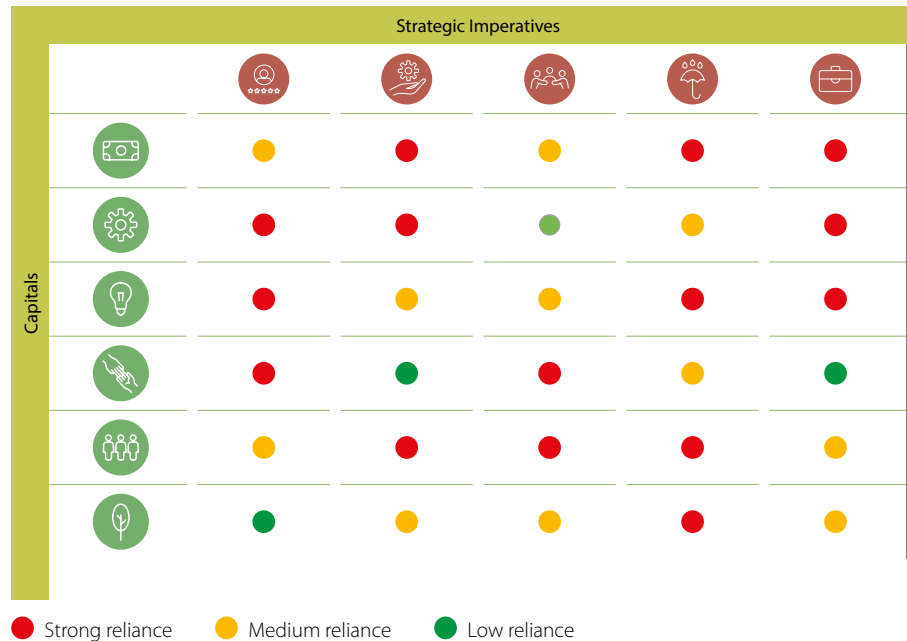


Strategy and Resource Allocation

Talawakelle Tea Estates PLC (TTE) stands as a beacon of innovation and sustainability in Sri Lanka's tea industry, guided by its purpose of "Brewing a Better Future." Central to this vision is the 2030 Regenerative Agenda, a comprehensive strategy that redefines TTE's approach to value creation by embedding regenerative principles across its operations.

The 2030 Regenerative Agenda outlines five strategic imperatives: winning with the customer, operational excellence, nurturing our people, environmental stewardship and climate action, and business diversification, collectively forming the backbone for informed planning and decision-making at all levels of the organisation. Each year, the Company undertakes a structured planning process where business units identify key initiatives aligned to these strategic pillars, enabling a systematic evaluation of the financial and non-financial resources to be allocated through the various forms of capital to achieve the desired results. This integrated approach is designed to achieve the optimal balance between

delivering short-term performance, advancing medium-term strategic objectives, and creating long-term sustainable value, culminating in creating a future that benefits both the Company and the broader ecosystem it depends on.



Winning with the Customer

Aligned with our regenerative business principles, we stand committed to create long-standing and reciprocal relationships with our customers by delivering exceptional customer experience; ensuring their wellbeing; and exceeding their expectations, consistently

Material Matters	Risks	Opportunities
<ul style="list-style-type: none"> Supply chain traceability Technology Customer satisfaction, health, safety Research and development Supplier environmental assessment Economic performance Anti Corruption 	BR 1 FR 2 OR 2 OR 3 OR 4 CRR 1 CRR 2 CRR 3 CRR 4 CRR 5 SRR 1	CRO 1 CRO 3 SRO 1
	Refer Risk and Opportunities Report - pages 198 to 206	

Performance Dashboard - FY 2024/25

Resource Allocation Highlights	Capitals Impacted	Outcomes
<ul style="list-style-type: none"> Rs. 714.3 Mn invested in the construction of the Kiruwanaganga Factory Rs. 46 Mn allocated for R&D Increase the frequency of product quality and food safety audits Improved labelling clarity on tea packaging focusing on grade, weight, and certifications 	<p>Stakeholder Impacted Shareholder, Customer, Employee, Supplier, Community</p>	<ul style="list-style-type: none"> 92% Customer Satisfaction 1.2% increase in customer complaints Zero incidents of non-compliance with regulations related to health and safety impacts of products; and zero product recalls issued/ recalled Zero incidents of rejections and monetary fines of non-compliance with regulations related to product and service information and labelling

Future Plans


Short Term (1 -3 years)	Medium Term (3 - 5 years)	Long Term (> 5 years)
Strengthen the supply chain traceability to address bottlenecks	Conduct due diligence on Company's operations, suppliers and business partners to identify and address potential human rights violations	Identify and cater to high growth potential and underserved market segments through targeted products

Strategy and Resource Allocation



Operational Excellence

Ensuring regenerative principles guide how the Company produces, sources, manages resources, and delivers value

Material Matters		Risks	Opportunities
<ul style="list-style-type: none">• Supply chain traceability• Technology• Brain-drain and labour out migration• Customer satisfaction, health, safety• Research and development• Climate Transition and Energy• Materials	<ul style="list-style-type: none">• Water and effluents• Biodiversity• Emissions• Waste• Supplier environmental & social assessment• Soil Health• Anti Corruption	<div>BR 2 BR 3 BR 4</div> <div>FR 1 FR 3 FR 4 FR 5</div> <div>OR 1 OR 2 OR 3 OR 4</div> <div>CRR 1 CRR 2 CRR 3 CRR 4</div> <div>CRR 5</div>	<div>CRO 1</div> <div>CRO 2</div> <div>CRO 3</div>
		<div> Refer Risk and Opportunities Report - pages 198 to 206</div>	

Performance Dashboard - FY 2024/25

Resource Allocation Highlights	Capitals Impacted	Outcomes
<ul style="list-style-type: none"> Rs. 271 Mn invested in Field Development activities 247 hectares of land allocated for fuelwood cultivation ISO 50001 Energy Management System implemented at Mattakelle Tea Factory invested Rs. 93.25 million to introduce AI-based colour sorters at the Deniyaya and Kuruwanaganga factories 	<p>Stakeholder Impacted Shareholder, Employee, Customer, Supplier, Community, Society, Government</p>	<ul style="list-style-type: none"> 8.41% year on year reduction in green leaf yields 71.67% asset turnover ratio 95% year on year reduction in cost of production 0% increase in throughput capacity 0% reduction in rejects due to AI based colour sorting technology 12.81% year on year improvement in Maximum Residue Level (MRL) 4.8% year on year increase in energy intensity


Future Plans

Short Term (1 -3 years)	Medium Term (3 - 5 years)	Long Term (> 5 years)
Increase investment in crop diversification	Improve permaculture business practices to enable productivity, efficiency and ecological balance	Invest in research to develop improved climate resilient and high yielding cultivar



Nurturing Our People

Upholding regenerative business values, we seek to extend a progressive workplace; focused on innovation, productivity and sustainability. We stand committed to build, develop and empower our employees as well as the resident communities living across our estates.

Material Matters		Risks	Opportunities
<ul style="list-style-type: none">• Market Presence• Technology• Brain-drain and labour out migration• Technology• Brain-drain and labour out migration• Diversity and equal opportunity• Non-discrimination & Freedom of Association	<ul style="list-style-type: none">• Forced or compulsory Labour• Economic Performance• Employment and employment practices• Labour/ management relations• Occupational health and safety• Training and Development• Anti Corruption	BR 2 BR 3 OR 1 OR 2	CRO 1 CRO 2
		<div> Refer Risk and Opportunities Report - pages 198 to 206</div>	

Performance Dashboard - FY 2024/25

Resource Allocation Highlights	Capitals Impacted	Outcomes
<ul style="list-style-type: none"> Rs. 3,571 Mn paid as remuneration and benefits to employees 336 new Block Managers appointed under the RSM scheme 01 new female field supervisor appointed Launch of the Women in Leadership initiative 	<p>Stakeholder Impacted Employees, Resident Communities</p>	<ul style="list-style-type: none"> 3.4% employee turnover rate 96.6% employee retention (staff + executives) Training on employee safety 4,305 hours 99% overall employee satisfaction in the GPTW study

Future Plans

Short Term (1 -3 years)	Medium Term (3 - 5 years)	Long Term (> 5 years)
Increase the focus on women empowerment.	Systematically increase earning capacity of resident estate communities by expanding the revenue share model	Establish a joint labor-management committee to address grievances and concerns



Environment Stewardship and Climate Action

Under the regenerative business model, we recognise our responsibility to preserve the ecosystems in which we operate; while focusing on climate action in our quest to achieve carbon neutrality. This holistic approach encompasses sustainable land management, waste management, water management, shifting towards renewable energy, and conserving biodiversity

Material Matters	Risks	Opportunities
<ul style="list-style-type: none"> Customer satisfaction, health, safety Research and development Food security Climate Transition, Energy & Emissions Materials & Waste Water and effluents Biodiversity 	<ul style="list-style-type: none"> Supplier environmental & social assessment Natural ecosystem conversion Soil Health & Pesticides use Economic performance Indirect economic impacts Local communities Living income and Livelihood Development 	<ul style="list-style-type: none"> OR 1 CRR 1 CRR 2 CRR 3 CRR 4 CRR 5 SRR 1 CRO 1 CRO 2 CRO 3 SRO 1
Refer Risk and Opportunities Report - pages 198 to 206		

Performance Dashboard - FY 2024/25

Resource Allocation Highlights	Capitals Impacted	Outcomes
<ul style="list-style-type: none"> Implemented the Net Positive Water Impact Policy Rs. 60.4 Mn invested in renewable energy Implemented the Net Positive Business Policy Strengthened third-party verification of agrochemical safety in line with compliance with health standards Appointed a Community Advisory Panel (CAP) to support more structured community engagement and policy advocacy. Invested Rs. 119 Mn in community initiatives Commenced a large-scale reforestation project to establish a forest corridor in Sri Lanka's central highlands 	<p>Stakeholder Impacted Shareholders, Community, Society</p>	<ul style="list-style-type: none"> 5.14% year on year increase in renewable energy generation capacity 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 599.14 Kwp solar power generation capacity 2.1 Mw hydro power capacity

Future Plans

Short Term (1 -3 years)	Medium Term (3 - 5 years)	Long Term (> 5 years)
Focus on identifying and addressing productivity issues, inefficiencies to minimise wastage in field and factory operations.	Collaborate with tea research institutions to implement climate resilient agriculture practices.	Increase the investment towards field mechanisation technology and digitalisation for smart plantation management



Business Diversification

Reducing the risk of dependency on our core value offering, we are increasingly looking at diversifying our business to fortify our market position in a dynamic operating environment. Aligned with regenerative business principles, we seek to leverage our expertise to take on emerging business opportunities, explore new product lines and expand into new markets.

Material Matters	Risks	Opportunities
<ul style="list-style-type: none"> Tax Land and labour productivity Research and development Waste Natural ecosystem conversion Economic performance 	<ul style="list-style-type: none"> BR 1 BR 2 BR 3 BR 4 BR 5 FR 1 FR 3 FR 4 FR 5 OR 3 OR 4 CRR 1 CRR 2 CRR 3 CRR 4 CRR 5 SRR 1 	<ul style="list-style-type: none"> CRO 1 CRO 2 CRO 3 SRO 1
Refer Risk and Opportunities Report - pages 198 to 206		

Performance Dashboard - FY 2024/25

Resource Allocation Highlights	Capitals Impacted	Outcomes
<ul style="list-style-type: none"> Rs. 42.6 Mn incurred in expanding the Somerset Estate-Tea Boutique Center Rs. 36.6 Mn allocated towards new market development 	<p>Stakeholder Impacted Shareholders, Customers, Employees, Suppliers</p>	<ul style="list-style-type: none"> 15+ direct and indirect jobs were created Improved estate visibility and brand prestige Promotes sustainable Tea tourism

Future Plans

Short Term (1 -3 years)	Medium Term (3 - 5 years)	Long Term (> 5 years)
Increase the investment in non-core crop operations including cinnamon, agarwood	Gain first mover advantage in emerging markets for specialised and premium tea blends.	Pursue collaborations and partnerships within the group to develop and market branded range of specialty teas and other products