resilience, reducing environmental risks, and cutting operational costs through better efficiency and reduced reliance on fossil fuels. For example, our renewable energy systems generated 215 GJ this year, helping us lower our greenhouse gas emissions and move closer to energy independence.

With Human Capital

These environmental efforts don't just benefit nature they also create meaningful jobs and learning opportunities for our estate communities. In FY 2024/25, over 3,679 estate workers took part in activities like tree planting, compost making, biodiversity corridor restoration, and integrated pest management. These projects help protect our ecosystems while also giving workers new skills, boosting incomes, and creating a stronger sense of ownership. By involving people directly in conservation work, we are not only nurturing the land but also empowering our people to become long-term stewards of it.