Talawakelle
Tea Estates®

Talawakelle Tea Estates PLC

ESG

ENVIRONMENT
SOCIAL
GOVERNANCE

2025/26

Brewing a Better Future

Building a resilient tomorrow
through responsible stewardship
of our people, planet and prosperity.

Why This Report Matters

This is our third consecutive standalone ESG Report — and, like the two before it, it exists because we believe our stakeholders deserve an honest account of our progress, not just a polished one.

Across our 16 estates and every factory we operate, sustainability isn't a separate initiative bolted onto the business it's how we grow tea, manage our land and water, and look after the people who make this business possible. In the pages that follow, you'll find our performance for the year: the progress we're proud of, the targets we're still working towards, and the numbers behind both.

We report openly on climate action, biodiversity, resource use, our people and our governance, because that's what it takes to earn the trust of the shareholders, communities, buyers and employees who rely on us. This report is part of how we hold ourselves accountable to the ReGen Agenda 2030 we've committed to, and to the future we want to leave behind.

Brewing a Better Future

Digital Access to the ESG Report

Talawakelle Tea Estates PLC prepares its ESG Report to provide stakeholders with a transparent overview of how sustainability is integrated into our business, operations and long-term value creation. The report presents our progress, key initiatives, performance highlights and commitments across the pillars of Environment, Social and Governance.For convenient access, the full Talawakelle Tea Estates PLC ESG Report 2025/26 is available in digital PDF format. Readers may scan the QR code below to view or download the report online.

- **Scan the QR code**
  Point your mobile phone camera at the QR code.
- **Open the report**
  Tap the link displayed on your screen.
- **View or download**
  Read the report online or download the PDF version.

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Introduction

Our Approach to sustainability

Environment Pillar

Social Pillar

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About the Company

A public limited liability company rooted in Ceylon's tea heritage since the late 1800s.

16	15	4,800+	Rs. Mn 7,806
Tea Estates	Factories	Employees	Revenue

COMPANY OVERVIEW

Talawakelle Tea Estates PLC (TTE PLC) is a public limited liability company incorporated in Sri Lanka and listed on the Colombo Stock Exchange. Today, TTE manages 16 tea estates and 15 factories across Sri Lanka's renowned Up Country and Low Country regions, exporting premium teas to the USA, Europe, Japan, and the Middle East. With over 4,800 employees and a value chain reaching thousands more, TTE is a major contributor to Sri Lanka's economy. TTE is a pioneer in sustainable tea production, having achieved several firsts in certifications such as Rainforest Alliance and ISO standards, with operations spanning renewable energy, tea tourism, and biodiversity conservation.

OUR JOURNEY

1992
Incorporated as Talawakelle Plantations Limited

2005
Invested in Mini Hydro Plants in Somerset, Palmerston & Radella

2013
First Integrated report Initiated

2018
First Rooftop Solar Power project of Hayleys Plantation sector

2021
1st Plantation Company to Certified as a Great Place to Work

2022
Highest Ever Profit with 73% Revenue Growth

2023
Overall Winner Best Corporate Citizen Sustainability Award

2024
Kiruwanaganga Tea Factory represents the single highest investment in Sri Lanka's tea sector, boasting modern & state of-the-art facilities

2025
Acquired Hayleys Produce Marketing to strengthen Organic Tea Production. Sri Lanka's most awarded corporate entity by LMD.

COMPANY SNAPSHOT

Nature of Ownership: Subsidiary of Hayleys PLC

Head-Office: Colombo, Sri Lanka

Sectors Served: Agriculture — Tea Plantation | Renewable Energy | Tea Tourism

Purpose
Brewing a Better Future

Vision
To be the most admired Plantation Company in Sri Lanka

Mission
Enhance quality of life for employees; deliver quality tea and sustainable growth.

Values
Sustainability, Innovation, Community, Transparency, Long-term Vision

SCAN TO WATCH VIDEO STORY

About the Report

An overview of TTE's 4th ESG Report, its scope, standards, and reporting boundaries.

4th ESG REPORT | **1 APR 2025 – 31 MAR 2026** | **ANNUAL REPORTING CYCLE** | **NGRS · UN SDGs · UNGC**

REPORT OVERVIEW

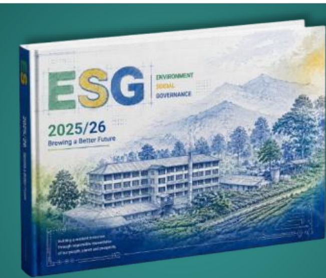
Talawakelle Tea Estates PLC presents its 4th ESG Report, offering a focused overview of our sustainability performance across Environment, Social and Governance. The report outlines key actions, achievements and progress made during the year in embedding ESG considerations into operations, risk management, stakeholder engagement and long-term value creation, with improved disclosure on material topics and SDG contribution. The report covers the period from 1 April 2025 to 31 March 2026, following an annual reporting cycle. Its reporting boundary includes Talawakelle Tea Estates PLC, aligned with the Group's financial reporting boundaries, and is structured around our ESG approach, stakeholder engagement, materiality assessment, and performance under the Environmental, Social and Governance pillars.

Reporting Standards

This report has been prepared in alignment with the National Green Reporting System (NGRS) of Sri Lanka, which serves as the primary framework for our sustainability disclosures. In addition, the report integrates principles from the UN SDGs and the UNGC.

Limitations & Forward-Looking Statements

This report includes forward-looking statements reflecting TTE's strategic direction at the time of publication. Actual outcomes may vary due to external factors, and TTE is not obligated to update these statements. This year's TNFD-aligned disclosure covers only the “Locate” step of the LEAP approach, with full alignment planned in future reports. As the NGRS is still being finalized, not all indicators have been reported this year. The Board confirms there are no restatements from previously published reports.



ESG Report 2025/26

RELATED REPORTS & RESOURCES

Integrated Annual Report 2025/26

GHG Report 2025/26

Previous ESG Report (2024/25)

Feedback

In line with our commitment to reporting excellence, TTE welcomes feedback on this report. Please direct feedback to:

The Executive – Sustainability
Talawakelle Tea Estates PLC
No 400, Deans Road, Colombo 10
Sustainability@ttel.hayleys.com

Managing Director & CEO Joint Statement

Advancing Regeneration Through Responsible Growth

At Talawakelle Tea Estates PLC, sustainability is deeply embedded in who we are and how we create value. As custodians of some of Sri Lanka's most valuable tea-growing landscapes, our responsibility extends beyond producing exceptional tea. It encompasses protecting the natural ecosystems that sustain us, empowering the communities connected to our operations, and ensuring that our business remains resilient for future generations.

The year 2025/26 demonstrated the importance of balancing business performance with environmental stewardship and social responsibility. In a year shaped by climate uncertainties, evolving market expectations and operational challenges, we continued strengthening our sustainability foundations through responsible decision-making, innovation and collaboration.

As we continue evolving our business, our Second Curve strategy represents our commitment to creating new pathways for sustainable growth beyond traditional plantation models. By focusing on value creation, innovation, diversification and operational excellence, this strategic evolution strengthens our ability to respond to changing market dynamics while advancing our sustainability ambitions.

The Second Curve approach enables us to create stronger connections between business transformation and ESG priorities from developing value-added products and sustainable agriculture solutions to enhancing resource efficiency, renewable energy adoption and community empowerment. Through this approach, sustainability becomes an enabler of long-term competitiveness, resilience and responsible growth.

Our sustainability journey is guided by the ReGen Agenda 2030, which represents our commitment to move beyond conventional sustainability approaches towards regenerative practices. Through this agenda, we continue to focus on restoring ecosystems, enhancing biodiversity, improving soil health, reducing environmental impacts and creating shared value for all our stakeholders.

Sustainability is not a standalone initiative at TTE; it is integrated into our business strategy, operational practices and governance processes. We believe that long-term success depends on our ability to create a positive impact for our people, our planet and our stakeholders.

88.2%
Renewable energy share

–20%
Scope 1, 2 & 3 vs FY22/23

Guided by our ReGen Agenda 2030, this statement sets out how TTE advanced regenerative agriculture and nature stewardship, climate action and low-carbon transition, sustainable manufacturing and circular economy innovation, employee and community empowerment, and responsible governance during FY 2025/26 — and what these commitments mean for the years ahead.

Strengthening Regenerative Agriculture and Nature Stewardship

Healthy ecosystems are fundamental to the future of tea cultivation. Recognising this interdependence, we continued advancing regenerative agricultural practices across our estates by focusing on soil restoration, biodiversity conservation, responsible input management and climate resilience.

During the year, we increased the adoption of sustainable agricultural inputs and integrated pest management practices to maintain ecological balance while supporting productivity. We also continued soil rehabilitation initiatives to restore long-term soil fertility, improve ecosystem health and strengthen the resilience of our tea-growing landscapes.

As part of our commitment to enhancing plantation productivity sustainably, we accelerated our tea replanting programme through the use of high-yielding vegetatively propagated cultivars. During the reporting period, xx hectares were successfully replanted, supporting future productivity while ensuring responsible land management.

Our commitment to sustainable cultivation has also enabled us to expand our premium and speciality tea portfolio. The achievement of international organic certification for Great Western and Logie tea gardens, compliant with recognised organic standards including EU Organic Regulation, USDA NOP and JAS requirements, reflects our ability to integrate environmental responsibility with premium product development. Furthermore, our investment in speciality tea innovation, including Matcha production, demonstrates our continued focus on creating value-added products while maintaining responsible production practices.

20.95 ha
Replanted with high-yielding cultivars

EU / USDA / JAS
Organic certification — Great Western & Logie

Climate Action and Low-Carbon Transition

Climate change remains one of the most significant challenges affecting agriculture globally. At TTE, we recognise that climate resilience requires proactive action, measurable targets and continuous improvement.

Our climate strategy focuses on reducing emissions, improving energy efficiency and transitioning towards renewable energy solutions. Through investments in hydro, solar and biomass energy systems, we continue to reduce reliance on conventional energy sources while strengthening the resilience of our operations.

During the reporting year, renewable energy sources including solar, biomass and hydro collectively contributed 88.2% of our current average annual energy requirements, representing significant progress towards our low-carbon transition pathway.

We also continued progressing towards our Science Based Targets initiative (SBTi)-validated climate commitments, achieving a 20% reduction in Scope 1, Scope 2 and Scope 3 greenhouse gas emissions against the FY2022/23 baseline. Our approach extends beyond emission reduction towards creating positive environmental outcomes through biodiversity conservation, ecosystem restoration, responsible water management and improved resource efficiency.

–20%
Scope 1, 2 & 3 vs FY22/23 baseline

88.2%
of energy from solar, biomass & hydro

Sustainable Manufacturing and Circular Economy Innovation

Our environmental responsibility extends throughout our value chain, including our manufacturing operations and infrastructure investments. A significant milestone during the year was the achievement of Green Building Certification for Kiruwanaganga Tea Factory, becoming the first green-rated tea factory within our operations. This achievement reflects our commitment to sustainable infrastructure, energy efficiency, resource conservation and environmentally responsible manufacturing. We continue to explore innovative solutions that transform environmental challenges into opportunities. The Somerset Eco Material Recycling Plant represents a significant step towards strengthening our circular economy approach by converting waste materials into valuable resources. Beyond its environmental benefits, this initiative creates social value by providing opportunities for local entrepreneurs and generating employment through recycling and resource recovery activities demonstrating that sustainability solutions can simultaneously deliver environmental protection, economic opportunities and community empowerment.

1st Green Factory
Kiruwanaganga Tea Factory certified

Somerset Plant
Eco Material Recycling — circular economy

Local Jobs
Recycling & resource recovery employment

Empowering People and Strengthening Communities

Our people remain at the heart of our sustainability journey. We believe that a responsible plantation sector must create opportunities, protect dignity and improve the quality of life of employees and communities. During the year, we continued strengthening employee wellbeing through initiatives focused on healthcare, welfare, skills development, workplace safety and inclusive opportunities.

Through our commitment to diversity, equity and inclusion, we continued promoting a workplace culture where individuals are respected, valued and empowered. Our gender equality initiatives, including the Women in Leadership programme, aim to increase women's participation in decision-making and leadership roles across our operations. We continued investing in employee capability development through structured training programmes, technical skills enhancement and leadership development initiatives, recognising that our workforce is a key driver of sustainable growth.

Our commitment extends beyond employees to the wider plantation communities. Through initiatives focused on housing, education, health, livelihood development and community empowerment, we continue supporting stronger and more resilient communities. The ‘A Home for Every Plantation Worker’ initiative remains a key example of our commitment to improving living standards and enhancing dignity within plantation communities.

Women in Leadership
Advancing gender equality in decision-making

A Home for Every Plantation Worker
Improving living standards & dignity

Responsible Governance and Transparent Reporting

Strong governance provides the foundation for sustainable value creation. At Talawakelle Tea Estates PLC, we continue strengthening our governance practices by embedding sustainability considerations into strategic planning, risk management and operational decision-making.

During the year, we further enhanced our ESG reporting approach through alignment with internationally recognised frameworks and standards, including GRI Standards, SLFRS S1 and S2 requirements, climate-related disclosures, and emerging nature-related reporting frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD). These approaches enable us to better identify, assess and manage climate and nature-related risks and opportunities across our operations.

As part of our commitment to science-based environmental action, TTE continues progressing towards alignment with the Science Based Targets Network (SBTN), strengthening our approach to nature-positive strategies through improved understanding of ecosystem dependencies, biodiversity impacts and opportunities for restoration.

We recognise that transparent, reliable and decision-useful sustainability information is essential for building stakeholder trust. Therefore, we continue strengthening our ESG data management systems, improving data accuracy, traceability and completeness across our operations while enhancing monitoring of climate and nature-related performance indicators.Our commitment to responsible governance extends throughout our value chain through engagement with suppliers, contractors and business partners to promote responsible environmental practices, ethical conduct and social responsibility. Through these efforts, we continue building a governance framework that supports resilience, accountability and long-term sustainable value creation.

GRI · SLFRS S1/S2.TNFD.SBTN
Aligned reporting frameworks & standards

Independently Assured
Climate & nature-related disclosures

Supply Chain
Engagement on ethics & responsibility

Continuing Our Commitment Towards a Sustainable Future

As we look ahead, our commitment remains focused on creating long-term value through responsible growth, environmental restoration and social progress. The challenges facing the plantation sector require innovation, collaboration and a long-term perspective. At TTE, we remain committed to continuously improving our practices, investing in our people, protecting nature and strengthening partnerships that support sustainable development.

We firmly believe that the future of tea depends on our ability to care for the ecosystems, communities and people that make our success possible. We extend our sincere appreciation to our employees, customers, shareholders, communities, partners and stakeholders for their continued trust and collaboration.

Together, we continue our journey towards brewing a better future one built on responsibility, resilience and regeneration.

Roshan Rajadurai PhD, DSc.
Managing Director

Mr. Nishantha Abeysinghe
Director / Chief Executive Officer

Key Highlights FY2025/26

ENVIRONMENTAL HIGHLIGHTS

Rs. 50.1 Mn
invested in environment initiatives (FY 2025/26)

6.73%
cumulative Scope 1+2 GHG reduction

Net Zero by 2050
SBTi-validated pathway — the world's first plantation company with SBTi land-sector Scope 3 verification

Kiruwanaganga Green Factory
Recognised as Sri Lanka's first Gold-rated Green Tea Factory, demonstrating sustainable manufacturing excellence.

88.25%
of energy from renewables

Organic Certification Achieved
Great Western and Logie tea gardens certified under international organic standards.

819.86 kWp
solar capacity installed — up from 300 kWp, across 6 estates

0 ha
natural ecosystem converted since 1992

SOCIAL HIGHLIGHTS

4,849
Employees and Strengthening women's participation in operational leadership.

29,497
training hours completed in FY 2025/26

98%
employee satisfaction score

#1
Asia's & Sri Lanka's Best Workplace

Rs. 103.6 Mn
invested in 'A Home for Every Plantation Worker' housing, healthcare and education

HerLead Programme
Phase 1 complete — advancing gender parity in leadership

30 Female Team Leaders
Female harvesters progressed as team leaders new career pathways for women in plantation operations.

GOVERNANCE HIGHLIGHTS

TNFD
1st Sri Lankan company to adopt the TNFD standard

3rd Consecutive Year
of full-scope SLFRS S1 & S2 disclosure, independently assured by Ernst & Young

5 Material SRROs
identified, assessed and BAC-approved through our structured materiality process

9
Board members with defined skills coverage

21%
stakeholder engagement ratio (target 40% by 2030)

0
non-compliance incidents

OUR RECOGNITION

ENVIRONMENTAL & CLIMATE EXCELLENCE

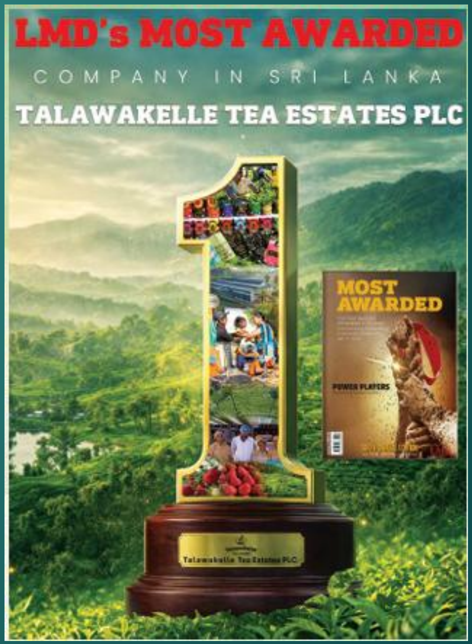
1. Green Apple Environment Awards – Towards Net-Zero: Designing Sri Lanka's First Climate-Resilient Tea Factory
2. Energy Transition Awards – World Sustainability Awards 2025
3. Sustainability Excellence – World Sustainability Awards 2025 (Highly Commended)
4. Biodiversity Awards – World Sustainability Awards 2025 (Merit)
5. National Cleaner Production Awards 2025 – Gold
6. Green Building Award – Gold
7. National Green Productivity Awards 2024 – Gold
8. Global Chemical Leasing Award – Merit

SOCIAL IMPACT, PEOPLE & COMMUNITY

1. Social Impact Awards – World Sustainability Awards 2025 (Merit)
2. Best Corporate Citizen Sustainability Award 2025 – Top Ten Corporate Citizen
3. Best Corporate Citizen Sustainability Award 2025 – Agriculture Sector Winner
4. Commonwealth Business Excellence Awards 2025 – Best CSR in Environmental Impact
5. 9th South Asian Business Excellence Awards 2025 – Best Use of CSR Practice in Community Development
6. Great HR Awards 2025 – Best Women-Friendly Workplace Award
7. Best Workplace to Women 2025 – GPTW Sri Lanka
8. Best Workplaces for Parents 2025 – GPTW Sri Lanka
9. Best Management Practices Company Award 2026 – Diversity, Equity & Inclusion (2nd Runner Up)

GOVERNANCE, REPORTING & TRANSPARENCY

1. ACCA Sri Lanka Sustainability Reporting Awards 2025 – Agriculture and Plantation Sector
2. CMA Excellence in Integrated Reporting Awards 2025 – Best Disclosure of Sustainability Reporting
3. Best Management Practices Company Award 2026 – Environmental Governance (Winner)



Our Commitment & Certifications Coverage

FY 2025/26

14 CERTIFICATIONS & COMMITMENTS	**2** NEW THIS YEAR	**5** ISO MANAGEMENT STANDARDS	**30+** GLOBAL SBTN PIONEER COMPANIES

GLOBAL COMMITMENTS & FRAMEWORKS

CLIMATE

Science Based Targets initiative (SBTi) — FLAG

Received approval for forest, land, and agriculture (FLAG) science-based targets, validated by the SBTi — driving ambitious corporate climate action.

GLOBAL FRAMEWORK

United Nations Global Compact

TTE participates in the UN Global Compact, supporting its Ten Principles covering human rights, labour, environment and anti-corruption.

NATURE

Biodiversity Sri Lanka

TTE supports Biodiversity Sri Lanka's collaborative efforts to conserve ecosystems and strengthen corporate biodiversity stewardship.

NATURE — NEW

Science Based Targets Network (SBTN)

TTE stands alone among Sri Lankan companies in publicly committing to science-based targets for nature, joining 30 pioneering companies globally.

GLOBAL FRAMEWORK

United Nations Sustainable Development Goals

Aligning our sustainability strategy with the SDGs through climate action, responsible operations, community development and inclusive growth.

SOCIAL

A Home for Every Plantation Worker

Improving plantation community living standards through quality housing, better facilities, dignity and enhanced employee wellbeing.

SUSTAINABLE AGRICULTURE

Preferred by Nature Certification

Promoting responsible tea production through sustainable agriculture, biodiversity conservation and improved environmental and social practices.

NATURE — NEW

Green Building Certification

Achieved Sri Lanka's first Green Building certification for a tea factory, advancing sustainable manufacturing and resource-efficient operations.

Our Commitment & Certifications Coverage (continued)

FY 2025/26

CERTIFICATIONS & MANAGEMENT STANDARDS

Management Standards
Workplace & Social
Product & Environmental

ISO 9001:2015

Quality Management System

ISO 22000:2018

Food Safety Management System

ISO 14001:2015

Environmental Management System

ISO 14064-1:2018

GHG Emissions

ISO 50001:2018

Energy Management System

Great Place to Work

Certified workplace culture & trust

Mother & Child-Friendly Seal

Family-supportive estate practices

Eco Label Certification

Environmental product certification

NEW

Organic Certification

Chemical-free, regenerative cultivation

Rainforest Alliance

Sustainable agriculture certification

Sustainability Strategy and ReGen Agenda 2030

OUR STRATEGIC COMPASS

TTE's sustainability direction is anchored in the 2030 ReGen Agenda our strategic compass to regenerate, transform and lead with purpose, built on the interconnectedness of nature, people and performance. Rather than a set of disconnected activities, the ReGen Agenda is a structured roadmap: a 15-pillar framework, five strategic imperatives, and measurable targets that connect day-to-day estate decisions to TTE's long-term resilience and value creation.

GRI ALIGNED | **RAINFOREST ALLIANCE** | **SBTi VERIFIED** | **SINCE FY 2022/23**

THE 15-PILLAR ESG FRAMEWORK

ENVIRONMENT	SOCIAL	GOVERNANCE
Sustainable Land Management	Great Place to Work	Board Diversity & Composition
Climate Action & Net Zero 2050	Fair Labour Practices	Policy Compliance
Circular Resource Management	Diversity & Inclusion	Accurate Reporting & Transparency
Water Stewardship & Soil Health	Community Empowerment	Stakeholder Engagement
Biodiversity & Ecosystem Restoration	Value Chain Management	Risk & Opportunity Management

FIVE STRATEGIC IMPERATIVES

TTE's five strategic imperatives convert the ReGen Agenda 2030 into practical business action. They guide how we create customer value, empower people, improve operational efficiency, strengthen environmental stewardship and diversify future growth. Together, they ensure sustainability is embedded into strategy, risk management and daily decision-making.

01
Winning with the Customer

Sustain the highest auction prices through quality, ethics, and traceable, low-emission tea.

02
Nurturing Our People

Revenue-share model, best workplace certifications, women in leadership, and upskilling estate youth.

03
Operational Excellence

Energy efficiency, waste reduction, lean management, and GHG reduction across estates and factories.

04
Environmental Stewardship & Climate Action

Verified GHG inventory, climate resilience actions, water security, and landscape restoration.

05
Business Diversification

Expansion into value-added teas, herbal cultivation, and renewable energy ventures hydro and biomass.

15
ESG PILLARS · E · S · G
2030
HORIZON YEAR

LINKING STRATEGY TO LONG-TERM BUSINESS RESILIENCE

The ReGen Agenda is strategy, not sentiment: each imperative is mapped to a specific sustainability risk or opportunity and tracked through TTE's climate scenario and business resilience assessment, so progress is measured, not just described.

3.4 / 5.0
Overall business resilience score Moderate-Strong, FY 2025/26

3.6% of revenue
Estimated annual FY exposure to material climate and social risks within manageable levels

1st in Sri Lanka
Plantation company to secure science-based validation of its climate targets

HOW WE MANAGE SUSTAINABILITY RISKS & OPPORTUNITIES

Sustainability risks and opportunities are managed through the same governance structures as every other business risk — identified continuously, assessed against a consistent set of criteria, prioritised by management, and approved and monitored by the Board.

1. Identify
Climate data, sustainability audits, estate reports and market intelligence, reviewed continuously.

2. Assess
Scored against five criteria: likelihood, magnitude, time horizon, speed of onset and controllability.

3. Prioritise & Approve
Management prioritises; the Board Audit Committee reviews and approves the register.

4. Monitor & Report
Estates report monthly; management reports quarterly to the Board.

FY 2025/26 MATERIAL SUSTAINABILITY RISKS & OPPORTUNITIES

ID	Risk / Opportunity	Category	Priority	How We Respond
CRR-1	Climate Transition Risk	Climate · Transition	P2	Biomass conversion; solar/hydro expansion; SBTi trajectory on track.
CRR-2	Acute Physical Climate Risk	Climate · Physical	P1	Slope stabilisation, drainage, and early-warning systems.
CRR-3	Chronic Physical Climate Risk	Climate · Physical	P1	Cultivar replanting, shade-tree programme, agroforestry.
SRR-1	Labour Scarcity & Wage Escalation	Social · Workforce	P1	Revenue-share model rollout; HerLead; community investment.
SRO-1	Nature-based Opportunity	Nature · Opportunity	P2	Forest corridor restoration; biodiversity credit engagement.

P1 = immediate priority · P2 = medium-term priority. Reviewed quarterly by the Board Audit Committee.

More details about this immediate priority risk explain in environment and social section.

ALIGNMENT WITH GLOBAL & LOCAL SUSTAINABILITY EXPECTATIONS

GRI Standards · UN SDGs · UNGC · SBTi · SBTN · TNFD · Rainforest Alliance · ISO 14064-1:2018

ESG Targets and Performance Management

HOW WE SET, MONITOR AND REVIEW OUR TARGETS

Every target in the ReGen Agenda is set against a 2023 baseline and tracked to interim milestones (2026) and a 2030 goal across 15 focus areas spanning Environment, Social and Governance. Progress is reviewed annually and classified into four status bands, giving a consistent, comparable view of performance across all 45 underlying targets not just the ones going well.

- **Achieved**
- **On Track**
- **Progressing**
- **Lagging**

45	28	12	1	4
Targets Tracked	Achieved	On Track	Progressing	Lagging

FY 2025/26 TARGET ACHIEVEMENT BY PILLAR

ENVIRONMENT 72%

8 Achieved
3 On Track
1 Progressing
3 Lagging

SOCIAL 85%

8 Achieved
6 On Track
0 Progressing
1 Lagging

GOVERNANCE 95%

12 Achieved
3 On Track
0 Progressing
0 Lagging

AREAS REQUIRING ATTENTION

4 of 45 targets are behind their FY 2025/26 milestone. TTE is prioritising corrective action across the following areas:

- Permaculture adoption — 48% achieved vs 63% annual target
- Sustainable input materials — 52% achieved vs 55% annual target
- Closed-loop supply chain — 47% achieved vs 55% annual target
- ESG performance-conscious sourcing — 27% achieved vs 30% annual target

ESG TARGET PROGRESS BY FOCUS AREA — FY 2025/26

One headline metric per focus area, shown against its 2023 baseline and 2030 goal. Each focus area carries two further supporting targets, tracked in full in TTE's internal ESG performance system.

Pillar	Focus Area	Headline Metric	2023 → FY 25/26 → 2030	Status
E	**Sustainable Land Management**	Soil organic matter content	1.3% → 3.6% → 10.5%	Achieved
E	**Climate Action & Net Zero 2050**	Net-zero GHG emissions progress	10% → 15.25% → 90% (2050)	Achieved
E	**Circular Resource Mgmt & Renewable Energy**	Renewable energy use	80% → 88.2% → 99%	Progressing
E	**Water Stewardship**	Water consumption reduction	5% → 16% → 30%	On Track
E	**Biodiversity Conservation & Ecosystem Restoration**	Land restored & protected	25 Ha → 67 Ha → 100 Ha	Achieved
S	**Great Place to Work**	Organisational culture audit rating	3.5/5 → 4.1/5 → 5.0/5	Achieved
S	**Fair Labour Practices**	Fair labour standards compliance	60% → 67% → 90%	On Track
S	**Diversity & Inclusion**	Workplace diversity index	5% → 10% → 25%	Achieved
S	**Community Empowerment**	Living-environment investment & beneficiaries	10% → 23% → 50%	On Track
S	**Value Chain Management**	Supplier Code of Conduct adherence	20% → 28% → 50%	On Track
G	**Board Diversity & Composition**	Board diversity index	9% → 21% → 40%	Achieved
G	**Policy Compliance**	Zero-tolerance policy violations (phased)	Ph.1 → Ph.2 → Zero	Achieved
G	**Accurate Reporting & Transparency**	Governance transparency rating	70% → 82% → 90%	Achieved
G	**Stakeholder Engagement**	Stakeholder engagement ratio	10% → 21% → 40%	Achieved
G	**Risk & Opportunity Management**	ESG risk reduction	5% → 11% → 20%	Achieved

E = Environment · S = Social · G = Governance. Full detail on all 45 targets is maintained in TTE's Consolidated ESG Statement.

Sustainability Governance

GOVERNANCE OVERSIGHT STRUCTURE

This governance structure establishes clear processes, controls and accountability at each level of oversight — ensuring sustainability and climate-related matters are identified, reviewed and escalated through the appropriate management and Board-level channels.

3 TIERS OF OVERSIGHT | **16 ESTATE COMMITTEES** | **QUARTERLY BAC REPORTING** | **BOARD-APPROVED TOR**

Board of Directors

9 members as at 31 Mar 2026 · Min. 6 mtgs/yr

- ✓ Approve sustainability & climate strategy, risk appetite
- ✓ Endorse SLFRS S1 & S2 disclosures; monitor SBTi Net Zero 2050
- ✓ Champion stakeholder engagement; approve ESG capital allocation

Board Audit Committee (BAC)

Primary SLFRS S1 & S2 oversight · Quarterly + ad hoc

- ✓ Oversee SLFRS S1 & S2 disclosure & materiality determination
- ✓ Review issues between management and auditors on SRROs
- ✓ Primary SLFRS S1 oversight body — signs Audit Committee Report

Nomination & Governance (N&G)

Skills assessment · Min. twice/yr

- ✓ Annual Board sustainability skills & competency assessment
- ✓ Skills gap identification & Board succession planning
- ✓ Reports outcome to BAC (SLFRS S1 §27)

ESEG Steering Committee

Chaired by Director/CEO · TOR revised FY 2025/26 · 4 formal mtgs/yr + working-group sessions

- ✓ Translate Board ESG strategy into operational programmes
- ✓ Maintain GHG inventory & certification programmes
- ✓ Maintain SRRO register; coordinate ESG data systems
- ✓ Recommend metrics & targets to BAC
- ✓ Prepare SLFRS S1 & S2 draft disclosures (Notes 7–13)
- ✓ Oversight of 16 estate committee sustainability data flows

16 Estate-Level Sustainability Steering Committees

Formally constituted FY 2025/26 with documented TOR · Monthly meetings · Quarterly reports to ESEG Secretariat · Chaired by Estate GM

- ✓ Implement GAP & ESG policies at estate level
- ✓ Validate & witness primary GHG activity data monthly
- ✓ Track estate-specific sustainability KPIs vs targets
- ✓ Maintain RA and ISO certification compliance

ESCALATION PATHWAY: Estate GM ▸ Regional GM ▸ Director Plantations ▸ ESEG ▸ BAC

ESEG Committee Skill Matrix — FY 2025/26

Competencies within the ESEG Committee against the eight required skill domains.

● High competency ● Direct experience ● Awareness

Skill Domain	Distribution	H · D · A	Total
Plantation Operations Mgmt		3 · 2 · 9	14
Financial & Performance Mgmt		4 · 2 · 8	14
Enterprise Risk & Crisis		4 · 2 · 8	14
Digital & Process Innovation		3 · 2 · 9	14
Compliance & Controls		3 · 3 · 8	14
Sustainability & ESG		3 · 3 · 8	14
People Leadership & Culture		4 · 2 · 8	14
Market, Sales & Customer		3 · 2 · 9	14

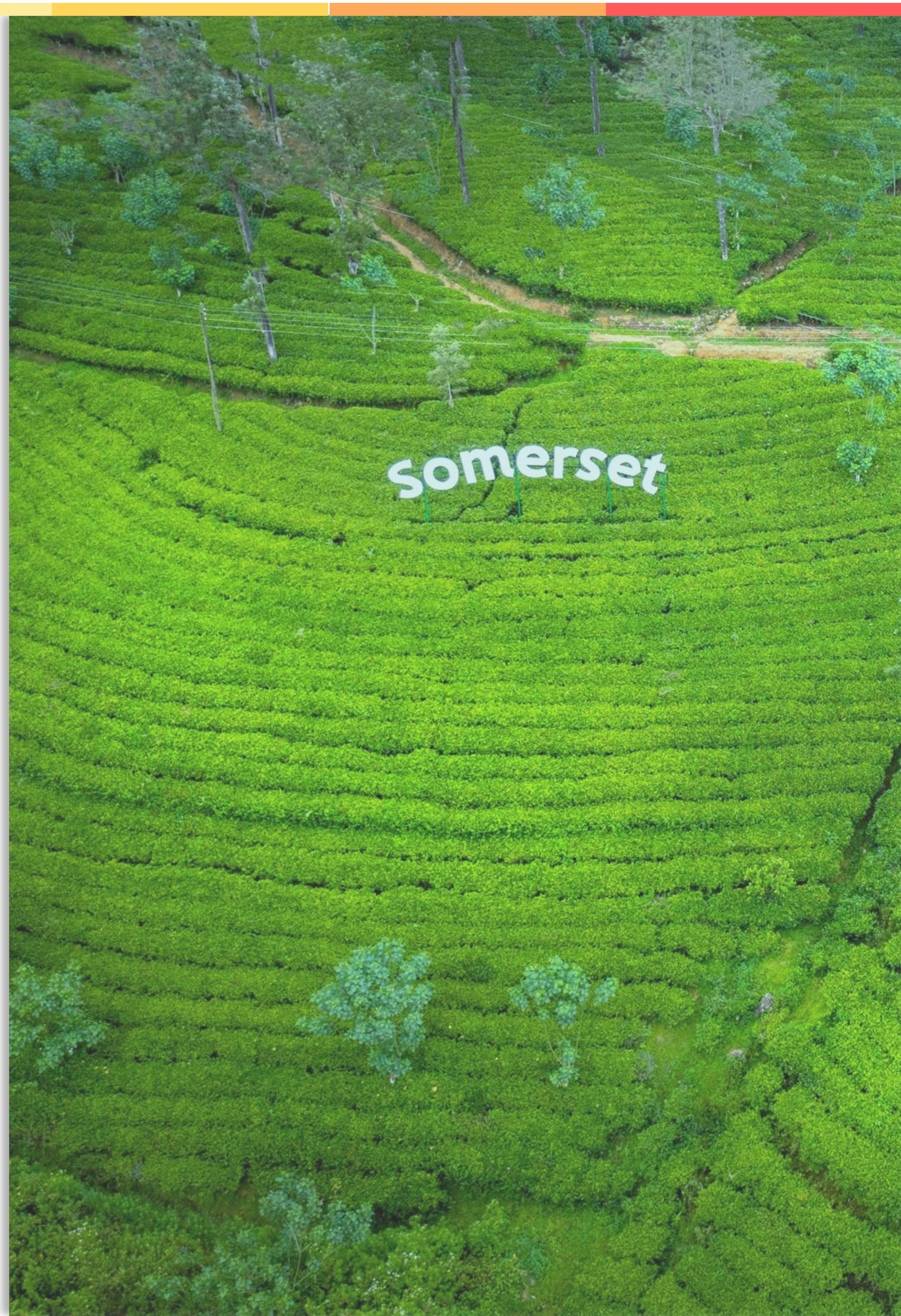
H = High competency · D = Direct experience · A = Awareness. Documents competencies available against the eight domains required for effective SLFRS S1 & S2 governance.

Estate-Level Sustainability Governance

The 16 Estate Sustainability Steering Committees (ESSCs) form the operational level of TTE's sustainability governance structure. They implement corporate sustainability policies at estate level, collect and validate sustainability data, monitor estate KPIs, manage certification compliance, and escalate material environmental, climate, social and operational incidents to the ESEG Steering Committee. The ESSCs operate under formally approved Terms of Reference and support TTE's SLFRS S1 & S2 reporting process.

Policy Framework

TTE maintains a Board-approved policy framework supporting the governance, management and disclosure of sustainability-related risks and opportunities under SLFRS S1 and S2, anchored by the ESG Sustainability Policy. All policies are subject to periodic review and Board approval.



Board Skills & Competencies

Annual N&G assessment against the CRRO/SRRO profile and SLFRS S1 & S2 requirements.

● High competency ● Direct experience ● Awareness

Skill Domain	Distribution	H · D · A	Total
Plantation Operations		3 · 1 · 7	11
Financial Expertise		4 · 3 · 4	11
Governance & Transparency		6 · 3 · 2	11
Sustainability & ESG		3 · 2 · 6	11
Risk Management		4 · 2 · 5	11
Digital Transformation		3 · 0 · 8	11
People & Culture		3 · 1 · 7	11
Market & Customer Insights		3 · 2 · 6	11

H = High competency · D = Direct experience · A = Awareness. Assessed annually by the Nomination & Governance Committee ahead of each materiality cycle.

Board Audit Committee — Oversight Responsibilities

TTE's primary Board-level sustainability governance body; mandate defined in the BAC Terms of Reference.

BAC Sustainability Responsibility	Frequency
Approve materiality assessment and material CRRO/SRRO	Annual
Approve sustainability assurance engagement	Annual
Review of climate risk scenarios	Annual + Quarterly
Monitor climate and social KPI performance	Quarterly

Management's Role — ESEG Steering Committee

The ESG Steering Committee functions as TTE's cross-functional management-level committee responsible for driving the implementation of the Company's Board-approved sustainability strategy. The Committee supports the integration of ESG priorities into business operations by coordinating sustainability policies, action plans, targets, performance monitoring and reporting processes across the organization.

The Committee plays a key role in managing sustainability-related risks and opportunities, including climate-related risks and opportunities, while maintaining oversight of relevant risk registers, climate scenario analysis and ESG performance indicators. It also supports the preparation of disclosures aligned with GRI, SLFRS S1 and SLFRS S2, ensuring that sustainability information is accurate, timely and decision-useful.

In addition, the ESG Steering Committee monitors key ESG KPIs, greenhouse gas emissions and climate targets, while coordinating sustainability-related stakeholder engagement and communication. The Committee also reviews ESG data quality, internal controls, assurance readiness and compliance requirements to strengthen the reliability of sustainability disclosures.

Operating under the oversight of the Board Audit Committee, the ESG Steering Committee meets at least quarterly and provides updates on ESG progress, emerging risks, material sustainability matters and areas requiring management or Board-level attention.

Materiality Assessment

At TTE, materiality is a strategic lens that guides how we identify, prioritise and respond to the sustainability matters most relevant to our business, stakeholders and operating context. Our assessment aligns the ESG agenda with stakeholder expectations, emerging risks, regulatory developments, industry trends and the evolving plantation-sector landscape.Through a double materiality approach, we assess both how sustainability-related matters may influence TTE's long-term value creation and how our operations impact the economy, environment and people. The process includes stakeholder feedback, external environment scanning, sector analysis, sustainability framework review, PESTLE assessment and risk-based prioritisation.The final material topics are reviewed through governance oversight and integrated into our ReGen Agenda 2030, ESG strategy, risk management, operational planning and reporting.

Think: Double Materiality

Report: Financial & Impact Materiality

Frameworks: GRI, SLFRS S1/S2, GRI 13 Agriculture, TNFD

Our Materiality assessment process

1a Identify potential matters

Universe scan | All topics considered

- External environment scanning
- External stakeholder feedback
- Internal stakeholder feedback
- Industry and sector analysis
- Sustainability frameworks

1b PESTLE – plantation sector context

Contextual completeness | 6 lenses applied

Political, Economic, Social, Technological, Legal, Environmental

2 Filter for relevance

GRI · SLFRS · Board

Board agenda, peer and sector benchmarking, ability to affect performance, governance and strategy, completeness check

3 Filter for importance

Risk appetite · Stakeholder mapping

Quantitative and qualitative risk appetite; regulatory, community, reputation, environment and livelihood impacts; risk register cross-check

4 Double materiality assessment

Financial + impact lenses

Outside-in financial materiality and inside-out impact materiality

5 Prioritise & BAC approve

ReGen Agenda integration

Risk and issue classification considered; 14 consolidated material topics; BAC approves final list; integrated into ReGen Agenda 2030

Dynamic Approach To Double Materiality Assessment

TTE assesses materiality through two connected perspectives: **financial materiality** and **impact materiality**. Financial materiality looks at how sustainability-related matters, such as climate risks, regulatory changes, resource availability or social issues, may affect TTE's performance, strategy and long-term value creation. Impact materiality looks at how TTE's own operations and value chain activities affect the economy, environment and people. Together, these two lenses help us identify material topics that are important both to the business and to the wider stakeholders we impact.

Changes from FY 2025/26 in Materiality Topics

CONSOLIDATION: 37 TOPICS → 14 CONSOLIDATED MATERIAL TOPICS

Previous material topics have been consolidated into 14 thematic material matters aligned with GRI 13 Agriculture Sector Standard, SLFRS S1/S2 and TTE's ReGen Agenda 2030. This consolidation improves strategic focus, reduces reporting complexity, and strengthens connectivity between materiality and TTE's five strategic imperatives.

IMPACT MATERIALITY (Y-AXIS) vs. FINANCIAL MATERIALITY (X-AXIS)

	Medium	High	Very High
Very High	—	01 · 07 · 10 · 13	02 · 12 · 14
High	03 · 09	06 · 11	04
Medium	—	05	08

↑ Impact materiality (Y)
→ Financial materiality (X)
· Numbers refer to the 14 material topics (see full register on the preceding page).

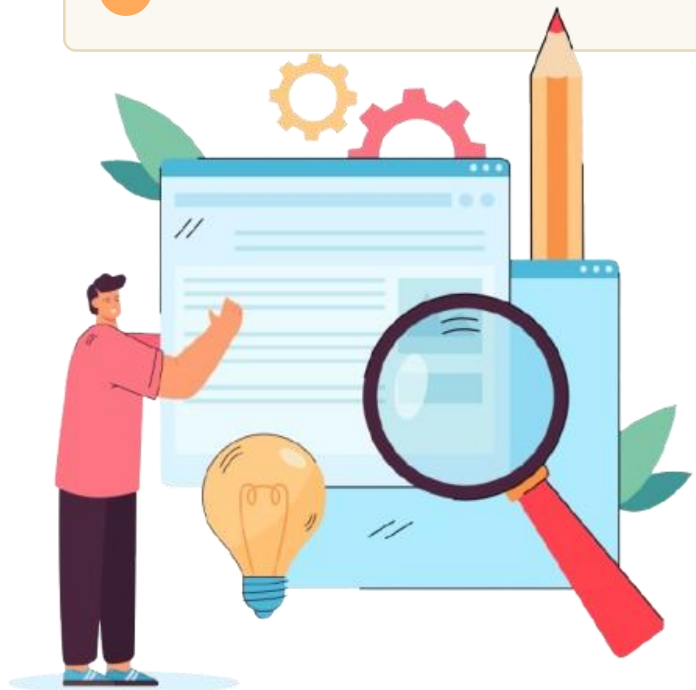
TWO KEY TOPIC CHANGES

Removed: Marketing & labelling were assessed as non-material due to TTE's B2B auction model and absence of direct consumer engagement.

Added: Anti-corruption is embedded within Ethics, Governance and Anti-Corruption, reflecting TTE's proactive role in promoting ethical conduct across the value chain.

OUR 4 MATERIAL THEMES — 14 TOPICS

- **Climate Action & Environmental Resilience**
- **Regenerative Agriculture & Land Stewardship**
- **People, Community & Value Chain**
- **Business Performance, Governance & Innovation**



All 14 material topics are assessed through both financial materiality and impact materiality lenses. Each topic is rated as Very High, High or Medium based on its relevance to TTE's value creation and its significance to the economy, environment and people. Topics rated Very High or High under either lens are prioritised for disclosure, while topics rated Very High across both lenses receive stronger strategic focus and may inform assurance priorities.

No.	Material Topic	Boundary	Impact M.	Financial M.	Double M.	Strategic Imperative	Key SDGs
01	Biodiversity, Ecosystems & Land Stewardship	I/E	Very High	High	Very High	Env. Stewardship & Climate	14, 15
02	Climate Change, Energy & Emissions	I/E	Very High	Very High	Very High	Env. Stewardship & Climate	7, 13
03	Community Development & Livelihoods	E/I	High	Medium	High	Nurturing Our People	1, 2
04	Economic Value Creation & Inclusive Growth	I	High	Very High	Very High	Winning with Customer	11, 8
05	Ethics, Governance & Anti-Corruption	I	Medium	High	High	Winning with Customer	16
06	Customer Experience, Food Quality & Safety	E	High	High	High	Winning with Customer	2, 3
07	Human Rights, Diversity & Fair Labour	I/E	Very High	High	Very High	Nurturing Our People	5, 8
08	Innovation & Technology for Operational Excellence	I	Medium	Very High	High	Operational Excellence	9, 12
09	Materials, Waste & Circular Resource Management	I/E	High	Medium	High	Env. Stewardship & Climate	12
10	Occupational Health, Safety & Well-being	I	Very High	High	Very High	Nurturing Our People	3, 8
11	Responsible Supply Chain, Traceability & Sourcing	I/E	High	High	High	Winning with Customer	12, 17
12	Sustainable Agriculture, Soil Health & Agrochemicals	E/I	Very High	Very High	Very High	Operational Excellence	2, 15
13	Water Stewardship	I/E	Very High	High	Very High	Env. Stewardship & Climate	6
14	Workforce, Employment & Human Development	I/E	Very High	Very High	Very High	Nurturing Our People	4, 8

Our Material Matters What They Mean for TTE

All 14 material topics are assessed through both financial materiality and impact materiality lenses. Each topic is rated Very High, High or Medium based on its relevance to TTE's value creation and its significance to the economy, environment and people. The 14 matters below rate Very High on double materiality and directly inform TTE's ReGen Agenda 2030 and its five strategic imperatives.

CLIMATE ACTION 1

Climate Change, Energy & Emissions

Why this matters:
TTE faces risks in Sri Lanka's highlands, including shifting rainfall and rising temperatures, shaping SBTi-verified targets: 42% Scope 1+2 reduction by 2030, Net Zero 2050.

TALENT & DEVELOPMENT 2

Workforce, Employment & Human Development

Why this matters:
TTE's estate-based workforce model depends on skilled, motivated employees; talent development, succession planning and productivity-linked growth sustain operational excellence and competitiveness.

WATER STEWARDSHIP 3

Water Stewardship

Why this matters:
Tea cultivation relies on water; stress, pollution and degradation threaten yield and compliance, with 97% discharge compliance and IWMI collaboration.

LAND & SOIL HEALTH 4

Sustainable Agriculture, Soil Health & Agrochemical Management

Why this matters:
Tea's long-term productivity depends on soil health; degradation, chemical dependence, and certification risks make regenerative agriculture a key strategic priority.

BIODIVERSITY & NATURE 5

Biodiversity, Ecosystems & Land Stewardship

Why this matters:
TTE's estates in Sri Lanka's biodiversity hotspot face biodiversity risks, prompting science-based nature targets to protect value and market access.

ECONOMIC VALUE 6

Economic Value Creation & Inclusive Growth

Why this matters:
Revenue growth, cost control, wage adequacy, and productivity-linked revenue sharing drive value creation; auction leadership and diversification remain strategic levers.

HUMAN RIGHTS & LABOUR 7

Human Rights, Diversity & Fair Labour Practices

Why this matters:
Child labour prevention, association rights, gender inclusion and non-discrimination support certification and buyer expectations; 24 trained, 30 promoted in FY2024/25.

MATERIALITY RATING SCALE

- **Very High** Priority for disclosure and strategic focus; may inform assurance priorities.
- **High** Priority for disclosure under either the financial or impact lens.
- **Medium** Monitored and reviewed; disclosed where relevant to context.

Continued from the preceding page — material matters 8 through 14, each disclosed with its strategic implications, business model impacts and TTE's response approach.

HEALTH & SAFETY 8

Occupational Health, Safety & Well-being

Why this matters:
Highland field and factory safety affects continuity; FY2024/25 accidents fell 15%, while injuries and fatigue remain risks; zero-accident target 2030.

PRODUCT QUALITY 9

Customer Experience, Food Quality & Safety

Why this matters:
Premium quality, food safety and customer satisfaction strengthened leadership in FY2024/25; 92% satisfaction supports price premiums, buyer relationships and growth.

COMMUNITY IMPACT 10

Community Development & Livelihoods

Why this matters:
TTE's estate-resident model links business and community wellbeing; Rs. 119 Mn invested in FY2024/25 supports housing, health, nutrition, productivity and trust.

SUPPLY CHAIN 11

Responsible Supply Chain, Traceability & Sourcing

Why this matters:
Bought-leaf suppliers provide 17% of green-leaf intake; traceability, agrochemical compliance and supplier ESG standards are critical for buyers and certification.

GOVERNANCE & ETHICS 12

Ethics, Governance & Anti-corruption

Why this matters:
Strong governance, zero corruption tolerance and transparent reporting build credibility; value-chain anti-corruption was formalised, with zero non-compliance cases in FY2024/25.

INNOVATION & TECH 13

Innovation & Technology for Operational Excellence

Why this matters:
Digital transformation, AI ESG monitoring, precision agriculture and data automation enhance efficiency, supporting productivity, SLFRS S1/S2 compliance and SBTN verification.

CIRCULAR RESOURCES 14

Materials, Waste & Circular Resource Management

Why this matters:
Agrochemicals, packaging, energy and factory waste create risks; 97% solid waste is recyclable/compostable, supporting certification compliance and 2030 circular targets.

FROM MATERIALITY TO STRATEGY

These 14 material matters are not a static disclosure exercise — they are reviewed through governance oversight and directly integrated into TTE's ReGen Agenda 2030, five strategic imperatives, risk management and capital allocation, ensuring materiality shapes decisions at every level of the business.

Stakeholder Engagement

"Stakeholders are integral to the capitals that enable our business to grow, adapt and create value. At Talawakelle Tea Estates PLC, we engage with them meaningfully and consistently to understand expectations, respond to emerging priorities and strengthen trusted relationships that support long-term sustainable value creation."

Our Stakeholders are Central to Sustainable Value Creation

At Talawakelle Tea Estates PLC, stakeholders are central to the relationships, resources and capitals that enable long-term value creation. Our business is closely connected to employees, estate communities, shareholders, customers, suppliers, regulators and wider society.

Guided by our ReGen 2030 agenda, we engage with stakeholders to understand their expectations, concerns and priorities. These insights support better decision-making, stronger ESG performance, risk management, operational improvement and transparent reporting.

Through meaningful dialogue and collaboration, we aim to build trust, create shared value and strengthen relationships that support the resilience of our business, our people, our communities and the environment.

Our Stakeholder Engagement Process

Talawakelle Tea Estates PLC follows a structured stakeholder engagement process to ensure that stakeholder views are identified, prioritised and integrated into decision-making. This process helps us understand stakeholder expectations, respond to concerns, monitor emerging issues and report how feedback influences our strategy, ESG priorities, risk management and long-term value creation.

Seven-step engagement pathway

01 IDENTIFY STAKEHOLDERS
Map groups that influence or are influenced by TTE.

02 PRIORITISE BY INFLUENCE & INTEREST
Assess influence, interest and relevance.

03 UNDERSTAND EXPECTATIONS
Capture needs, concerns and opportunities.

04 INTEGRATE INTO STRATEGY
Embed insights into ESG, risk and planning.

05 ENGAGE AND RESPOND
Maintain dialogue and respond transparently.

06 MONITOR FEEDBACK
Track effectiveness and emerging issues.

07 REPORT OUTCOMES
Communicate decisions and value created.

Stakeholder prioritisation power / interest matrix

This matrix helps us prioritise stakeholder engagement based on each group's level of influence and interest. It guides how Talawakelle Tea Estates PLC allocates attention, tailors engagement approaches and responds to stakeholder expectations in a manner that supports effective decision-making, long-term value creation and stronger ESG performance.

Stakeholder Engagement

> *"Stakeholders are integral to the capitals that enable our business to grow, adapt and create value. At Talawakelle Tea Estates PLC, we engage with them meaningfully and consistently to understand expectations, respond to emerging priorities and strengthen trusted relationships that support long-term sustainable value creation."*

OUR STAKEHOLDERS ARE CENTRAL TO SUSTAINABLE VALUE CREATION

At Talawakelle Tea Estates PLC, stakeholders are central to the relationships, resources and capitals that enable long-term value creation. Our business is closely connected to employees, estate communities, shareholders, customers, suppliers, regulators and wider society. Guided by our ReGen 2030 agenda, we engage with stakeholders to understand their expectations, concerns and priorities supporting better decision-making, stronger ESG performance, risk management and transparent reporting. Through meaningful dialogue and collaboration, we aim to build trust, create shared value and strengthen relationships that support the resilience of our business, our people, our communities and the environment.

OUR STAKEHOLDER ENGAGEMENT PROCESS

A structured process ensures stakeholder views are identified, prioritised and integrated into decision-making helping TTE respond to concerns, monitor emerging issues and report how feedback shapes strategy, ESG priorities, risk management and long-term value creation.

01 Identify Stakeholders
Map groups that influence or are influenced by TTE.

02 Prioritise by Influence & Interest
Assess influence, interest and relevance.

03 Understand Expectations
Capture needs, concerns and opportunities.

04 Integrate into Strategy
Embed insights into ESG, risk and planning.

05 Engage and Respond
Maintain dialogue and respond transparently.

06 Monitor Feedback
Track effectiveness and emerging issues.

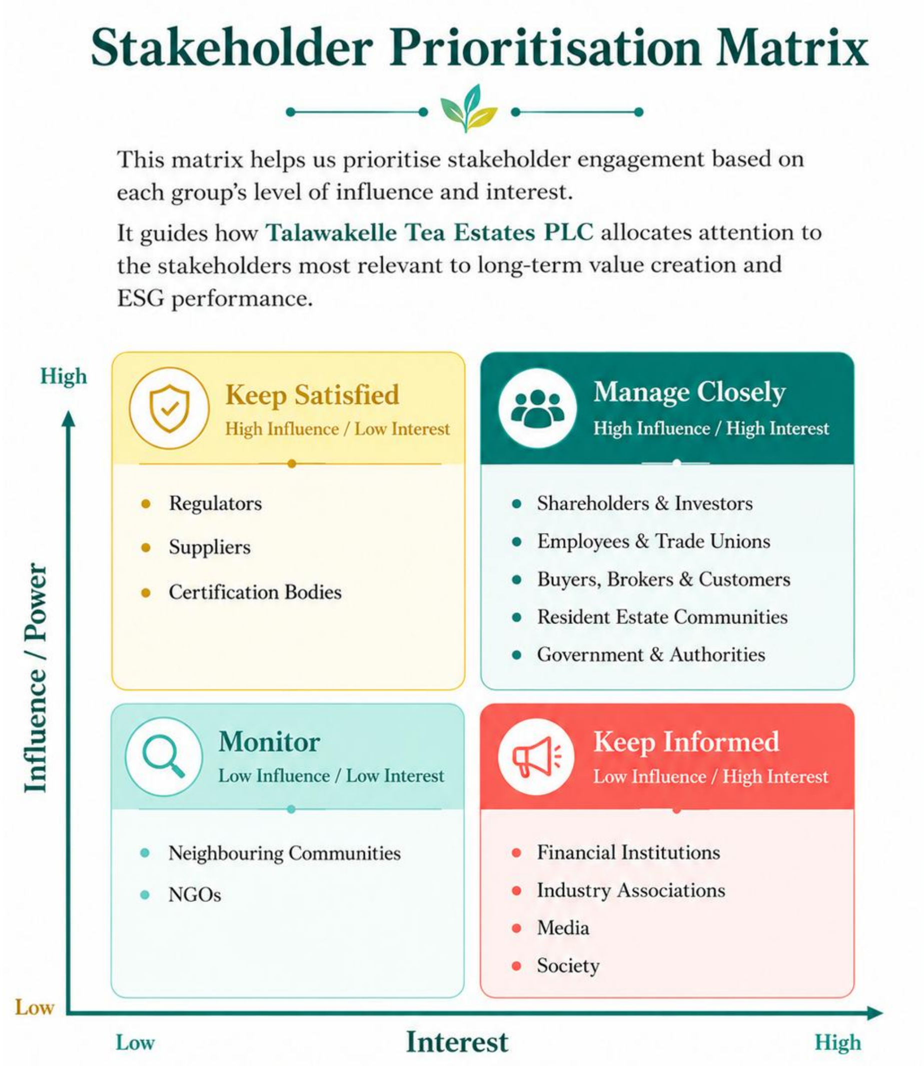
07 Report Outcomes
Communicate decisions and value created.

STAKEHOLDER GROUPS WE ENGAGE

- Employees
- Estate Communities
- Shareholders
- Customers
- Suppliers
- Regulators
- Wider Society

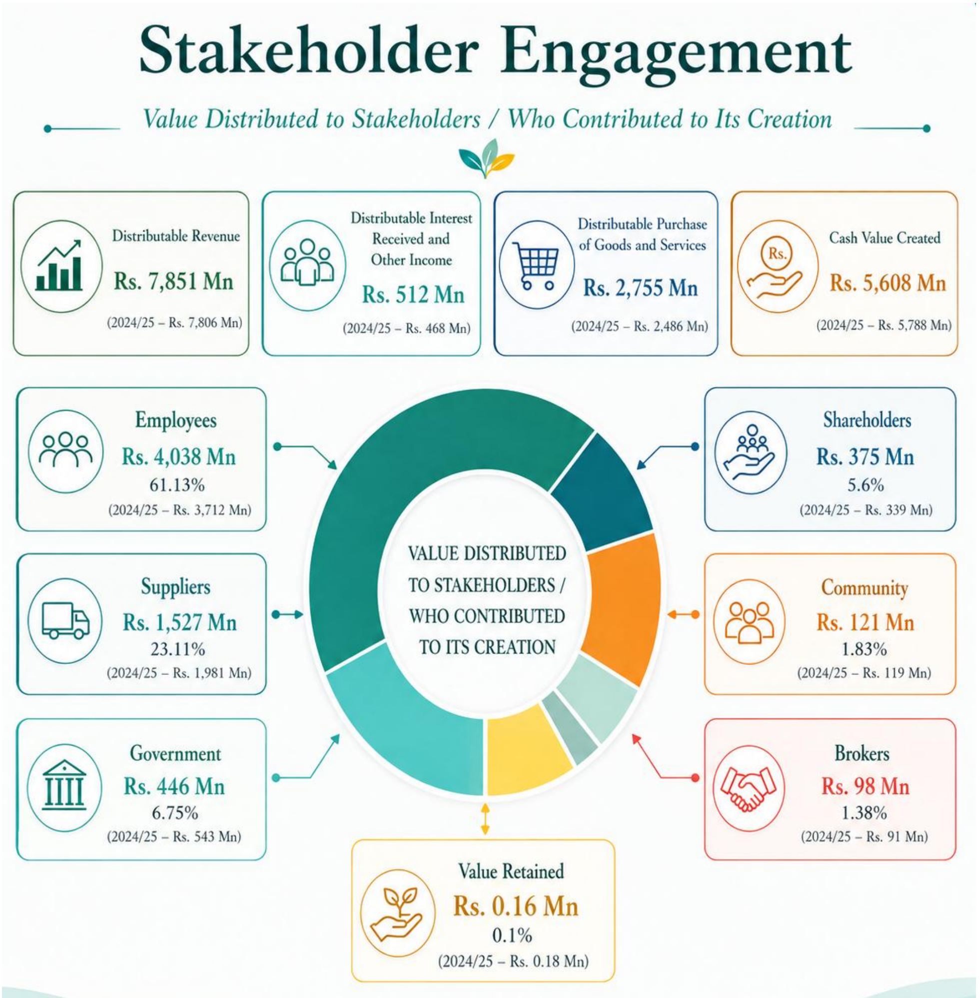
STAKEHOLDER PRIORITISATION POWER / INTEREST MATRIX

This matrix helps TTE prioritise stakeholder engagement based on each group's level of influence and interest guiding how attention is allocated, engagement approaches are tailored, and expectations are addressed to support effective decision-making and long-term value creation.



DISTRIBUTION OF ECONOMIC VALUE TO STAKEHOLDERS

This chart shows how TTE's economic value was generated and distributed to employees, suppliers, government, shareholders and communities demonstrating how value creation extends beyond financial performance to support livelihoods, supply chain continuity, public revenue and long-term resilience.



Distribution of Economic Value to Stakeholders

The chart presents how TTE's economic value was generated and distributed across stakeholders, reflecting the Company's contribution to employees, suppliers, government, shareholders, communities and business continuity. It demonstrates how stakeholder value creation extends beyond financial performance to support livelihoods, supply chain continuity, public revenue, community development and long-term resilience.

Distributable Revenue
Rs. 7,851 Mn
(2024/25 – Rs. 7,806 Mn)

Distributable Interest Received and Other Income
Rs. 512 Mn
(2024/25 – Rs. 468 Mn)

Distributable Purchase of Goods and Services
Rs. 2,755 Mn
(2024/25 – Rs. 2,486 Mn)

Cash Value Created
Rs. 5,608 Mn
(2024/25 – Rs. 5,788 Mn)

Employees
Rs. 4,038 Mn
61.13%
(2024/25 – Rs. 3,712 Mn)

Suppliers
Rs. 1,527 Mn
23.11%
(2024/25 – Rs. 1,981 Mn)

Government
Rs. 446 Mn
6.75%
(2024/25 – Rs. 543 Mn)

Shareholders
Rs. 375 Mn
5.6%
(2024/25 – Rs. 339 Mn)

Community
Rs. 121 Mn
1.83%
(2024/25 – Rs. 119 Mn)

Brokers
Rs. 98 Mn
1.38%
(2024/25 – Rs. 91 Mn)

Value Retained
Rs. 0.16 Mn
0.1%
(2024/25 – Rs. 0.18 Mn)

SCAN TO WATCH VIDEO STORY

Stakeholder Engagement and Insights

We engage stakeholders throughout the year to understand expectations, manage risks, and create long-term value. Insights from this engagement shape our strategy, ESG agenda, governance, and reporting.

Who We Engage

- Shareholders
- Employees
- Customers
- Suppliers
- Regulators
- Resident Communities

How We Use Stakeholder Insights

- **Shape Strategy** – Align priorities with stakeholder expectations and material matters
- **Strengthen ESG Approach** – Identify key topics and climate priorities
- **Improve Risk Management** – Address emerging risks across the value chain
- **Enhance Business Functionality** – Improve operational practices and service quality
- **Enhance External Reporting** – Improve transparency and relevance of disclosures

Key Outcomes

Better decisions, stronger relationships, and sustainable value creation.

- **6** key stakeholder groups engaged
- **11** one-to-one interviews
- **13** actionable inputs identified
- **82** key insights captured

OVERVIEW · STAKEHOLDER MANAGEMENT

S Shareholders

Parent company and 15,121+ shareholders/investors on the CSE; equity totaling Rs. 7,615 Mn

Importance: High

Relationship ★★★★★

Deliver transparent, sustained value through disciplined capital management and governance.

M METHOD & FREQUENCY

- AGM & Annual Report
- EGMs (as needed)
- Interim Financial Statements (quarterly)
- CSE announcements, press conferences
- Corporate website & social media

C CONCERNS & EXPECTATIONS

- Earnings growth & stable returns
- Financial stability & capital position
- Gearing exposure
- Risk & governance frameworks
- Disclosure & access to information

T MATERIAL THEMES

- Economic Value Creation & Inclusive Growth
- Ethics, Governance & Anti-Corruption
- Innovation & Technology for Operational Excellence
- Human Rights, Diversity & Fair Labour Practices

S STRATEGIC COMMITMENTS

- Revenue Diversification
- Sustainable & Cost-Efficient Operations
- Transparent Shareholder Disclosures

V VALUE DELIVERY INDICATORS

- Revenue – Rs. 7,851 Mn
- Dividend Payout Ratio – 38.6%
- NAVPS – Rs. 129.75
- EPS – Rs. 160.33
- ROE – 12.58%

W WAY FORWARD

- Accelerating transformation through digitalisation & precision-led execution
- Expanding revenue via premium products, renewable energy & tourism
- Advancing regenerative, climate-smart initiatives
- Strengthening capability through disciplined capital management

S Suppliers

2,276 bought-leaf suppliers across low and high grown areas, plus machinery, logistics and transport suppliers

Importance: High

Relationship ★★★★☆

Build collaborative partnerships that strengthen a reliable, ethical supply chain.

M METHOD & FREQUENCY

- Meetings (as needed)
- Supplier site visits (periodic)
- Supplier Evaluations (periodic)

C CONCERNS & EXPECTATIONS

- Price and profitability
- Credit period
- Availability of raw materials
- Climate action

T MATERIAL THEMES

- Responsible Supply Chain, Traceability & Sourcing
- Climate Change, Energy & Emissions

S STRATEGIC COMMITMENTS

- Procurement Best Practices
- Supply Chain Traceability
- Supplier Development

V VALUE DELIVERY INDICATORS

- Amount paid to bought-leaf suppliers
- Amount distributed through the Revenue Share Model
- Payments to other suppliers

W WAY FORWARD

- Driving responsible, sustainable sourcing practices
- Building long-term partnerships through collaboration & transparency
- Enhancing supplier capability through training & sustainability alignment

OVERVIEW · STAKEHOLDER MANAGEMENT

E Employees

4,849 employees across 16 estates and the corporate office; trade unions

Importance: Critical
Relationship ★★★★★

Foster an empowered, resilient workforce that drives productivity and career progression.

M METHOD & FREQUENCY
- Daily, weekly & monthly staff meetings
- Weekly HR cluster meetings
- Monthly trade union meetings
- Monthly H&S committee meetings
- Bi-annual performance

C CONCERNS & EXPECTATIONS
- Earnings, profits & stable returns
- Financial stability & capital position
- Gearing exposure
- Risk & governance frameworks
- Ethical business practices

T MATERIAL THEMES
- Human Rights, Diversity & Fair Labour Practices
- Occupational Health, Safety & Wellbeing
- Workforce, Employment & Human Development
- Economic Value Creation & Inclusive Growth

S STRATEGIC COMMITMENTS
- Positive & Progressive Workplace
- Employee Value Proposition
- Safety and Wellbeing

V VALUE DELIVERY INDICATORS
- Promotions granted
- Amount incurred on employee benefits
- 29,497 hours of training
- Overall Gender Balance
- Employee Satisfaction Score – 98%

W WAY FORWARD
- Strengthening empowerment through rewards, leadership development & career growth
- Enhancing workforce capability through skills development
- Advancing employee wellbeing, safety & quality of life
- Embedding an inclusive, high-performance culture

R Resident Estate Communities

4,759 estate workers and their families living across 16 estates

Importance: High
Relationship ★★★★☆

Build mutually beneficial relationships focused on community wellbeing and development.

M METHOD & FREQUENCY
- Weekly Community Meetings
- Child Protection Focal Point (as needed)
- 'A Home for Every Plantation Worker' Programme (periodic)
- Awareness programmes (periodic)
- Healthcare & Wellbeing programmes

C CONCERNS & EXPECTATIONS
- Housing & estate infrastructure
- Livelihood
- Water & sanitation
- Health & nutrition
- Education support

T MATERIAL THEMES
- Community Development
- Economic Value Creation & Inclusive Growth

S STRATEGIC COMMITMENTS
- Community Engagement
- Community Empowerment & 'A Home for Every Plantation Worker'

V VALUE DELIVERY INDICATORS
- Amount invested in the community
- Number of direct beneficiaries from community initiatives

W WAY FORWARD
- Expanding access to education, healthcare & livelihood programmes
- Promoting inclusive economic participation within estate communities

OVERVIEW · STAKEHOLDER MANAGEMENT

B Buyers, Brokers & Customers

17 tea brokers at the Colombo Tea Auctions (96% of sales); 314 local buyers; 3 overseas buyers

Importance: Critical

Relationship ★★★★★

Secure broker and buyer confidence through quality, ethics and sustainability.

M METHOD & FREQUENCY
- Meetings (as needed)
- International trade fairs & road shows
- Trade association meetings (periodic)
- Estate familiarisation tours (as needed)
- Corporate website & social media

C CONCERNS & EXPECTATIONS
- Product quality & food safety
- Good agricultural & manufacturing practices
- Compliance with certification standards
- Climate change impact

T MATERIAL THEMES
- Ethics, Governance & Anti-Corruption
- Customer Experience, Food Quality, Safety & Security
- Materials, Waste & Circular Resource use
- Sustainable Agriculture, Soil Health & Agrochemical management

S STRATEGIC COMMITMENTS
- Product Stewardship
- Product Diversity & Innovation
- Product Labelling
- Marketing & Communications

V VALUE DELIVERY INDICATORS
- Customer Satisfaction – 92%
- Number of complaints

W WAY FORWARD
- Improving quality assurance & sustainability compliance
- Expanding premium products & customer value
- Strengthening strategic partnerships & market intelligence

R Regulators & Other Authorities

Government of Sri Lanka, regulatory bodies, certification agencies, industry associations, media and the public

Importance: High

Relationship ★★★★★

Advocate best, ethical business practices that bring quality to value creation.

M METHOD & FREQUENCY
- Estate/factory audits (annual)
- Meetings (as needed)
- Interim Financial Statements (quarterly)
- CSE Announcements
- Press Conferences/Releases &Corporate Website

C CONCERNS & EXPECTATIONS
- Reliability & reputation
- Risk & governance frameworks
- Ethical business practices

T MATERIAL THEMES
- Economic Value Creation & Inclusive Growth
- Carbon footprint & biodiversity conservation
- Circularity & Resource Efficiency
- Human Rights, Diversity & Fair Labour Practices
- Water Stewardship

S STRATEGIC COMMITMENTS
- Timely payment of taxes & statutory dues
- Compliance across environmental & regulatory standards

V VALUE DELIVERY INDICATORS
- Taxes paid
- Timely payment of statutory dues

W WAY FORWARD
- Ensuring compliance with environmental, regulatory & sustainability requirements
- Strengthening climate action through emissions reduction & resource efficiency
- Improving transparency & traceability

03 Environment

Figure 1. TTE Group Environmental Framework

Our Strategy and Commitment

Talawakelle Tea Estates PLC commits to reaching Net Zero GHG emissions by 2050, guided by our ReGen Agenda 2030 and validated science-based targets. We embed climate and natural capital considerations across estate operations, capital allocation and stakeholder engagement to strengthen resilience and create long-term regenerative value. See Figure 1 for our environmental framework.

Our Commitments

As Sri Lanka's tea sector faces increasing exposure to extreme weather, water stress and biodiversity loss, TTE embeds credible climate action into day-to-day estate management rather than treating it as a separate initiative. Guided by our Nature-Positive Business Policy and aligned with the Kunming-Montreal Global Biodiversity Framework, TTE is the world's first plantation company to secure SBTi verification covering land-sector Scope 3 emissions, and Sri Lanka's first and only company on the Science Based Targets Network (SBTN) Ambition Board — translating ambition into measurable outcomes across our 16 estates and their surrounding communities.

Our Environment at a Glance — FY 2025/26

Net Zero by 2050
SBTi-validated pathway — 6.73% cumulative Scope 1+2 reduction achieved to date.

88.25%
of total energy consumption sourced from renewables — biomass, mini-hydro and solar.

10.326 ML
total water withdrawn, with 98.5% discharge quality compliance across estates.

0 ha
natural ecosystem converted since 1992 — zero-conversion policy maintained across all 16 estates.

65.7 ha
forest area restored or rehabilitated — Sri Lanka's first company on the SBTN Ambition Board.

ALIGNED WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

- **6** Clean Water & Sanitation
- **7** Affordable & Clean Energy
- **12** Responsible Consumption
- **13** Climate Action
- **15** Life on Land

3.1 CLIMATE ACTION

3.1.1 GHG Emissions Performance

TTE measures and discloses greenhouse gas emissions across its full operational-control boundary in line with the GHG Protocol, ISO 14064-1:2018 and SLFRS S2, covering Scope 1 (direct), Scope 2 (indirect energy, location-based) and material Scope 3 value-chain categories for the year ended 31 March 2026.

Scope 1 & 2 — Direct Emissions

Scope 1 covers direct emissions from estate and factory fuel combustion and fertiliser application. Scope 2 covers indirect emissions from purchased grid electricity (location-based method).

Scope 3 — Value Chain Emissions

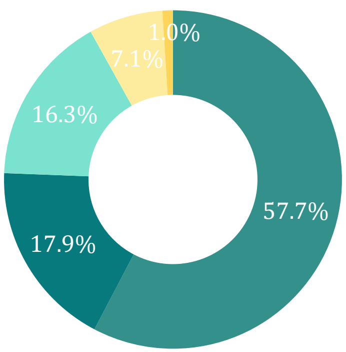
Scope 3 captures indirect emissions across TTE's upstream and downstream value chain purchased goods, logistics, product processing and end-of-life treatment calculated per the GHG Protocol Corporate Value Chain Standard.

8,473.91
Scope 1 (tCO_2e) ▼9.2% YoY

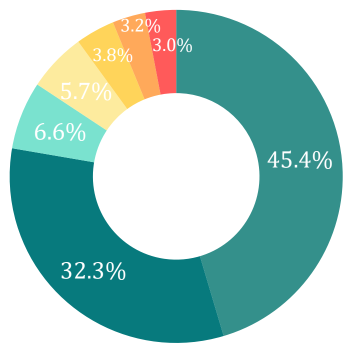
1,652.39
Scope 2 (tCO_2e) ▼2.9% YoY

14,821.84
Scope 3 (tCO_2e) ▼2.8% YoY ·

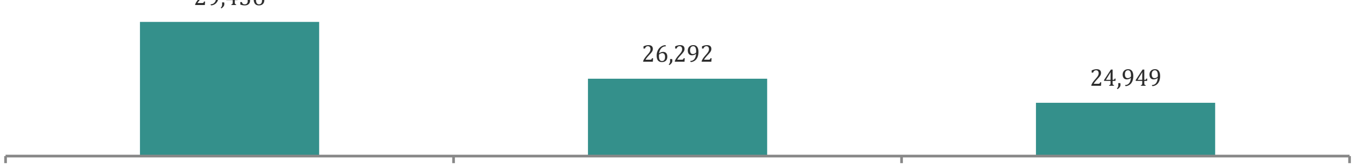
Scope 1 & 2 — Main Contributors (%)

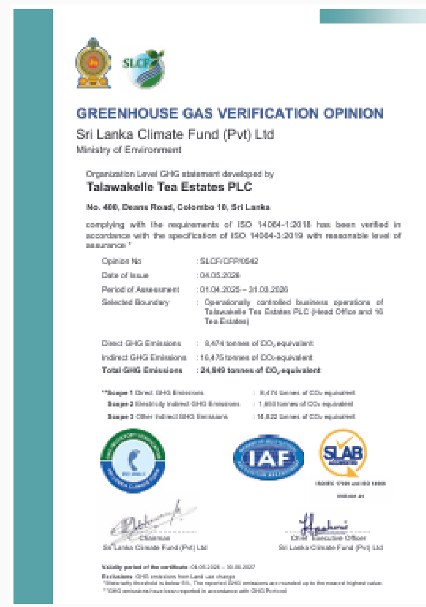


Scope 3 — Emissions by Category (%)



Total GHG Emissions — 3-Year Trend (tCO_2e)





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/OFP/0542
Date of Issue	: 04.05.2026
Period of Assessment	: 01.04.2025 – 31.03.2026
Selected Boundary	: Operationally controlled business operations of Talawakelle Tea Estates PLC (Head Office and 16 Tea Estates)
Direct GHG Emissions	: 8,474 tonnes of CO_2 equivalent
Indirect GHG Emissions	: 16,475 tonnes of CO_2 equivalent
Total GHG Emissions	**: 24,949 tonnes of CO_2 equivalent**

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

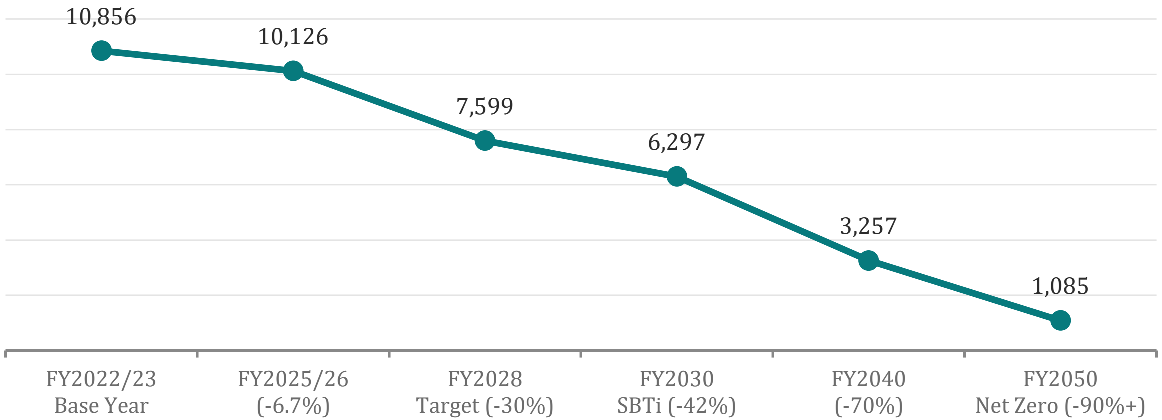
Certified ISO 14064-1:2018 for GHG Inventory preparation & management by Sri Lanka Climate Fund.

Detailed GHG emission values are provided in the Appendix section.

3.1.2 SBTi Commitment & Net-Zero Performance

TTE's climate ambition is anchored in its SBTi-validated Net Zero 2050 commitment the world's first plantation company to secure SBTi validation covering Scope 1, Scope 2 and land-sector (FLAG) Scope 3 emissions, with near-term targets to 2030 and long-term targets to 2050.

NET-ZERO REDUCTION ROADMAP SCOPE 1+2 (tCO_2e)



Why the base year changed

TTE's GHG reduction targets are anchored to a revised FY2022/23 base year, replacing the Company's earlier 2019 baseline. The change was triggered by material shifts in operational scale and improved activity-data coverage that would otherwise distort year-on-year comparability under the original boundary. All historical emissions have been recalculated and restated on this consistent boundary and methodology, so the FY2022/23 figure shown above (Scope 1+2: 10,856.93 tCO_2e) reflects the restated base year against which every subsequent milestone is measured.

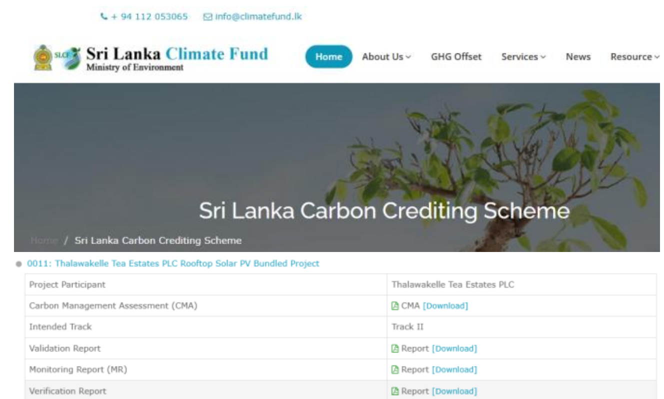
SBTi TARGETS FY2022/23 BASE YEAR

Scope	Near-term(2030)	Long-term(2050)
Scope 1 & 2	-42%	-90%
Scope 3 (value chain)	-42%	-90%
FLAG (land-sector)	-30.3%	-72%

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Carbon Credit - Creating Value ,Reducing Impact

Talawakelle Tea Estates PLC has implemented a rooftop solar PV project across multiple estates to support its renewable energy and climate action goals, significantly reducing greenhouse gas emissions. The solar systems are grid-connected and monitored using the Combined Margin CO_2 factor from SLESA under AMS-I.D v18, with verified emission reductions of 775 tCO_2e to date. These systems are permanently installed and tracked under the SLCCS Track II registry, with calibrated meters verified by the Sri Lanka Climate Fund, ensuring long-term sustainability and accurate emission accounting. The project also engages stakeholders to encourage clean energy adoption, minimize environmental impact, and support biodiversity, while community engagement and careful rooftop utilization reduce social and land-use trade-offs. Overall, the initiative contributes to energy transition, climate resilience, and the creation of sustainable value for stakeholders.



Scan QR for find more details about the project

3.1.3 Climate-related Risks & Opportunities Modelling and Analysis

TTE models climate-related risks and opportunities across three IPCC-aligned scenarios, integrating both physical and transition dimensions. This analysis informs the ReGen Agenda, capital allocation, and the Company's annual business resilience assessment, ensuring climate considerations are embedded in strategic and financial decision-making.

Physical Risk Modelling

Physical risk modelling covers acute events extreme rainfall, flooding and landslides and chronic shifts in temperature and rainfall across TTE's estates. Assessments apply IPCC AR6 SSP1-2.6 (low warming) and SSP5-8.5 (high warming) pathways, downscaled to estate level using IPCC AR6 regional outputs, NAPCC projections and Sri Lanka's NDC 3.0, and calibrated annually against TTE's 16 estate meteorological stations.

- Acute physical risk: extreme rainfall, floods and landslides disrupting operations and crop yields
- Chronic physical risk: temperature rise and rainfall shift reducing Upcountry yields per hectare
- Tea suitability modelled to 2050 using MIROC5/CCSM4 climate models
- FY 2025/26 events recorded: 7 minor landslides, 6 floods, 9 road washouts

Transition Risk Modelling

Transition risk modelling assesses TTE's exposure to evolving regulation, carbon pricing and shifting market expectations including EUDR and CBAM compliance timelines, SBTi-aligned decarbonisation requirements, and buyer ESG expectations. Pathways are benchmarked against IEA STEPS and NDC 3.0 energy-sector targets, and reviewed annually by the ESEG Steering Committee.

- Regulatory transition risk: EUDR, CBAM and evolving carbon pricing mechanisms
- Market transition risk: buyer ESG expectations and certified-tea premium dependency
- Energy transition: renewable energy share and SBTi Net Zero 2050 trajectory
- FY 2025/26 CBAM exposure mapped at ~7% of export volume

Climate Scenario Framework — Key Parameters

Parameter	Scenario A — Net Zero *SSP1-2.6 — Paris-aligned*	Scenario B — NDC Pathway *SSP2-4.5 — TTE Central Case*	Scenario C — High Emissions *SSP3-7.0 — IEA STEPS*
Global warming by 2050	+1.0°C	Near-term +0.7°C; mid +1.5°C	+2.4°C mid-century; >3°C by 2100
Rainfall variability	SW monsoon +8–12%; NE stable	SW +12–18% — FY26 actual: SW +10.3%, NE +26.1%	Extreme variability; SW +20–25%; flash floods double
Tea suitability 2050 (MIROC5)	Optimal −5%; HG resilient	Optimal −10.5%; LG severely affected	Optimal −18 to −22%
Transition environment	CBAM 2030; SBTi required	CBAM phased 2026–2032	CBAM delayed; targets missed
Labour	Wage stabilised; RS model scales 50%	Wages rising — Rs.1,750/day (+29.6%)	Wages decouple; shortage 20–30%
PES / biodiversity market	Strong — Rs.20+ Mn/yr PES by 2030	Growing — FY26 actual Rs.4.1 Mn (+17% YoY)	Weak — Rs.3–5 Mn/yr; no external validation

Governance: the scenario framework was first applied in FY 2023/24 and is refreshed on a three-year cycle (next refresh FY 2026/27); the resilience assessment is updated annually by the ESEG Steering Committee, with Board-level oversight from the Board Audit Committee.

Climate-related Risks & Opportunities (continued)

Assessment Results

Key Findings — Physical Risks

Physical risk is a moderate but rising cost pressure. Acute weather events generated an estimated Rs. 41.9 Mn P&L impact in FY 2025/26, while chronic yield decline particularly in Low-Grown estates drove a Rs. 119.8 Mn impact, prompting a downgrade in TTE's chronic physical risk resilience rating.

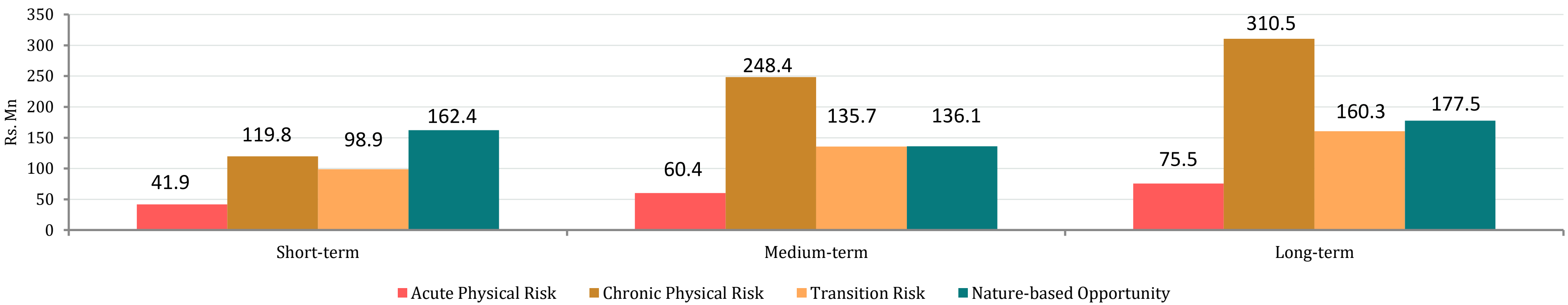
- Acute physical risk resilience: Moderate (unchanged YoY)
- Chronic physical risk resilience: Moderate (downgraded from Strong)
- Low-Grown production declined 17.4% YoY, 40% climate-attributed
- Combined physical risk exposure: Rs. 161.7 Mn (central scenario)

Key Findings — Transition Risks

TTE's transition risk position remains strong, supported by an 88.2% renewable energy share and validated SBTi targets. Scope 1 emissions fell 9.2% year-on-year, and all estates maintained Rainforest Alliance certification, reinforcing resilience against tightening regulatory and market expectations.

- Transition risk resilience: Strong (unchanged YoY)
- Scope 1 emissions: −9.2% YoY to 8,473.9 tCO_2e
- CBAM exposure mapped at ~7% of export volume
- SBTi Net Zero 2050 trajectory: 6.73% cumulative Scope 1+2 reduction achieved

ESTIMATED FINANCIAL EXPOSURE BY TIME HORIZON — CENTRAL SCENARIO (Rs. Mn)



Business Resilience Assessment — FY 2025/26

Resilience Dimension	FY 25/26	FY 24/25	Key Evidence
Physical Risk — Acute	**Moderate**	Moderate	Acute P&L Rs. 41.9 Mn (0.5% of revenue); no change YoY
Physical Risk — Chronic	**Moderate ↓**	Strong	LG production −17.4% YoY; Rs. 102.9 Mn crop loss; downgraded
Transition Risk	**Strong**	Strong	Scope 1 −9.2% YoY; RE share 88.2%; SBTi validated
Labour & Wage Risk	**Moderate**	Moderate	Wage +29.6%; net escalation Rs. 187.4 Mn; no change
Biodiversity Opportunity	**Strong**	Strong	PES Rs. 4.1 Mn (+17%); restoration 65.5 ha (+3.5 ha)

Climate-related Opportunities

Beyond risk, TTE's climate strategy identifies tangible opportunities across operational efficiency, renewable energy, low-carbon products and new markets. These opportunities are treated as strategic investments rather than compliance costs, generating measurable financial and ecosystem returns alongside emissions reduction.

88%
Renewable Energy Share — target 95% by 2030

Rs. 162.4 Mn
Nature-based Opportunity Income (FY 2025/26)

13 km
Biodiversity Corridor Under Restoration

1st in Sri Lanka
Plantation Company with SBTN-Aligned Nature Targets

Opportunity Themes

Operational Efficiencies

- Fertiliser use reduced 4.7% YoY across estates
- Agrochemical use intensity reduced to 2.35 kg/ha
- AI-powered ESG MIS improving data accuracy and resource use

Renewable Energy Adoption

- 88% renewable energy share target 95% by 2030
- Rs. 80 Mn renewable energy revenue in FY 2025/26
- Solar and micro-hydro capacity expansion underway

Low-Carbon & Diversified Products

- Cinnamon 16 MT and rubber 46 MT production
- Tea tourism ventures Somerset TeaTel, Spice Country
- Radella Green Tea specialty channel

Nature-based Market Opportunities

- 13 km biodiversity corridor under restoration
- Rs. 162.4 Mn nature-based opportunity income (timber, solar, eco-tourism, PES)
- Payment for Ecosystem Services (PES) pipeline in development

Financial & Capital Flexibility

- Rs. 7,851 Mn revenue; RE revenue provides a climate-linked income buffer
- Rs. 681 Mn BAC-approved climate/ESG capex in FY 2025/26
- No covenant constraints on the adaptation programme

Forward Investment Programme

- Field development: Rs. 280–360 Mn/year (FY26/27–28/29)
- PPE climate resilience works: Rs. 350–410 Mn/year
- Solar expansion targeting RE revenue of Rs. 130–160 Mn by FY 2030

3.1.4 Strategic Response

TTE translates climate risk analysis into action — combining operational mitigation, decarbonisation investment and disciplined financial planning to protect long-term value.

Risk Mitigation Strategies

TTE's climate risk mitigation combines operational and financial measures embedded in the ReGen Agenda. Slope stabilisation, drainage and early-warning systems address acute physical risk; cultivar replanting, shade-tree programmes and agroforestry integration build resilience to chronic yield decline; and full rollout of the Revenue-Share Model (RSM) is reducing structural labour and wage risk across estates.

Risk Category	Mitigation Measures	FY 2025/26 Capital Allocated
Transition Risk (CRR-1)	Biomass conversion, solar/hydro expansion, ISO 50001 rollout	**Rs. 36 Mn**
Chronic Physical Risk (CRR-3) & Opportunity (SRO-1)	Reforestation and biodiversity forest corridor	**Rs. 306 Mn (field dev.)**
Acute Physical Risk (CRR-2)	Kiruwanaganga factory upgrade; slope stabilisation & drainage	**Rs. 714 Mn (factory)**
Labour & Wage Risk (SRR-1)	Revenue-Share Model (RSM) rollout across estates	**Rs. 354 Mn wage shock absorbed**

Decarbonization Actions

Scope 1 & 2 Reduction Levers

- All 15 factories converted to biomass boilers
- ISO 50001 energy management expanding to additional estates
- Solar and micro-hydro capacity expansion — RE share 88.2% (target 95% by 2030)
- Fertiliser use reduced 4.7% YoY, cutting N_2O-related Scope 1 emissions
- Electrification of estate vehicle fleet under evaluation
- Slope stabilisation and drainage investment reducing emergency OPEX exposure
- Precision agriculture and IoT-enabled monitoring optimising input use

Financial Implications

Climate risks and opportunities are directly embedded in TTE's financial planning. In FY 2025/26, the combined net financial exposure from material climate and social risks was Rs. 285.6 Mn (3.6% of revenue), substantially offset by Rs. 162.4 Mn in nature-based opportunity income. Forward capital allocation of Rs. 280–410 Mn per year is planned through FY 2028/29 across field development, climate resilience infrastructure and renewable energy expansion.

Rs. 681 Mn
Climate & ESG CapEx deployed FY 2025/26

Rs. 285.6 Mn
Net risk exposure (3.6% of revenue)

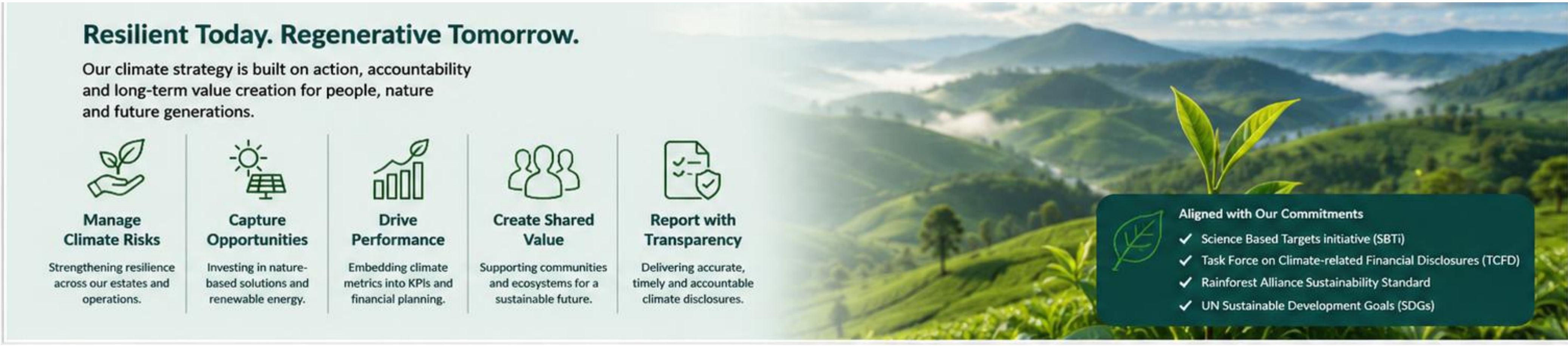
Rs. 162.4 Mn
Nature-based opportunity income offset

Continuous Monitoring & Reporting

Climate performance is tracked continuously through TTE's AI-powered ESG MIS, linking emissions data and decarbonisation progress to corporate KPIs. Climate metrics are embedded in the ReGen Agenda's five Strategic Imperatives, TTE's FY 2030 targets, and stakeholder reporting ensuring climate strategy remains connected to business performance and external accountability.

Monitoring Cadence

Level	Frequency	Output	Escalation Trigger
Estate Committees	Monthly	Weather logs, slope movement, yield deviation, flood incidents	KRI breach → ESEG within 48 hrs
ESEG Dashboard	Quarterly	GHG trajectory, RA audit status, scenario trigger signals	SRRO change → escalated
BAC Review	Quarterly	Integrated SRRO register, financial planning implications, stress-test summary	Rating change → Board



3.2 CIRCULAR RESOURCE MANAGEMENT & RENEWABLE ENERGY

3.2.1 Energy Management

TTE's energy management strategy is anchored in our Energy Management Policy and operationalized through the ISO 50001:2018 Energy Management System across key factories and estates. Our approach focuses on reducing consumption, improving efficiency, and transitioning to renewables. TTE's operations generate positive impacts across the environment, economy, and communities. Reduced fossil-fuel use lowers the carbon footprint, with biomass managed on 749 ha using mixed forestry to protect soil and native flora, while biodiversity corridors near catchments buffer erosion and landslides. Self-generated renewables, including a solar investment of LKR 35.9 Mn this year, strengthen energy security across 16 estates and provide a hedge against grid price volatility. Electrification and renewable transition mitigate air pollution risks for workers and communities, and the energy strategy integrates indigenous knowledge to enhance community resilience.

The Energy Transition Staircase

5 Net Zero 2050
Continuously track emissions, offset residuals, and follow the SBTi-validated pathway.

4 Hydro & Solar
Mini-hydro plants and rooftop solar PV panels supply clean electricity to estates.

3 Biomass Thermal
Sustainably sourced fuelwood is used in boilers for steam generation and tea drying.

2 Improve Efficiency
Install VFD motors, schedule off-peak operations, and recover heat from processes for reuse.

1 Eliminate Waste
We monitor operations daily, optimize resource use, and enforce equipment shutdown protocols.

TTE's structured energy hierarchy — each step built on the last, climbing from conservation to net zero.

Energy Consumption By Scope — FY 2025/26 Vs FY 2024/25

Category	2025/26 (GJ)	% Share	2024/25 (GJ)	% Share	% Change
Biomass (Renewable)	197,318.80	85.45%	185,137.00	84.7%	+6.6%
Diesel	7,019.56	3.0%	6,686.53	3.1%	+5.0%
Petrol	3,256.58	1.4%	2,884.23	1.3%	+12.9%
Grid Electricity	14,255.38	6.2%	14,684.00	6.7%	−2.9%
Self-generated (Hydro)	6,469.42	2.80%	6,274.00	2.9%	+3.1%
Total within organization (1)	**228,319.74**	**98.9%**	**215,666.00**	**98.7%**	**+5.9%**
Fuel usage — Transport (outside org.) **(2)**	2,596.37	1.1%	2,810.42	1.3%	−7.6%
Total energy consumed (1+2)	**230,916.11**	—	**218,476.42**	—	**+5.7%**
Avg. energy per unit — inside (GJ/KG)	**0.04015**	—	**0.03668**	—	**+9.4%**

Circular Resource Management & Renewable Energy (continued)

TTE's energy management strategy is anchored in our Energy Management Policy and operationalized through the ISO 50001:2018 Energy Management System across key factories and estates. During FY 2025/26, total energy consumption increased by 5.7% while renewable energy use rose significantly and grid electricity consumption declined by 2.92%, driven by IE3 motor upgrades, VFD installation on dryer fans, heat recovery in tea drying, and off-peak load scheduling. FY 2023/24, with total consumption of 213,177.12 GJ, is TTE's selected baseline year.

Key Energy Saving Measures

VFD Installation at Mattakelle Tea Factory

At Mattakelle Estate Factory, in collaboration with the Tea Research Institute, we are piloting the installation of Variable Frequency Drives (VFDs). As a trial, two VFDs have been installed in the factory. VFDs adjust motor speeds to match actual load instead of running at full power, reducing electricity use, lowering machinery wear, and improving efficiency. The pilot at Mattakelle Estate monitors energy savings and production performance, with potential to expand to other factories

Kiruwanaganga Green Factory — Leading Sri Lanka's Tea Energy Transition

TTE upgraded Kiruwanaganga Tea Factory by replacing inefficient machinery, switching to solar and biomass energy, and optimising thermal and electrical systems, supported by real-time monitoring and staff training. The factory is Sri Lanka's first Green Building-certified tea factory, working towards a 50.4% reduction in Scope 1 and 2 emissions and generating 150% of electricity demand from renewable sources — a scalable model for other TTE factories.

Renewable energy usage

88.25% of total energy consumption

Our investment in renewable energy is critical to lowering TTE's overall carbon footprint. Over the years, we have expanded our renewable energy portfolio through mini-hydro, biomass and rooftop solar, improving energy self-sufficiency. As at 31 March 2026, these initiatives enabled TTE to meet a significant portion of its annual energy requirement through renewable sources.

Biomass

85.5%

of total energy mix

Largest contributor to TTE's renewable mix. All factories use biomass-powered steam systems for tea drying. Fuelwood is mainly sourced from sustainably managed estate fuelwood plots; Eucalyptus spp. accounts for most of this area, with the balance under mixed forestry. Briquettes are used where applicable to supplement supply.

Solar Energy

879,924 kWh

of total energy generation

Solar generation is 15.3% of TTE's electricity usage mix. LKR 82.6 Mn invested in rooftop solar across selected estates, with total installed capacity of 899.86 kWp including the Kiruwanaganga Tea Factory installation, a benchmark in sustainable, energy-efficient green building design.

Hydropower

6,991,310 kWh

hydro power generated

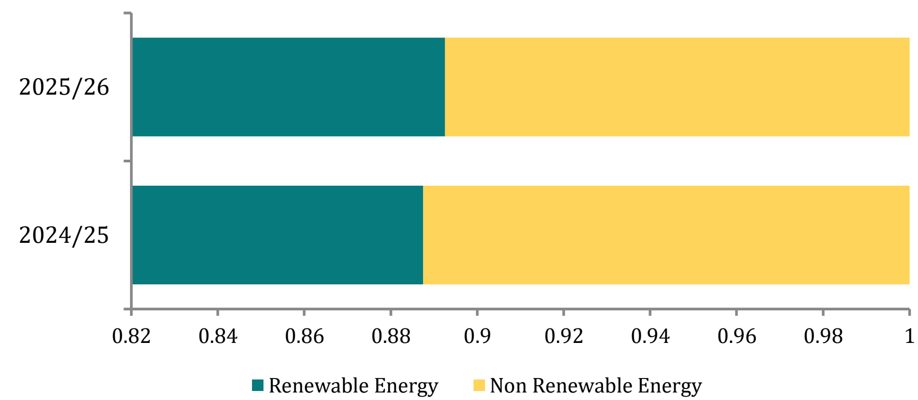
A reliable renewable source for many years, supported by mini-hydro plants that harness natural water flows. Facilities at Somerset, Radella and Palmerston estates operate within designated hydro-catchment areas, contributing approximately 6.2% to TTE's renewable energy mix.

Renewable Energy Generation & tCO_2e Savings — FY 2025/26 vs FY 2024/25

Source	25/26	24/25	tCO_2e Saved
Biomass (GJ)	197,319	185,137	—
Hydropower (GJ)	25,169	28,783	4,531.77
Solar Power (GJ)	3,145	2,064.50	594.32

Hydropower and solar generation together delivered 5,126.09 tCO_2e in avoided emissions during FY 2025/26 — reinforcing TTE's SBTi-verified decarbonisation pathway alongside continued biomass-fired steam generation across all factories.

Share Of Renewable Vs Non-renewable Energy



3.2.2 Material consumption

80%
Renewable Materials 2025/26

20%
Non-Renewable Materials 2025/26

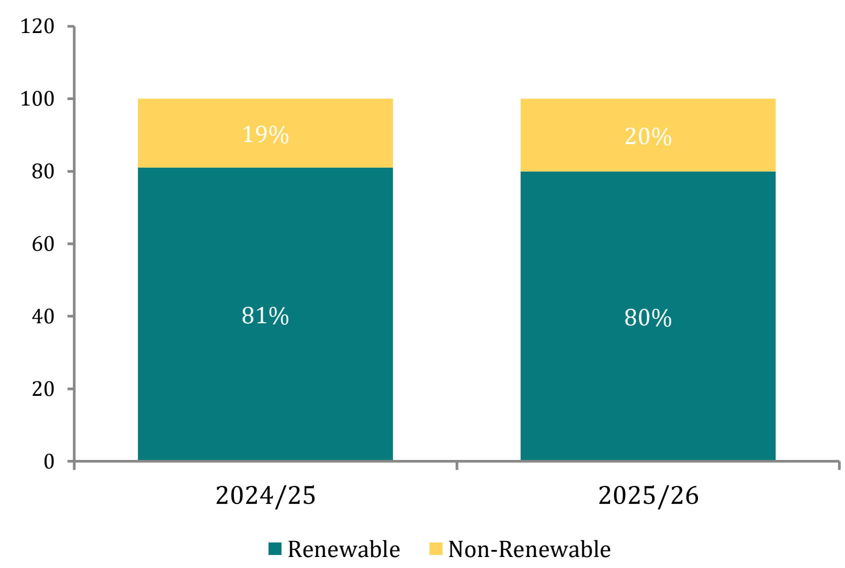
700t
Compost Generation via biodegradable waste

0.474 MT
Waste Recycled

Green leaf constitutes over 80% of total input, a renewable agricultural resource. Non-renewables (fertilisers, agrochemicals, dolomite) account for the remaining 20%. Recycled materials are not currently integrated into production — as an export-focused operation, reclaiming and reusing packaging materials is not practical however TTE utilises recyclable paper sacks and prefers suppliers who provide sustainable, low-footprint packaging solutions.

Material Input (t) — 2025/26	Qty	% Share
Green Leaf (raw material)	19,948.00	79.63%
Packing material	83.00	0.33%
Total Renewable	**20,031.00**	**79.96%**
Fertilizer (without dolomite)	3,134.95	12.51%
Agrochemicals	12.06	0.05%
Dolomite	1,873.00	7.48%
Total Non-Renewable	**5,020.01**	**20.04%**

Renewable Vs Non-renewable Material Usage

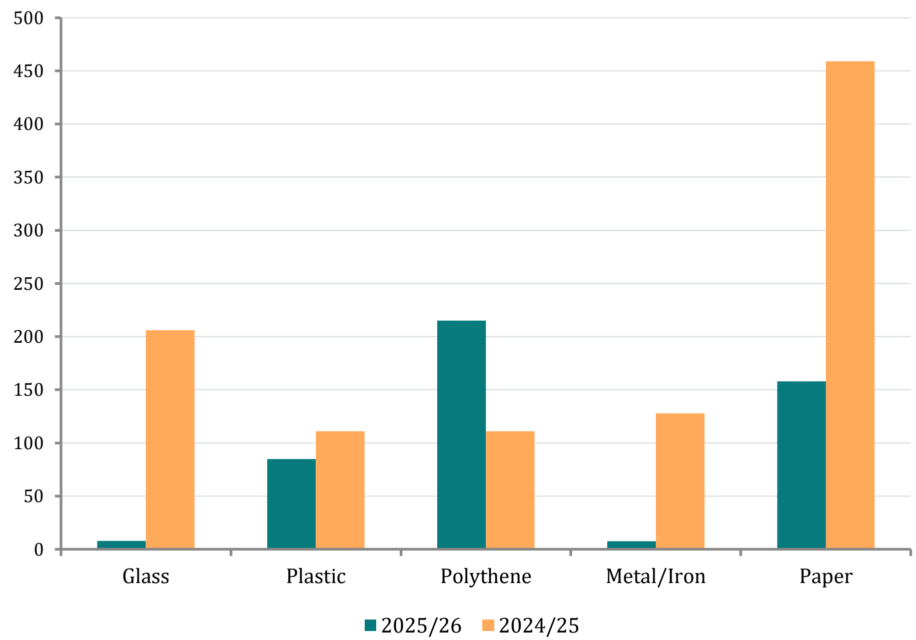


3.2.3 Waste management

TTE's waste management is governed by circular economy principles and industrial symbiosis. Significant waste streams arise from estate households, tea processing (refuse tea), agrochemical containers and e-waste. Organic waste is composted or converted to biogas; refuse tea becomes value-added products; agricultural waste is briquetted as biomass fuel. Non-biodegradable waste is segregated and recycled; agrochemical containers are returned to suppliers; hazardous e-waste is stored on-site and disposed through a CEA-authorized company.

Waste Stream	25/26 (kg)	24/25 (kg)
Biodegradable (composted)	700,367	222,200
Total recycling (glass/plastic/poly/metal/paper)	473.5	1,015
Hazardous storage (e-waste/bulbs)	125	167
Directed to authorised landfill	0	222,200
Total waste generated (kg)	**700,966**	**223,382**

Waste Recycling By Waste Type (Kg)



Waste Management Within Estates — Collaboration with Local Authorities

Talawakelle Tea Estates PLC, in partnership with the Nanu Oya Pradeshiya Sabha, has implemented a structured waste segregation initiative across its estates. The programme goes beyond awareness by introducing a practical system where estate residents separate and hand over biodegradable and non-biodegradable waste every Friday, guided by Public Health Inspectors and Environmental Officers.

This initiative benefits the estates by reducing waste management costs, improving sanitation, and maintaining cleaner operational areas. For the community, it promotes responsible waste handling, reduces environmental pollution, and supports public health, while fostering awareness and participation in sustainable practices.

3.3 WATER STEWARDSHIP

3.3.1 Our Water Footprint: Withdrawal, Consumption & Discharge

Water underpins every stage of TTE's cultivation and processing operations, and every estate community around it. We track withdrawal, consumption and discharge across all 16 estates and 15 factories using estate-level flow meters, supplemented by volumetric estimates where metering is not yet installed. Every litre withdrawn is treated as freshwater, and every effluent stream is quality-tested against the Sri Lanka National Environmental Act and TTE's ISO 14001 environmental management system before release.

147
Natural water sources protected across estates

98.5%
Water discharge quality compliance

Zero
Non-compliance discharge incidents, 2 years running

Water Metrics — FY2025/26 vs FY2024/25 (ML)

Metric (Surface Water – Freshwater)	FY25/26	FY24/25	Change
Total water withdrawal	10.326	10.847	▼4.8%
• Surface water	7.449	7.998	▼6.9%
• Third-party water	2.877	2.849	▲1.0%
Total water consumption	0.552	0.555	▼0.5%
Total water discharge	9.774	10.292	▼5.0%
• To surface water	1.466	2.058	▼28.8%
• Soakage pit	8.308	8.234	▲0.9%

We follow the UN CEO Water Mandate: our water governance is anchored in this global principle, aligning estate-level practice with TTE's water policy and wider sustainability roadmap.

Water Balance, FY2025/26 (ML)

TOTAL WITHDRAWAL
10.326 ML

CONSUMPTION
0.552 ML
5.3% of withdrawal

DISCHARGE
9.774 ML
94.7% of withdrawal

Withdrawal and discharge both declined year-on-year, while overall consumption held steady evidence that efficiency gains from rainwater harvesting and process controls are reducing our footprint without disrupting operations. The rise in soakage-pit discharge and third-party water reflects targeted infrastructure upgrades rather than a decline in performance.

Water Stewardship: Sharing and Safeguarding a Vital Resource

TTE recognises water as a shared resource that supports our operations, estate communities and surrounding ecosystems. Water used for employee needs, cleaning, irrigation and processing is sourced from surface water and rainwater harvesting, with withdrawals managed carefully against community and ecological requirements.

Our approach combines water-risk assessment, stakeholder engagement and practical watershed protection measures. Tools such as **WRI Aqueduct** and the **WWF Water Risk Filter** help us assess water-related risks, while initiatives such as the **Great Western PES project**, supplier knowledge-sharing and engagement with government and NGOs strengthen collaborative water stewardship.

Safeguarding water quality is equally important. TTE applies minimum effluent-quality benchmarks aligned with best available practices, sector standards and the sensitivity of receiving waterbodies. Discharge quality is monitored regularly to verify compliance, identify issues early and prevent impacts on rivers and streams. Where risks are identified, treatment systems, process controls and daily housekeeping practices are strengthened to protect the wider watershed.

3.3.2 Water Risk Assessment

Talawakelle Tea Estates periodically evaluates water-related risk across its estate clusters, scoring both the likelihood and severity of potential water stress using the WRI Aqueduct Water Risk Atlas 3.0 and the WWF Water Risk Filter 5.0, cross-checked against field data and estate hydrology.

Region	Estate Cluster	District	Primary Risk Driver	L	S	Score	Risk Level
A	Nanu Oya / Talawakelle	Nuwara Eliya	Seasonal variability & community demand	3	3	9	Medium
B	Moragalla	Galle	Dry season flow reduction	3	2	6	Medium
C	Deniyaya / Sinharaja	Matara	High rainfall – low acute stress	2	2	4	Low
D	Kiruwanaganga	Matara	Dry season flow reduction	3	3	9	Medium

Score = Likelihood × Severity (1–3 each). Risk band: 1–3 Low · 4–6 Medium · 7–9 High. No cluster currently falls in the High band.

Low | Medium | High

From Assessment To Action

Cluster-level mitigation responses

Regions A & D (dry-season / seasonal stress): expanded rainwater-harvesting capacity, water-efficient scheduling, and community demand-management engagement.

Region B (Moragalla): reinforced riparian buffer zones and soil-moisture monitoring to buffer dry-season flow reduction.

Region C (Deniyaya / Sinharaja — Low risk): maintaining forest-buffer integrity and continued rainfall-variability monitoring to preserve its low-risk status.

3.3.3 Estate-Level Water Stewardship in Practice

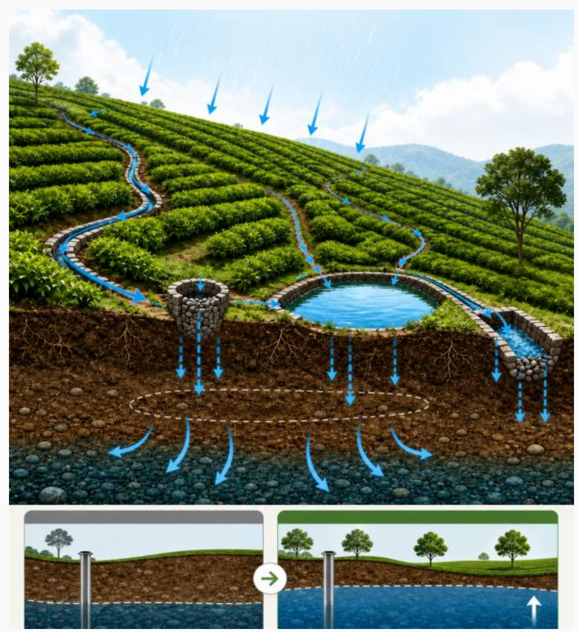
Paying For Healthy Watersheds

At Great Western Estate, TTE has moved from managing its own water use to investing directly in the watershed that supplies it. Our Payment for Ecosystem Services (PES) initiative channels funding into ecosystem restoration, water-source protection, erosion control and reduced chemical use near waterways securing long-term water availability for nearly 250 estate community families. UNDP BIOFIN Sri Lanka provides the scientific monitoring behind it, and the model aligns with the SDGs, the Paris Agreement, and Sri Lanka's biodiversity and climate

UNDP BIOFIN
The Biodiversity Finance Initiative

Recharging What We Draw

Every rainwater-harvesting pond on our estates is, in effect, a small act of groundwater banking: captured rainfall infiltrates the soil instead of running off, sustaining base flow through Sri Lanka's Central Highlands the source of many of the island's major rivers. The same ponds cut soil erosion and improve water retention in catchment areas, building resilience against dry spells over time. A newly built pond at Kiruwanaganga Estate is the latest addition to this network.



Keeping Chemistry Out Of Waterways

Buffer zones: agrochemical handling is kept well clear of water sources, with natural vegetation around water bodies filtering and absorbing pollutants before they reach rivers and streams — protecting both ecosystems and drinking water for workers and communities.

Wastewater treatment: sedimentation and filtration systems purify factory and domestic wastewater, supported by bioremediation planting — Canna generalis, Tithonia diversifolia, Vetiveria zizanioides and Wedelia trilobata — along wastewater channels.

Together, these estate-level practices turn TTE's water policy into daily routine — protecting quality at the source, replenishing what is drawn, and building resilience against seasonal water stress for plantations and communities alike.

3.3.4 Protecting Water at the Source

St. Clair Project

Restoring the Upper Kotmale Catchment · launched 5 June 2019, on World Environment Day

Talawakelle: St. Clair Falls, Great Western Natural Forest, Devon Waterfall, Horton Plains, Upper Kotmale Hydropower Reservoir
Nanu Oya: Pattipola Natural Forest, Kotmale Oya, Nanu Oya
Deniyaya: Sinharaja, Kanneliya & Diyadawa Forests, Patna, Ranmale Forest, Ginganga
Moragalla: Kottawa Forest

Reforesting the catchment

WNPS Plant Project: strengthens watershed management through reforestation of riparian corridors.

KIRULA Project: establishes perennial cropping systems across 3.74 ha of Horton Plains, in partnership with Hayleys PLC.

Restoring Abbotsford Lake

Lakes carry recreational, aesthetic, scenic and water-supply value that few other landscapes can offer, which is why Abbotsford Lake sits among TTE's most treasured natural assets. Restoration work here is guided by three goals:

- Prevent eutrophication
- Manage sedimentation and lift the groundwater table
- Protect and enhance biodiversity

From a single UNDP-backed pilot in one estate to a catchment-wide reforestation and lake-restoration programme, TTE's water-source protection work has grown into a standing commitment — not a one-off project — spanning four regions of Sri Lanka's Central and Southern highlands.

WATER FOOTPRINT ASSESSMENT — A DEDICATED INITIATIVE

TTE is building a granular, site-level picture of its water use — beyond estate-wide totals — to understand exactly where water is drawn, used and lost across its operations.

What we've done: selected representative sample estates across four regions; completed the first detailed assessment at Bearwell Estate and Factory, covering factory processes, cleaning, office use and utilities; installed sub-meters at selected points; began quantifying green, blue and grey water footprints.

Next steps: expand the assessment to selected estates across all regions; strengthen monitoring and measurement accuracy; develop estate-level water profiles; introduce efficiency measures from the findings; and integrate results into sustainability reporting and decision-making.

3.4 SUSTAINABLE LAND MANAGEMENT

3.4.1 Soil Health & Regenerative Agriculture

Tea is a long-cycle bearer crop TTE's plantations are replanted only once every 40 to 60 years so the health of the soil beneath each bush is inherited by generations of plants and workers alike. Soil structure, organic carbon and microbial life determine root depth, drought resilience, leaf quality and ultimately the premium each garden commands; where soil health declines, yields decline with it, compounding over decades rather than seasons. TTE manages soil as a living system built around global 4R Nutrient Stewardship principles and regenerative practice because protecting it is inseparable from protecting future earning capacity.

40–60 yrs
Replant cycle — soil decisions compound across generations

16 / 16
Estates confirmed conversion-free since 2020

1,247 Ha
Treated by precision drone application ("Right Place")

4R
Nutrient stewardship principles applied estate-wide

Our Approach: The 4r Nutrient Framework

S Right Source

Biochar & vermicompost build fertility from estate-generated inputs; Chemical Leasing shifts sourcing toward outcome-based, lower-emission inputs.

R Right Rate

Soil testing and nutrient-status monitoring calibrate exactly how much each block needs avoiding under- and over-application.

T Right Time

IoT-enabled real-time monitoring of pH, carbon and temperature times applications for when soil and crop can use them most.

P Right Place

Precision drone application places inputs exactly where needed across 1,247 hectares, cutting wastage and worker exposure.

Protecting Soil Health Through Regenerative Agriculture

Across every estate, TTE's regenerative practices are built on one idea: living soil is productive soil cared for well, it returns better yields, deeper drought resilience and a smaller footprint over time.

Benefits to soil & tea

- Improved soil structure and fertility ·
- Enhanced microbial activity and biodiversity ·
- Better water retention and reduced run-off ·
- Healthier tea bushes and higher productivity ·
- Increased carbon sequestration and climate resilience

How we get there

- Contour ploughing & terracing to control erosion ·
- Mulching & cover crops to retain moisture and suppress weeds ·
- Biochar & vermicompost units to build fertility and soil carbon ·
- A structured soil-nutrient framework: testing, organic-matter enrichment, erosion control, water management

3.4.2 Scaling Regenerative Practice Across Estates

Partnering For Scale

TTE has launched a strategic regenerative agriculture programme with Solidaridad Network Asia and The Nucleus Foundation to embed sustainable plantation management beyond what any single estate could achieve alone. Interventions span composting, cover cropping, reduced tillage, mulching, rainwater harvesting, biodiversity corridors, restoration and carbon sequestration within the supply chain alongside capacity building that embeds regenerative practice into estate teams' daily operations, strengthening climate resilience and land productivity together.

Seeing The Soil In Real Time

An IoT-enabled climate-smart plantation and forestry management system gives estate managers real-time visibility of rainfall, soil moisture and temperature. Rather than relying on manual judgement alone, teams can now act on live field data shaping decisions on operations, resource use and climate-risk preparedness, tracking environmental trends over time, and supporting carbon-smart forestry practices that align reforestation with TTE's climate action and nature-positive goals.

Pest Control, Nature First

Integrated Pest Management (IPM) sits alongside biochar and compost application, cover cropping, manual weeding and biodiversity monitoring as part of TTE's regenerative toolkit. Field observation, early pest detection and predator-based control are used before chemical intervention, and cover crops and compost are maintained to improve soil health and limit herbicide reliance. It costs more in labour and monitoring in the short term but delivers lasting gains in soil health, water retention, biodiversity and reduced chemical exposure.

Taken together, these three initiatives move TTE from managing soil estate-by-estate toward a coordinated, data-informed regenerative system — backed by external partners, real-time monitoring, and field-level pest management that reduces chemical dependency at the source.

Organic Tea — Our Flagship Soil-Health Initiative

DEDICATED ORGANIC TEA FIELDS — GREAT WESTERN & LOGIE

TTE has secured international organic certification for its Great Western and Logie gardens certified under EU Organic, USDA NOP-US and JAS standards. Working with the Tea Research Institute, we implemented chemical-free cultivation and dedicated processing systems, so the fully organic Logie factory and its low-risk fields prevent cross-contamination and safeguard product integrity from soil to cup. This initiative strengthens soil health and biodiversity while opening premium global markets our next step is the global launch of this certified range, reinforcing TTE's leadership in regenerative agriculture.

Enriching soil health: in FY2025/26, biochar and compost application across estates reduced fertiliser usage, delivering a 15.2% reduction in direct emissions from fertiliser. Around 92 hectares in the High-Grown division transitioned to organic cultivation under Tea Research Institute guidance — the next wave of estates set to follow Great Western and Logie.

USDA ORGANIC

JAS
Mayacert

MAYACERT · CERTIFIER ·

92 Ha
High-Grown division transitioned to organic cultivation, FY2025/26

15.2%
Reduction in direct fertiliser emissions, FY2025/26

3
International organic standards held: EU Organic, USDA NOP-US, JAS

3.4.3 Agrochemical & Pesticide Management — Our Standards

Every agrochemical decision at TTE sits inside a single policy: only registered products from authorised suppliers, applied in compliance with national standards, and governed toward the lowest hazard class that still protects the crop. Integrated Pest Management, guided by FAO principles and ongoing research with the Tea Research Institute, keeps biological and natural controls as the first line of defence. Personnel who handle chemicals receive regular training on application technique, PPE and safety protocols, with annual refreshers, and every application is monitored against toxicity hazard levels.

Zero
Class Ia/Ib (extremely / highly hazardous) pesticides used

100%
Agrochemical containers returned to suppliers — zero landfill waste

12.51%
Share of total material input from fertiliser (excl. dolomite), FY25/26

Pesticide Use By Type — FY2025/26

Pesticide Type	WHO Class	Intensity / ha	Volume Used
Herbicide (Glyphosate)	Class III	1.4–2.8 L/ha	11,536 L
Fungicide (Copper Hydroxide)	Class II	280–320 g/ha	614 kg
Fungicide (Copper Oxide)	Class II	280–420 g/ha	195 kg
Extremely Hazardous (Class Ia)	—	—	None
Highly Hazardous (Class Ib)	—	—	None

FIELD-INPUT TREND — NON-RENEWABLE MATERIALS (t)

Field Input	25/26 (t)	24/25 (t)
Fertiliser (excl. dolomite)	3,134.95	3,624.00
Agrochemicals	12.06	11.80
Dolomite	1,873.00	1,634.00
Total non-renewable	**5,020.01**	**5,269.80**

Fertiliser use fell 13.5% year-on-year as biochar and compost substitution took hold, even as dolomite (a soil-conditioning input) rose to support pH correction on transitioning fields.

Chemical Leasing For Low-emission Agriculture

In partnership with Lanka Responsible Care and Hayleys Agro Fertilizers, TTE has adopted a Chemical Leasing model that pays for outcomes nutrient management, pest control, precise application rather than volume purchased. Site visits and field-level data collection guided the initial efficiency assessments, cutting unnecessary chemical use and waste in line with TTE's Climate Action and Environmental Policies.

Precision in the Field: Drone & Data-Driven Application

Drone Technology For Precise, Safe Application

TTE used drone technology to apply agrochemicals across 1,247 hectares in FY2025/26 improving precision, reducing chemical wastage, and enhancing worker safety by limiting direct exposure in high-risk terrain. It is the practical, field-level expression of the "Right Place" principle in our 4R nutrient framework: the same input, delivered exactly where the crop needs it, with far less falling where it does not. Looking ahead, TTE plans to expand drone use into field mapping and yield prediction, giving estate teams better soil and crop-health monitoring, forecasting and resource allocation from the same platform.

1,247 Ha Treated by precision drone application, FY2025/26

Weed Buy-back & The Compost Loop

Estate teams buy back hand-weeded material from workers and return it to the compost cycle — turning a routine field task into another source of organic matter and reducing reliance on synthetic fertiliser. It is a small, low-tech complement to the drone programme: one manages precision at scale, the other closes the loop at the level of a single row of tea.

Bringing it together

From the 4R nutrient framework through regenerative partnerships, certified organic fields and precision drone application, TTE's soil and agrochemical practices form one continuous system each initiative reducing chemical dependency, protecting long-term soil productivity, and building the resilience that a 40–60-year crop cycle demands.

3.5 BIODIVERSITY CONSERVATION AND ECOSYSTEM RESTORATION

TNFD
1st Sri Lankan Company to adopt the TNFD standard

Rs. 50.1 Mn
Invested in Environment Initiatives (FY 2025/26)

65.7 ha
Forest Area Restored or Rehabilitated

0 ha
Natural Ecosystem Converted since 1992

TTE's Path to Nature Positive by 2030 & Full Recovery by 2050

Zero Net Loss from 2020 baseline · Mapped against the Kunming-Montreal Global Biodiversity Framework (KM-GBF)

In 2024, TTE unveiled its Nature-Positive Business Policy, formally committing to halt and reverse nature loss. Mapped against the KM-GBF, our policy aims for Zero Net Loss of Nature from our 2020 baseline, Net Positive impact by 2030 through transformative regenerative agriculture and business practices, and Full Recovery by 2050 through ecosystem regeneration and responsible agricultural stewardship.

TTE aligns with 18 out of the 23 targets of the Kunming-Montreal Global Biodiversity Framework

A. Protect & Restore
Halt conversion; restore degraded habitats

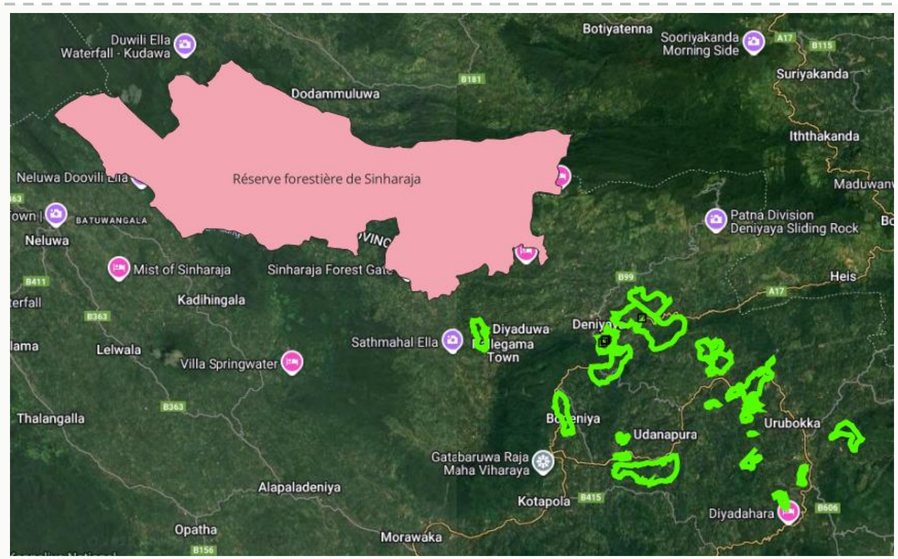
B. Prosper with Nature
Integrate biodiversity in all business decisions

C. Share Benefits Fairly
Community NTFP, employment, ABS principles

D. Invest & Collaborate
Multi-stakeholder landscape initiatives

NATURE ECOSYSTEM CONSERVATION & BIODIVERSITY MANAGEMENT

TTE maintains a zero-conversion policy for all lands under its management since 2020, ensuring no natural ecosystems are cleared or altered for tea cultivation. All 16 estates are confirmed conversion-free through biodiversity mapping, land-use records, and geospatial analysis. Suppliers are also monitored to ensure no forest or ecosystem conversion occurs post-base year, supporting responsible upstream sourcing. Estates are located in high-value biodiversity regions, including the central highlands and areas bordering the Sinharaja Rainforest. TTE applies the mitigation hierarchy avoidance, minimisation, restoration and offset through habitat protection, buffer zones and sustainable land management, with assessments using field surveys, satellite imagery and expert consultation to monitor ecosystem conversion across estates and suppliers.



Estate landscape near the Sinharaja Rainforest in Low country

Actions Taken To Avoid & Minimise Negative Impacts On Biodiversity

TTE's biodiversity management plan is focused on minimising ecological impact across all estates. 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 fertiliser use, and prioritise soil health. Factories are located in less ecologically sensitive zones, and habitat corridors have been established to enhance landscape connectivity and reduce fragmentation. To uphold our commitment to biodiversity, we follow a dedicated mitigation hierarchy across all estate operations avoiding impacts at source, minimising unavoidable disturbance, restoring degraded habitats, and offsetting residual impacts through partnership-based reforestation programmes.

AVOID — Prevent forestland conversion; prohibit hunting, capturing and wildlife trafficking across all estates. Buffer zones near protected areas minimise disturbance.

MINIMIZE — Environmental audits and ecological surveys are conducted regularly. TTE maintains records of 113 faunal species and adjusts operations based on scientific findings.

RESTORE — Conservation and restoration initiatives in degraded areas support ecosystem recovery and protect native biodiversity, with community support.

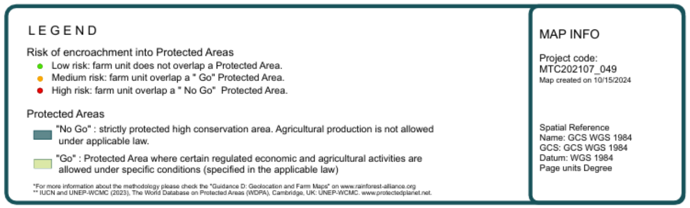
OFFSET — Where impacts cannot be fully avoided or restored, TTE supports reforestation and habitat restoration programmes with external partners.

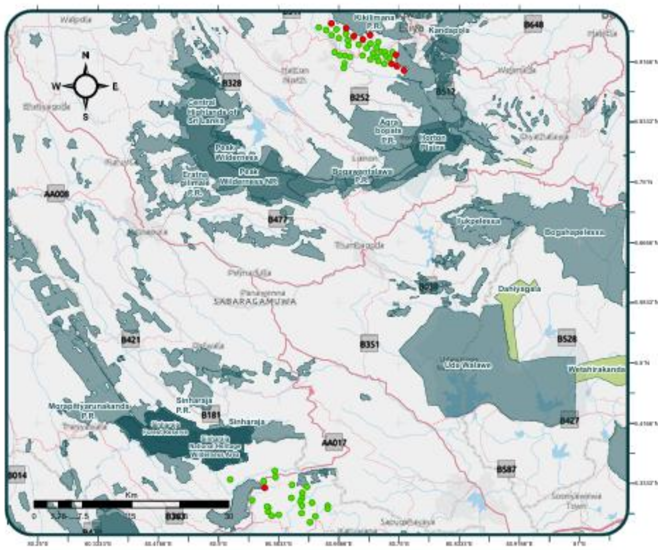
Protected Area Encroachment Risk

Sites overlapping with legally protected areas are classified as high-risk, with initial mitigation measures habitat restoration, native species replanting and protection initiatives already underway. TTE has assessed biodiversity impacts across its 16 core estates and supply chain: Protected Area Risk spans 1,413 hectares overlapping with legally protected "No-Go" conservation zones, including estates such as Great Western, Wattegoda Upper, Dessford and Deniyaya. All TTE operational and sourcing areas remain outside zones of high ecosystem integrity, rapid ecosystem decline, and high physical water risk.

1,413 ha

Protected Area Risk — overlap with "No-Go" conservation zones





Biodiversity Conservation and Ecosystem Restoration

Ecosystem Services And Our Stewardship

Ecosystem Services (ES) describe what nature provides to TTE: provisioning services such as freshwater from estate-managed watersheds; regulating services including erosion control, microclimate regulation and water purification; cultural services such as scenic landscapes; and supporting services such as habitat provision, soil formation and nutrient cycling. Services to Ecosystems (S2E) represent what TTE does for nature in return: protecting through buffer zones and no-chemical areas, enhancing through sustainable land management, restoring through reforestation with native species, and supporting through community-led stewardship and green jobs linked to conservation.

Native & Endemic Tree Species Identified & Preserved

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

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

Access To Biodiversity Resources & Fair Benefit-sharing

Sri Lanka currently has no specific regulations on access and benefit sharing (ABS), and TTE does not engage in commercial or research use of genetic resources. TTE voluntarily ensures fair benefit-sharing estate communities are granted regulated access to firewood and non-timber forest products, while restoration initiatives generate local employment.

Our Initiatives — Biodiversity Conservation Action

Pioneering PES Model in Sri Lanka

TTE has partnered with the Pekoe Trail Company and UNDP (BIOFIN) to pioneer a Payment for Ecosystem Services (PES) model at Wattagoda Estate restoring native flora and implementing nature-based solutions such as erosion control to safeguard critical biodiversity, while creating 'green jobs' for estate communities.

Wattagoda Estate
1st PES pilot in TTE's plantation sector

Rotary One Million Trees Project

Partnering with Hayleys PLC, Rotary Sri Lanka is planting one million trees using site-specific native species within TTE's plantation areas. The project features five years of nurturing, individual 'tree stories', and carbon certification strengthening habitat connectivity across estate landscapes.

1 ha = 25 people
carbon footprint offset for twenty years per hectare


PR Director Rohantha Athukorale assists Miss World to plant a tree

Biodiversity Conservation and Ecosystem Restoration (continued)

Rapid Biodiversity Assessments 2025

To strengthen conservation actions and build resilient ecosystems, TTE, in partnership with the Wildlife and Nature Protection Society (WNPS) and PLANT, conducted rapid biodiversity assessments across key estates in the Central Highlands.

~1,863 ha
Assessment coverage across key estates in 3 regions

Hundreds
of species recorded across 7 taxonomic groups

32%
Endemic — 65 species endemic to Sri Lanka

Leopard · Langur
Key flagship fauna and threatened mountain species

Areas Assessed

- Bearwell Estate — 424.3 ha
- Holyrood Estate — 465 ha
- Somerset Estate — 456.4 ha
- Palmerston Estate — 103.5 ha
- Dessford Estate — 435 ha & neighbouring Calsay Mahaeliya
- Riparian corridors along the Agra Oya and Nanu Oya river basins

Key Findings

- High biodiversity across mammals, birds, reptiles, amphibians, butterflies, dragonflies and plants
- Threatened species incl. Critically Endangered Agra Danio, Dark-shouldered Cornuted Shrubfrog and Long-tailed Shrew
- Frequent signs of Sri Lankan Leopard and Purple-faced Langur, highlighting wildlife corridors

Key Threats Identified

- Habitat fragmentation limits wildlife movement
- Invasive species (Guinea Grass, Lantana, Miconia) outcompete native flora
- Poaching, forest fires and domestic animals threaten wild populations
- Pollution from garbage dumping and ornamental fish introductions degrades streams

04

Social

Figure 1. TTE Group Social Framework

Our Strategy and Commitment

Talawakelle Tea Estates PLC is committed to empowering our people and communities, guided by our ReGen Agenda 2030 and a strong focus on fair labour practices, diversity and inclusive community development. We embed social considerations across estate operations, capital allocation and stakeholder engagement to strengthen wellbeing and create long-term shared value. See Figure 1 for our social framework.

Our Commitments

As Sri Lanka's plantation sector navigates labour market shifts, wage pressures and evolving expectations around diversity and inclusion, TTE embeds social responsibility into day-to-day estate management rather than treating it as a separate initiative. Guided by our Diversity, Equity and Inclusion (DEI) Policy and our 'A Home for Every Plantation Worker' programme, TTE has been recognised as #1 Asia's Best Workplace and #1 Best Workplace in Sri Lanka translating ambition into measurable outcomes for our 4,849 employees, their families, and the estate communities we serve.

Our Social Commitment at a Glance — FY 2025/26

98% Employee Satisfaction
Recognised as a Great Place to Work, reflecting strong employee trust and engagement.

29,497 Training Hours
delivered in FY 2025/26, strengthening skills, safety and career development across estates.

DEI Policy & HerLead
Phase 1 of the HerLead Programme completed, advancing gender parity in leadership.

Rs. 103.6 Mn
invested in 'A Home for Every Plantation Worker' — improving housing, healthcare and education.

2,276 Suppliers
bought-leaf suppliers engaged through structured evaluation and the Revenue-Share Model.

ALIGNED WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

- **3** Good Health & Well-being
- **4** Quality Education
- **5** Gender Equality
- **8** Decent Work & Economic Growth
- **10** Reduced Inequalities

4.1 DIVERSITY, EQUALITY & INCLUSION

4.1.1 Our Workforce at a Glance

TTE's workforce is the human engine behind every cup of Ceylon tea we produce — spanning field, factory and corporate roles across estates in the Central, Southern and Western provinces. At 4,849 people strong, with women making up 52% of that workforce, TTE sits in a sector historically defined by male leadership, yet powered day-to-day by a majority-women workforce. Understanding exactly who makes up our people, and how that composition is shifting, is the starting point for every commitment on the pages that follow.

4,849
Total workforce, FY2025/26

52%
Women — the majority of our workforce

Rs. 3,731 Mn
Remuneration & benefits paid to employees

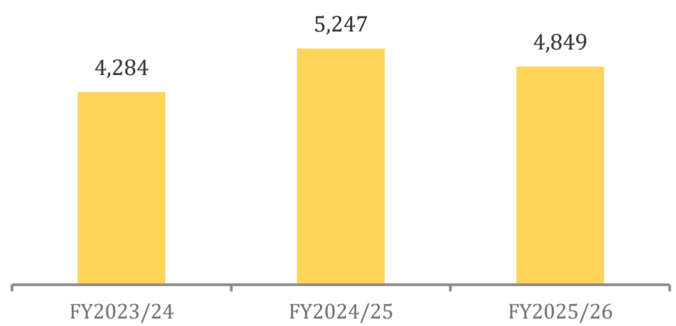
1 : 1
Gender pay equity across every employee category

Employees By Region & Gender — FY2025/26

Status	Central M	Central F	Southern M	Southern F	Western M	Western F	Total M	Total F
Permanent	1,234	1,740	319	383	22	16	1,575	2,139
Contract	468	126	303	236	0	2	771	364
Total	**1,702**	**1,866**	**622**	**619**	**22**	**18**	**2,346**	**2,503**

Total workforce, FY2025/26: 4,849 (2,346 male, 2,503 female). All TTE employees are engaged in full-time roles; independent leaf suppliers and Block Managers operating under the Revenue Share Model are excluded from these disclosures, as they operate autonomously.

Total Workforce & Women's Share — 3-year Trend



Women's share of workforce: 57.8% → 53.5% → 51.6%

Total headcount has moved with the pace of our transition to the Revenue Share Model, which shifts some roles to independent Block Managers outside employee disclosures. Through that shift, women have remained the clear majority of our workforce the reason DEI is not a side initiative at TTE, but core to how our workforce actually operates.

4.1.2 Why DEI Matters and How We Practise It

With more than half of our workforce women, in a plantation sector where leadership has traditionally skewed male, Diversity, Equality and Inclusion is not a compliance checkbox for TTE it is a direct reflection of who does the work. A workforce that feels fairly treated, safely employed and genuinely able to progress is also a more stable, more productive one. That link between equitable treatment and long-term operating performance is why DEI sits at the centre of our Human Capital strategy, embedded across the full employee lifecycle from recruitment to leadership.

Our Approach

✓ Merit-based recruitment, training and promotion at every stage of the employee lifecycle

✓ A strict 1:1 gender pay equity policy, from entry level through to leadership

✓ Non-discrimination on gender, caste, religion, ethnicity, political opinion, disability, marital status or union membership

✓ Confidential grievance channels, incl. "We Care 360" and whistleblower protection

✓ Regular gender-sensitisation and inclusion awareness programmes for leaders and workers alike

✓ Maternity & family benefits, childcare support and safe working conditions for women

Where We Are Strong

1 : 1
Gender pay equity, overall and at leadership level — unchanged for 3 years running

ZERO
Incidents of discrimination — across TTE operations, suppliers and partners, 3 years running

18,067 hrs
Training hours delivered to women in FY2025/26 — up from 14,750 the year before

Where We Are Investing Further

Women's share of new recruits, promotions and leadership roles has softened over the past two years — the specific gap our Gender Strategy and Women in Leadership Programme, on the next page, exist to close.

Indicator	23/24	24/25	25/26
Female recruits (% of total)	55%	54%	39%
Females promoted (% of total)	15%	20%	14%
Female leadership representation	13%	13%	11%

Estate Mgmt: 0% women

Board 9% · Corporate Management 29% women, FY2025/26 — the levels our leadership pipeline is targeting next

We report these figures because a credible DEI commitment means being honest about where progress is still needed — not just where we already lead.

4.1.3 DEI in Action: Programmes Driving Change

Women In Leadership Programme

In partnership with the Ethical Tea Partnership and The Republic of Tea, TTE continued the Women in Leadership Programme in 2025/26 moving beyond awareness to address the real barriers to women's participation: workplace safety, grievance responsiveness, health and wellbeing, caregiving responsibilities and leadership access. Executive sensitisation, “Empower U” capacity building, medical check-ups and psychological first aid all fed into estate systems built for genuinely inclusive workplaces.

- Gender equality
- Women's leadership
- Workplace safety
- Health & wellbeing
- Skills development
- Inclusive participation


NILS certificate awarding ceremony for “Empower U” trainees - field, factory, office


Preliminary Discussion with Top Management


Resource Person’s Field Visit to gather insights

Gender Strategy — Wil Project

During 2025/26, TTE developed a dedicated Gender Strategy under the Women in Leadership Project, funded by the Ethical Tea Partnership. Built through worker consultations, it directly targets the barriers that limit women's long-term participation caregiving responsibilities, financial vulnerability, limited leadership pathways and youth migration from estate communities issues that shape workforce retention and the sector's future talent pipeline as much as any operational metric. The strategy positions gender equality as a strategic enabler of ethical, future-ready plantation employment, not a side commitment.

Plantation Talent & Excellence Awards 2026

Held at Araliya Green Hills, Nuwara Eliya, the Plantation Talent & Excellence Awards 2026 recognised outstanding contributions across the plantation ecosystem with categories including Field Leadership Excellence (Female Field Staff), Women in Leadership (Estate Team Leaders) and recognition for women in mechanical tea harvesting. By creating visible role models for women in both operational and leadership roles, the Awards reinforced that the future of TTE's plantations will be shaped by people, performance and inclusion together.


Deniyaya Estate Winners (Low Country)


Great Western Estate Winners (Up Country)

Also this year: a new Gender Equality & GBV Policy, with awareness sessions for planting executives and workers and a 2030 target to improve our workplace diversity index by 25%.

4.2 COMMUNITY EMPOWERMENT

TTE's community investment strengthens the estates our workforce calls home combining living-environment upgrades, healthcare, financial resilience and youth development into one coordinated programme, shaped directly by the communities it serves.

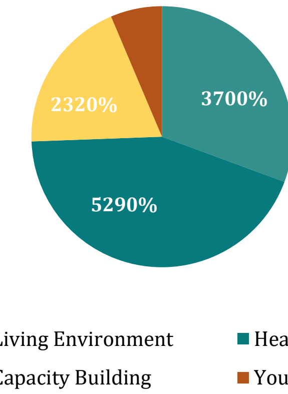
Management Approach: A Home For Every Plantation Worker

TTE's flagship community programme, A Home for Every Plantation Worker, is the backbone of how the Company invests in the estates its workforce and their families call home. The programme strengthens living conditions, health and nutrition, household financial resilience and opportunities for young people through four connected pillars, each shaped by what estate communities themselves identify as priorities rather than by a fixed head-office agenda. During FY2025/26 the programme mobilised Rs. 120.8 Mn and reached an estimated 294,809 people, delivered in partnership with the Ministry of Plantations, the Plantation Human Development Trust and a range of government and non-government organisations that help keep interventions targeted rather than generic.

Community Engagement

Because such a large share of TTE's workforce lives on estate premises, community wellbeing is treated as a direct operational responsibility rather than a peripheral concern. The independent Community Advisory Panel, drawing on senior management, HRD and community leaders with NGO partners contributing where relevant, meets quarterly to review ongoing programmes, weigh community feedback and prioritise what comes next, escalating its recommendations to management for formal approval. FY2025/26 strengthened this further with new quarterly forums bringing senior management, Panel representatives and community leaders together, alongside dedicated community relations teams based at every estate. Feedback channels widened this year too, through anonymously monitored suggestion boxes at estate locations, a dedicated WhatsApp line run by the Employees & Community Relations team, and a pilot smartphone-based Digital Feedback Platform with tracked follow-up, aimed particularly at reaching younger community members.

INVESTMENT BY PILLAR — FY2025/26



Rs. 120.8 Mn invested through A Home for Every Plantation Worker — reaching 294,809 people across TTE's estate communities in FY2025/26.

International Partnership

This engagement was reinforced by an international volunteer Fundraising Advisor from WUSC, building on the previous year's support from an international gender-equality expert strengthening TTE's ability to identify funding opportunities and mobilise partnerships across women's empowerment, child development, youth engagement, health and education.

4.2.1 Living Environment

Living Environment investment upgrades the physical fabric of everyday estate life and was tested directly this year when Cyclone Ditwah struck plantation districts across the region.

Living Environment

Living Environment investment upgrades the physical fabric of everyday estate life. Housing upgrades and renovations sit alongside improvements to access roads and to water and sanitation facilities, complemented by new child-focused communal spaces that give younger residents somewhere safe to gather. The intent is straightforward: safer, healthier and more dignified living conditions translate directly into a more stable, resilient estate community and, over time, into a more settled and productive workforce. In FY2025/26 this pillar mobilised Rs. 37 Mn and reached 6,724 beneficiaries across TTE's estates.

Rs. 37 Mn invested — 6,724 beneficiaries reached under the Living Environment pillar in FY2025/26.

Cyclone Ditwah Response Framework

Heavy rainfall and strong winds from Cyclone Ditwah damaged tea fields, estate infrastructure, access roads and worker housing across plantation districts, disrupting both field operations and daily estate life. TTE's Disaster Management Team structured its response around three phases. **Immediate safety** came first: emergency coordination, welfare checks on employees and residents, and rapid assessment of damage and urgent needs. **Relief and basic services** followed, with the distribution of essential supplies and direct support to affected families to stabilise estate life while operations recovered. **Recovery and preparedness** closed the loop, coordinating with Government Disaster Management authorities, NGOs, the Ethical Tea Partnership and the Centre for Child Rights, and feeding estate-level learning back into how TTE prepares for future events.

12 estates and 534 families were affected, with 980 relief packs and Rs. 5.59 Mn in assistance mobilised and distributed — including support for 464 damaged or destroyed houses and line rooms.

Key partners: Government Disaster Management authorities, NGOs, Ethical Tea Partnership, Centre for Child Rights.

4.2.2 Health & Nutrition

Health & Nutrition is the largest-reach pillar of TTE's community investment, reflecting the scale of recurring health needs across estate communities.

Focus Area

Health & Nutrition is the largest-reach pillar of TTE's community investment, reflecting the sheer scale of recurring health needs across estate communities. Immunisation drives and nutrition education run alongside antenatal and postnatal care for working mothers, with child wellbeing services and auxiliary healthcare support rounding out a preventive approach designed to reduce the everyday health burden on estate families. The ambition is a healthier, more resilient workforce over time, not just treatment when things go wrong. In FY2025/26 the pillar mobilised Rs. 52.9 Mn and reached 212,644 beneficiaries more than any other pillar, and over seventy percent of all beneficiaries across TTE's community investment programme.

Community Impact Stories: Family Care & Health Resilience

Family Care Resilience — Working with the Centre for Child Rights and Save the Children, TTE introduced the Mother & Child Friendly Seal, a certification earned by strengthening childcare policy, maternal-wellbeing support, healthcare access, dedicated childcare facilities and safety measures for mothers and children at estate level. Reaching the standard required visible change on the ground rather than a policy update alone, and all sixteen TTE estates have now achieved certification.

Health Resilience — In partnership with the Department of Ayurveda and the Central Province Ayurvedic Medical Centre, TTE introduced Ayurvedic clinics across its High Grown estates, responding directly to the gap between the healthcare estate communities culturally trust and what conventional services typically reach in remote plantation areas. Twelve clinics covered the entire High Grown region during FY2025/26, and a Model Ayurvedic Garden was established at Mattakelle Estate to anchor the next phase of expansion into Low Grown estates.

All 16 estates are now certified under the Mother & Child Friendly Seal, alongside 12 Ayurvedic clinics delivered across the High Grown region in FY2025/26.

4.2.3 Capacity Building

Capacity Building strengthens household resilience by widening access to alternative livelihood opportunities. Housing loans and microfinance, structured savings schemes and community-based training initiatives give estate families practical routes to financial independence — complemented by the Revenue Share Model, which gives estate workers direct control over their own earnings for the first time.

Rs. 23.2 Mn
Capacity Building investment, FY2025/26

29,182
Beneficiaries reached, FY2025/26

1,719
Total Block Managers under the Revenue Share Model

16
Estates now participating in the Revenue Share Model

On-ground Actions

✓ Housing loans and microfinance facilities for estate families
✓ Structured savings schemes building household financial resilience
✓ Community-based skills and enterprise training initiatives
✓ Progressive transition of estate workers to the Revenue Share Model
✓ "Block Manager" roles giving direct control over cultivation and harvesting earnings
✓ Mechanical-harvesting training opening new livelihood roles for women-led families

Revenue Share Model — Block Managers

The RSM lets "Block Managers" directly influence their earnings through effort and performance — a structural route to economic dignity beyond the collectively-bargained wage, now live across every TTE estate.

16	1,719	2:3
Estates	Block Mgrs	M:F Ratio

Story — From Support To Self-reliance

A gender-inclusive pilot introduced mechanical tea harvesting to open a new, higher-productivity livelihood path for women-led families — training women in equipment operation, safety and maintenance, and overcoming the confidence and participation barriers that had historically kept the role male-dominated.

15 units provided | **Women-led families**

1,719 Block Managers now operate under the Revenue Share Model across all 16 TTE estates, with a 2:3 male-to-female ratio.

4.2.4 Youth Empowerment & Capacity Building

Two connected pillars build long-term household resilience — equipping young people with skills for the future, and giving working-age estate families practical routes to greater financial independence.

Youth Empowerment

This pillar equips young people from estate families with the skills, confidence and awareness to pursue rewarding livelihoods beyond the estate, extending TTE's human capital pipeline into the next generation. Vocational and technical skills training runs alongside soft-skills and leadership development, complemented by social-awareness education delivered in both Tamil and Sinhala so language is never a barrier to participation. In FY2025/26 the pillar mobilised Rs. 7.7 Mn and reached 46,259 beneficiaries across TTE's estate communities.

Organized a workshop on Building Inclusive Futures & Empowering Youth with Essential Skills - funded by WUSC

Together, Youth Empowerment and Capacity Building mobilised Rs. 30.9 Mn in FY2025/26, reaching 75,441 beneficiaries — over a quarter of all beneficiaries across TTE's community investment programme.

Capacity Building

This pillar strengthens household resilience by widening access to alternative livelihood opportunities housing loans and microfinance, structured savings schemes and community-based training that build financial independence beyond the estate wage. In FY2025/26 the pillar mobilised Rs. 23.2 Mn and reached 29,182 beneficiaries.

Plantation Talent & Excellence Awards 2026

Held at Araliya Green Hills, Nuwara Eliya, the Awards introduced dedicated categories for estate youth for the first time Academic Excellence and Emerging Professional Star giving visibility to potential that is often central to the plantation's future but rarely formally recognised.

Community Impact Story: From Support To Self-reliance

A gender-inclusive pilot introduced mechanical tea harvesting as a new livelihood path for women-led families a role historically closed to women by gaps in training and confidence rather than capability. Fifteen harvesting units were provided alongside structured training in equipment operation, safety and maintenance, with ongoing supervision support to build confidence on the job. Early results already point to higher productivity and increased family income, and the next phase will extend the pilot to more estates while building toward women's leadership in mechanised field operations.

Rs. 23.2 Mn
Capacity Building investment, FY2025/26

29,182
Beneficiaries reached, FY2025/26

1,719 Total Block Managers under the Revenue Share Model

16 Estates now participating in the Revenue Share Model

On-ground Actions

- ✓ Housing loans and microfinance facilities for estate families
- ✓ Structured savings schemes building household financial resilience
- ✓ Community-based skills and enterprise training initiatives
- ✓ Progressive transition of estate workers to the Revenue Share Model
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The RSM lets "Block Managers" directly influence their earnings through effort and performance a structural route to economic dignity beyond the collectively-bargained wage, now live across every TTE estate.

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A gender-inclusive pilot introduced mechanical tea harvesting to open a new, higher-productivity livelihood path for women-led families training women in equipment operation, safety and maintenance, and overcoming the confidence and participation barriers that had historically kept the role male-dominated.

15 units provided

Women-led families

TTE's community programmes reached 294,809 people through Rs. 120.8 Mn of investment in FY2025/26 — the clearest measure of Social and Relationship Capital in action.

Impacts Of Our Community Investment

Positive Impact	Potential Negative Impact	Mitigating Action
New jobs and inclusive participation for local and estate communities	Increased demand on estate facilities as the workforce grows	Planned upgrades to housing, sanitation, water and transport infrastructure
Improved local infrastructure — roads, electricity, water supply	Possible disruption to communities during construction works	Careful phasing, coordination with authorities, advance communication
Wider reach of welfare, health and awareness programmes	Uneven participation among remote or vulnerable groups	More inclusive outreach and targeted engagement

4.3 FAIR LABOR PRACTICES

TTE's approach to fair labor rests on protecting the people who grow, pluck and process our tea — safeguarding their physical safety at work, the wellbeing of their families, and holding every supplier and partner in our value chain to the same standards.

4.3.1 Occupational Health & Safety

Plantation operations carry a distinct set of workplace risks physical strain for manual employees, exposure to agrochemicals, machinery and tool hazards, and environmental factors such as extreme weather and difficult terrain. TTE manages these risks through a formal Occupational Health & Safety Policy and an established Safety Manual, developed in full compliance with the Factories Ordinance No. 45 of 1942 and aligned with global best practice. The Manual sets out preventive safety measures, structured risk assessments, hazard identification protocols and incident investigation procedures, with oversight of implementation entrusted to dedicated OHS Committees at every estate. All manual workers are covered by workmen's compensation insurance, while staff and executives receive health insurance including accident and surgical cover.

Hazard Area	Key Risks	Management Methods
Factory Machinery Safety	Injuries from rotating parts, sharp edges, unsafe machine operation	Machine guarding, safety signage, operator training, authorised operation and safe work procedures
Physical Work Environment	Noise, poor illumination and fuel-related risks	Mandatory PPE, illumination improvements, safe fuel handling practices and employee awareness
Fire and Emergency Safety	Fire incidents, emergency response delays and unsafe evacuation	Fire extinguishers, fire teams, emergency preparedness plans, fire drills and employee training
Boiler and Pressure Equipment Safety	Explosion or equipment failure risks	Statutory inspections, authorised inspection procedures and trained licensed boiler operators
Chemical and Agrochemical Safety	Exposure during chemical spraying and agrochemical handling	Mandatory PPE, bathing facilities, health screening, safe handling training and emergency response
Field-Level Occupational Hazards	Pest-related risks, chemical exposure and unsafe field conditions	Hazard identification, worker awareness, emergency procedures, PPE provision and risk communication

6,111 estate employees received 8,672 hours of OHS training in FY2025/26 — 1.4 hours per employee on average — against 9.9 Mn hours worked, with zero work-related fatalities, permanent disabilities or occupational diseases reported for the year.

4.3.2 Compliance with Fair Labor Standards Across Our Supply Chain

TTE's responsibility for fair labor does not stop at its own estate boundary — the same standards of ethical treatment, safety and non-exploitation are expected of every supplier and business partner in the Company's value chain.

Responsible Sourcing And Supplier Screening

TTE's responsible sourcing process screens suppliers against ethical, labour, environmental and regulatory requirements, including ILO principles, the absence of child or forced labour, valid licences and permits, and traceability controls. Every supplier is required to comply with TTE's Code of Business Conduct & Ethics, including its anti-bribery and anti-corruption clauses. Compliance is monitored on an ongoing basis through pre-qualification screening, spot checks, unannounced site visits, periodic audits and corrective action where needed. During FY2025/26, no TTE operation or selected supplier was identified as carrying significant risk of restricting freedom of association or collective bargaining rights.

Supplier Payments By Category — Rs. Mn

Category	FY25/26	FY24/25	FY23/24
Bought Leaf	602.30	944.96	721.17
Agro Chemical & Fertiliser	431.40	453.02	523.14
Machinery & Equipment	156.00	253.77	334.91
Firewood	129.10	119.52	143.50
Fuel	99.20	100.13	90.48
Logistics & Transport	77.40	71.53	74.55
Packing Materials	32.20	38.23	38.33
Total	1,527.60	1,981.17	1,926.08

Supplier Development And Capability Building

Supplier development at TTE focuses mainly on bought-leaf and fuelwood suppliers, many of whom are micro-entrepreneurs operating within rural communities. Around 321 bought-leaf suppliers now operate as individual Block Managers within TTE estates under the Revenue Share Model, and receive targeted technical advisory support to improve productivity, leaf quality and environmental performance. TTE continues aligning suppliers with recognised standards such as ISO 14000, the Rainforest Alliance Certification and the Ethical Tea Partnership. In FY2025/26, TTE delivered over 1,200 supplier training hours focused on occupational health and safety, sustainable agricultural practices, and quality and compliance standards.

Rs. 1,527.60 Mn paid to suppliers in FY2025/26 — 100% to local suppliers — with over 1,200 supplier training hours delivered and zero incidents of child labour or restricted freedom of association identified across TTE's supply chain.

4.3.3 Mother and Child-Friendly Plantation Practices

TTE's commitment to fair labor extends into the home lives of its workforce protecting children from any involvement in plantation work, and giving working mothers the leave, facilities and support they need to raise their families without sacrificing their livelihoods.

Elimination Of Child Labour

TTE adopts a zero-tolerance approach to child labour, operating in full compliance with national regulations and the best practices set out under the International Labour Organization Conventions and the United Nations Global Compact Principles. A clearly defined policy prohibits the employment of individuals below the legal minimum working age, with due diligence built into the selection process to verify the age of every new recruit, and a special child-protection clause included in every letter of appointment. At estate level, a dedicated Child Protection focal point is appointed to raise community awareness of the importance of education and to encourage parents to keep their children in school, backed by rigorous, regular audits across all estates to identify potential risks. TTE also works closely with the Save the Children Fund and the Centre for Child Rights and Business to embed standard child-protection procedures across all operations and these expectations extend across the Company's value chain, with bought-leaf suppliers and other business partners required to commit to the same standards. No incidents of child labour were reported across TTE's operations, among bought-leaf suppliers, or among any other business partners during FY2025/26.

Supporting Mothers And Families

Female employees are entitled to 84 days of paid maternity leave following delivery, together with two hours of daily nursing time for a full year after returning to work, in compliance with the Shop and Office Employees Act of 1954 and the Wages Board Ordinance Amendment Act. Estate Manual employees additionally receive maternity benefits and dedicated childcare facilities, a mid-day meal nutrition programme, milk and wheat flour for children, scholarships for children, and death donations benefits that go well beyond statutory minimums to support family life on the estate.

Parental Leave — 3-year Trend

Indicator	FY25/26	FY24/25	FY23/24
Entitled to parental leave	2,503	2,839	2,476
Took parental leave	12	39	37
Returned to work	6	13	21
Retained after 12 months	5	71	29

84 days of paid maternity leave and on-estate childcare facilities at every estate, backed by a dedicated Child Protection focal point zero incidents of child labor were reported across TTE's operations and supply chain in FY2025/26.

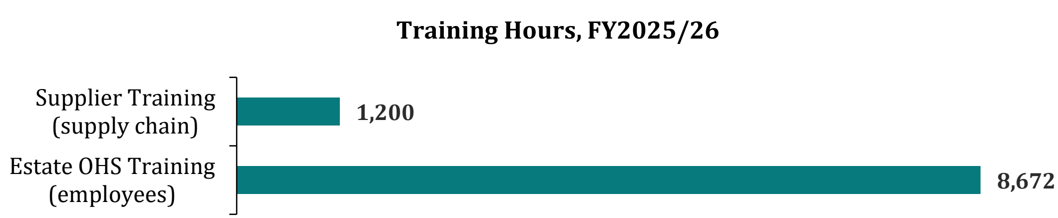
Fair Labor Practices at a Glance

Across safety, family welfare and supply chain conduct, TTE's fair labor commitments are backed by consistent, verifiable outcomes rather than policy statements alone.

Fy2025/26 Outcomes By Focus Area

Focus Area	Key Metric	FY2025/26 Outcome
Occupational Health & Safety	Training coverage	6,111 employees trained — 8,672 hours delivered
Occupational Health & Safety	Safety outcome	Zero fatalities or permanent disabilities across 9.9 Mn hours worked
Mother & Child-Friendly Practices	Parental leave	83.3% retention rate — 50% return-to-work rate
Mother & Child-Friendly Practices	Child protection	Zero child labour incidents across operations and supply chain
Supply Chain Compliance	Supplier payments	Rs. 1,527.60 Mn paid — 100% to local suppliers
Supply Chain Compliance	Supplier training	Over 1,200 hours delivered on OHS and labour standards

Training Hours Delivered — Workforce Vs. Supply Chain



Estate & supplier training session

Fair labor is measured, not assumed — every safety, family-welfare and supply-chain commitment on this page is backed by an audited FY2025/26 outcome.

4.3 GREAT PLACE TO WORK

Being a great place to work means more than compliance it means fair treatment, open dialogue and a genuine stake in the Company's success for every employee, from estate manual workers to corporate executives.

4.3.1 Employee Wellbeing

Employment Practices

TTE is committed to ethical, inclusive and transparent employment practices. The Company's Ethical Recruitment Policy applies across every estate and factory, strictly prohibiting recruitment fees and the retention of workers' identity documents; because TTE does not use third-party recruitment agencies, all hiring is conducted directly, keeping the process within the Company's own standards. Fair and timely wages are paid without unjustified deductions, complemented by in-kind benefits including housing, childcare and community services. Any breach of these standards is addressed through established grievance mechanisms, including the “We Care 360” platform, and the same national and international labour standards used to evaluate TTE's own practices are extended to its suppliers.

Employee Relations

Open communication underpins TTE's approach to workplace relationships. Managers at every level are encouraged to maintain close contact with their teams through regular meetings and briefings, backed by an open-door policy that lets employees raise concerns directly with management, and monthly labour forums that give estate workers direct access to senior leadership. With roughly 98% of the estate workforce organised under trade unions, regular engagement with union representatives — including monthly wage-negotiation meetings — is central to how TTE manages employee relations. Operational changes are communicated with at least four weeks' notice, and the formal grievance framework, aligned with Rainforest Alliance standards and reinforced by a confidential whistleblower mechanism, is supported by a structured tracking system with standardised resolution timelines.

Prevention Of Forced & Compulsory Labour

The Company strictly prohibits all forms of forced, bonded or compulsory labour, on the principle that employment is based entirely on voluntary engagement. Employees are free to resign under their agreed terms, and TTE does not retain personal documents, wages or belongings, nor permit any form of coercion in its employment practices. These safeguards are reinforced through regular internal audits and independent assessments. No incidents of forced, bonded or compulsory labour — and no related grievances, fines or sanctions were reported across TTE's operations during FY2025/26.

WeCare 360 / grievance session — estate team briefing

4.3.2 Employee Wellbeing

A great place to work is measured as much as it is promised through independent benchmarking, fair pay structures and a wage floor that reflects the true cost of living.

Measuring Employee Satisfaction

Recognising employee satisfaction as a critical driver of engagement, productivity and long-term organisational success, TTE has built a range of feedback loops to capture employee insights on an ongoing basis. Periodic surveys conducted by the HRD function cover all employee categories, assessing work environment, recognition, career development opportunities and communication effectiveness, with findings consolidated into targeted action plans on career progression, recognition, training and welfare. This work is independently benchmarked through the Company's participation in the Great Place to Work platform, which recorded a 98% Employee Satisfaction Rate in the latest assessment complemented by feedback from the Women in Leadership programme on employee perceptions of empowerment, inclusion and gender equality.

Employee Value Proposition

TTE's remuneration and benefits structures are designed for full compliance with labour law while remaining competitive within the industry. Statutory obligations are met in full, including 12% employer contributions to the Employees' Provident Fund and 3% to the Employees' Trust Fund, alongside gratuity entitlements under the Gratuity Act. Executive remuneration is set by the Remuneration Committee against role requirements, qualifications and market benchmarks, with a strong pay-for-performance culture linking increments to annual evaluation outcomes. For estate staff and manual workers, wages are governed by the Plantation Workers Wages Board Ordinance and collective agreements reviewed every three years, with productivity-linked components layered on top of the statutory minimum.

Remuneration & Benefits — Rs. Mn

Item	FY25/26	FY24/25	FY23/24
Remuneration	2,598.4	2,320.4	2,253.3
Performance Incentives	966.6	968.6	1,022.3
Welfare Benefits	166.6	192.0	174.5
Total Remuneration	3,731.6	3,481.0	3,450.2
EPF	223.9	180.6	151.5
ETF	55.9	45.1	37.9
Gratuity Provision	200.7	179.0	202.4

Living Income And Living Wage

TTE's Revenue Share Model is a definite commitment to enhance the living income of plantation workers, appointing “Block Managers” who directly influence their own earnings through the cultivation and harvesting of tea, with recognition schemes such as the “Best Harvester” awards adding further income potential. Using the Anker methodology, an RA-aligned wage matrix and the IDH Living Wage Roadmap, TTE confirmed that 100% of employees were paid at or above the applicable living wage benchmark in FY2025/26.

4.3.3 Enhancing Earning Capacity of Employees

TTE builds earning potential through capability investing in the skills that let employees take on more senior, more specialised and better-rewarded roles over time.

Training And Development

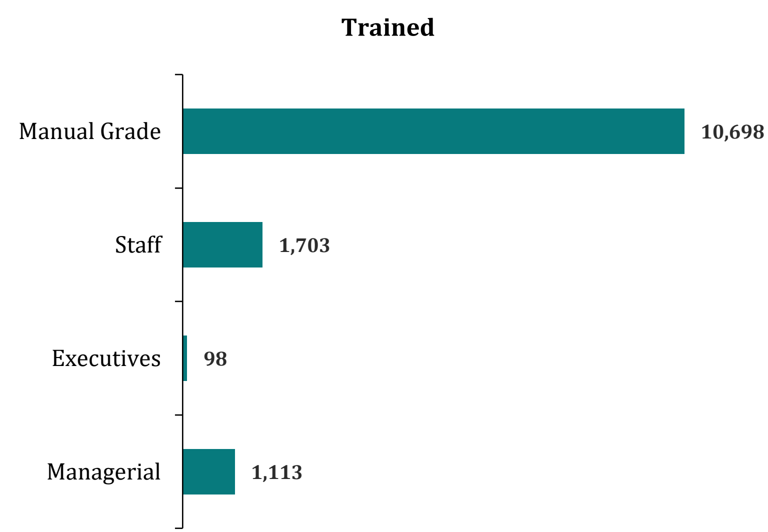
Employee training remained a key enabler of a skilled, motivated and future-ready workforce in FY2025/26. Training needs for executives and staff were identified through the annual performance appraisal process, functional requirements and emerging business priorities, with learning delivered through internal knowledge-sharing, external professional programmes, conferences, workshops and international exposure visits. Training for the estate workforce continued to be coordinated through regional cluster HR units and estate-level HR teams, covering practical, day-to-day capability areas from field productivity and mechanical harvesting skills to health, hygiene, financial literacy and respectful workplace behaviour. Peer-learning workshops and inter-estate knowledge-sharing further helped standardise best practice across field and factory operations.

Training Focus Areas — FY2025/26

Executive & Staff Development	Estate Staff & Manual Grade Development
Diversity, Equity & Inclusion	Field Productivity
Leadership & Communication	Health & Wellbeing
Digital & Data Capability	Occupational Safety
Governance, Risk & Compliance	Environmental Awareness
Business & Global Exposure	Financial Resilience
Sustainability & Climate Readiness	Inclusion & Workplace Culture

Rs. 15.6 Mn invested in training in FY2025/26 — 29,497 hours delivered to 13,612 employees, averaging 2.16 hours per person.

Person Head Count Trained — FY 2025/26



Training needs are identified through appraisal outcomes, operational priorities, estate-level requirements and emerging business expectations to ensure learning drives performance, wellbeing and long-term value.

4.3.4 Career Growth & Employee Recognition

Capability building only translates into earning potential when it is matched by a visible path upward and by genuine recognition when performance stands out.

Career Growth

Career growth at TTE is supported through development pathways aligned with both individual potential and organizational priorities. For executives, annual performance evaluations combined with succession planning identify high-potential leaders for future managerial and critical leadership roles; for staff, annual appraisals and skill assessments determine promotion readiness; and among the manual workforce, skill mapping and job-role tracking highlight experienced individuals ready for supervisory or specialized responsibilities. Identified successors and high performers benefit from specialized developmental training, on-the-job exposure and cross-functional assignments guided by coaching and mentorship, while TTE also provides scholarships and course-fee reimbursements for executives pursuing recognized professional and vocational qualifications.

Promotions Granted

Category	25/26 M	25/26 F	24/25 M	24/25 F
Executive	7	0	13	2
Staff	11	3	7	3

Employee Recognition

Recognition at TTE runs from the estate floor to the boardroom. Estate Excellence Recognition rewards top performers in Field, Factory, Office, HR, and Support & Maintenance roles with Gold, Silver and Bronze awards, presented annually following formal assessments by the CEO and Director Plantations. The Great Division to Work programme, now run for a second year, audits employee engagement, discipline, teamwork and workplace experience across every estate, with top-performing estates publicly recognised at a staff symposium. Individual leadership was also recognised this year by the Plantation Human Development Trust, which honored TTE's Deputy General Manager — Human Resources with its “Champion of Care” award and the Director Plantations — Up Country with its “Pulse of the Organisation” award. At field level, Best Tea Harvesters are recognised monthly at every estate with certificates personally signed by the Managing Director, based on daily productivity data captured through the Future Navigator mobile application.

From monthly Best Harvester certificates to national Plantation Human Development Trust awards — TTE recognises performance at every level of the plantation, from the tea field to the boardroom.

4.3.5 Training & Recognition in Action

29,497	13,612	2.16	Rs. 15.6 Mn
Total training hours, FY2025/26	Total person head count trained	Average training hours per person	Training investment, FY2025/26

Training In Action — Fy2025/26


Awareness programme on Employee Engagement and RSM


Training Workshop on Employee Relations & Productivity


Agriculture Training for the Field Staff at Tea Research Institute


Training on the Structure of Labor-Management Negotiations and Consultations in Japan

Hayleys Speechcrafter Programme


Critical thinking for strategic decision making — overseas training

Employee Recognition

Leadership Recognition by the Plantation Human Development Trust

During the year, TTE senior leaders were recognized by the Plantation Human Development Trust for contributions to employee and community wellbeing. The Deputy General Manager – HR received the "Champion of Care" Award, and the Director – Up Country received the "Pulse of the Organization" Award. These honors reflect TTE's ongoing commitment to care, collaboration, and accountability in strengthening sustainable plantation communities.

Honouring our Field Champions — Manual Grade Employees

Employee productivity is monitored daily for green leaf plucking and field operations, with performance tracked via the daily operations system and the Future Navigator mobile app. Employees exceeding targets are recognized and rewarded. Top harvesters at each estate receive monthly certificates signed by the Managing Director along with gift packs, reinforcing motivation, excellence, and a culture of high performance.

4.3 VALUE CHAIN MANAGEMENT

TTE's value chain runs from the smallholders and estates that grow our tea through to the brokers, exporters and international buyers who bring it to market fair, transparent engagement at both ends of that chain protects the Company's licence to operate.

SUPPLIERS ENGAGEMENT & SUSTAINABLE PROCUREMENT FROM ESG-RESPONSIBLE SOURCES

Management Approach

TTE's approach to supply chain management focuses on building a resilient and reliable network of suppliers aligned with the Company's stringent operational standards and strategic sourcing priorities. A structured framework supports supplier selection against quality, compliance and sustainability criteria, with deliberate preference given to women-led enterprises, youth entrepreneurs and local community-based micro-entrepreneurs extending the same inclusive principles that shape TTE's community investment programme into how the Company chooses who it buys from.

TTE's Supply Chain

Each stage draws on a distinct supplier base: tea smallholders, fertiliser and agrochemical suppliers support field operations; firewood, fuel and machinery suppliers keep processing running; packaging material, warehousing and logistics providers carry the product through storage and transport; and the Colombo Tea Auctions connect TTE to its buyers. Managing this chain responsibly means applying consistent standards at every link, not just at the estate gate.

Procurement Best Practices

TTE's responsible sourcing process screens suppliers against ethical, labour, environmental and regulatory requirements, including ILO principles, the absence of child or forced labour, valid licences and permits, and traceability controls. Every supplier must comply with TTE's Code of Business Conduct & Ethics, including its anti-bribery and anti-corruption clauses, monitored through pre-qualification screening, spot checks, unannounced site visits, periodic audits and corrective action where needed.

Zero suppliers were identified as carrying significant risk to freedom of association or collective bargaining rights in FY2025/26.

4.3.1 Supplier Development & Traceability

Strengthening supplier capability and tracing every batch of tea from field to cup are two sides of the same commitment — building a supply chain TTE, and its customers, can trust.

Supplier Development

Supplier development at TTE focuses mainly on bought-leaf and fuelwood suppliers, many of whom are micro-entrepreneurs operating within rural communities. Around 321 bought-leaf suppliers now operate as individual Block Managers within TTE estates under the Revenue Share Model, and receive targeted technical advisory support to improve productivity, leaf quality and environmental performance, alongside guidance on harvesting, processing and storage practices that help reduce waste. TTE continues working towards aligning all suppliers with internationally recognised environmental standards such as ISO 14000, with particular emphasis on the Rainforest Alliance Certification and the Ethical Tea Partnership. In FY2025/26, TTE delivered over 1,200 supplier training hours, and launched a new initiative to align suppliers with the Company's Nature Positive 2030 and Net Zero 2050 goals.

Supply Chain Traceability — Leaf To Cup

1 Field-Level Traceability → 2 Plucking Traceability → 3 Transport to Factory → 4 Factory-Level Traceability → 5 Packaging & Storage → 6 Distribution & Dispatch

TTE manages traceability through its "Leaf to Cup" model, giving real-time visibility from cultivation and plucking through to processing, packaging and dispatch. During FY2025/26, 5,528 MT of production was covered by traceability-linked certifications, including Rainforest Alliance and ISO 22000 certification where applicable, with requirements spanning segregation, batch records and chain-of-custody documentation. Food loss remains minimal at approximately 0.1%, supported by responsible sourcing, proper green-leaf handling, timely transport and real-time monitoring.

Supplier Payments By Category — FY2025/26

Category	Rs. Mn	% of Total
Bought Leaf	602.30	39.4%
Agro Chemical & Fertiliser	431.40	28.2%
Machinery & Equipment	156.00	10.2%
Firewood	129.10	8.5%

Rs. 1,527.60 Mn paid to suppliers in FY2025/26 — 100% to local suppliers — with over 1,200 supplier training hours delivered across the value chain.

4.3.2 Grievance Handling Mechanism — WeCare 360°

WeCare 360° gives every worker, community member and business partner a confidential route to raise concerns and TTE's task is to make sure that route actually leads somewhere.

Our Commitments

WeCare 360° is anchored in Rainforest Alliance Standards, ILO Conventions and OECD Guidelines, with explicit commitments to gender equality and inclusion, the prevention of child and forced labour, freedom from harassment and violence, and occupational health and safety.

Submission Channels & Stakeholder Engagement

Concerns can be raised through suggestion boxes, a hotline, letter, email, in person, or through a personal passbook whichever channel an employee trusts most. Stakeholder engagement is built around democratically elected worker representatives and gender focal persons, with quarterly committee reviews and annual awareness sessions keeping the mechanism visible and understood across every estate.

Wecare 360° Committee

Oversight sits jointly with an estate-level committee Estate Manager, HR, workers and gender union representatives and a company-level committee of senior management, Sustainability and external advisors, giving every case both local knowledge and independent perspective.

Beyond Grievances

The mechanism goes beyond case handling: triennial risk assessments, annual gender evaluations and proactive impact monitoring feed directly into corrective action plans, so patterns are addressed before they become repeat complaints.

Grievance Resolution Journey

48 Hrs Acknowledgement → **5 Days** Risk Assessment → **2 Days** Safeguarding → **4 Wks** Investigation → **6 Wks** Decision & Communication → **12 Wks** Short-term Remediation → **50 Wks** Long-term Solutions

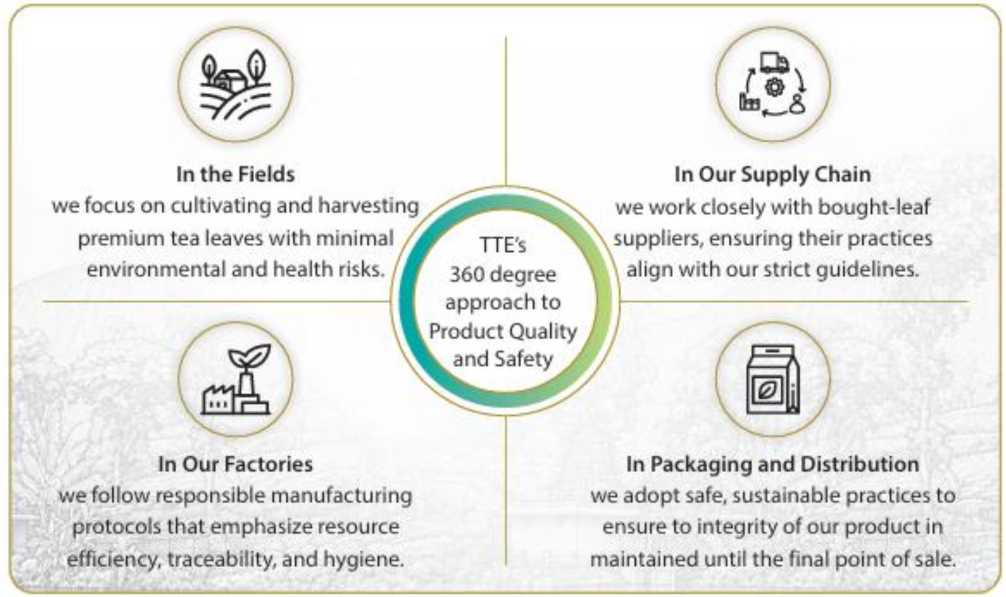
100% of grievances acknowledged and 98% resolved in FY2025/26. "The hotline allowed me to raise concerns anonymously and resolved within weeks." — Plantation Worker

4.3.3 Customer Engagement

TTE's relationship with its customers rests on the same foundation as its relationship with its workforce and suppliers: consistency, transparency and continuous improvement.

Management Approach

TTE's approach to developing and retaining a loyal customer base centres on a comprehensive value proposition that prioritises full regulatory compliance and integrates best practice across every stage of the customer journey. In FY2025/26, 5,528 MT of tea production was manufactured through sites fully certified to ISO 22000, an internationally recognised food safety management standard.



Product Stewardship

Product stewardship begins at the plantation level and extends through harvesting, processing and final delivery, governed by a 360-degree Quality and Food Safety Policy. Agrochemical inputs are tested through a structured MRL assurance process every consignment sampled by a third-party laboratory before use while finished tea is checked through random, factory-wise sampling, with any detected residue triggering batch rejection and a full traceability audit. Regular audits by internationally accredited certification bodies provide independent assurance. During FY2025/26, 100% of TTE's tea product categories were assessed for health and safety impacts, with zero incidents of non-compliance and zero product recalls.

Product Diversity And Innovation

Leveraging its presence across multiple elevations and agro-climatic regions, TTE offers a diverse range of tea grades and flavour profiles spanning traditional and emerging global markets, with innovation driven by customer insight and demand for specialty grades, ethically certified teas and eco-labelled products. Prompted by growing consumer interest in single-origin and specialty teas, the Company expanded its portfolio this year with Great Western Organic and Logie Organic Teas alongside Great Western Matcha Tea, targeting niche and wellness-focused market segments.

4.3.4 Marketing, Satisfaction & Complaint Management

Understanding what customers want, proving TTE delivers it, and fixing it fast when something goes wrong together these close the loop on customer engagement.

Marketing And Communications

Direct engagement is prioritised with local tea brokers, TTE's main customer segment and source of approximately 94% of average annual revenue, sustained through daily briefings, weekly tea tastings and monthly review meetings, alongside pre- and post-auction calls with top buyers. On-site tea-tasting sessions were introduced at estates for the first time this year, giving managers direct insight from buyers on flavour and quality expectations. Internationally, TTE participates in global tea exhibitions, industry events and roadshows to showcase its portfolio, typically followed up with buyer familiarisation visits and scheduled site visits to estates and factories.

Customer Interactions — Fy2025/26

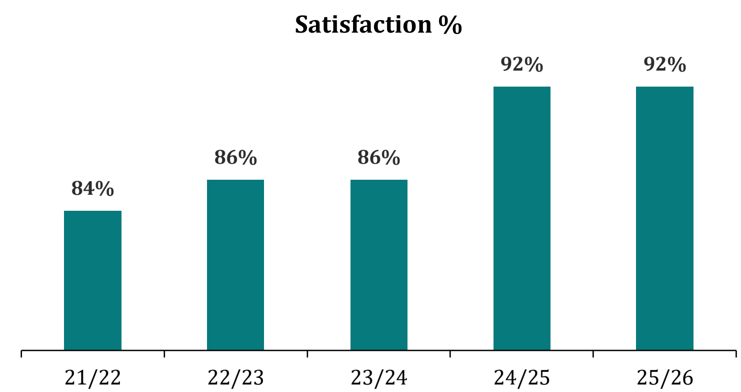
Briefings	Weekly Tastings	Broker Reviews
03	40	05
Marketing Campaigns	Buyer Tours	Global Events
03	15	03

Managing Complaints

TTE's digital complaint management system tracks every complaint through a closed loop, from intake and investigation through root-cause analysis to corrective action and closure, with a comprehensive report shared with the affected buyer within three weeks. Customer privacy is safeguarded through stronger portal access controls, improved CRM data hygiene, and targeted training on secure handling of buyer documentation.

92% overall customer satisfaction score, zero product recalls and zero safety non-compliance incidents in FY2025/26.

Customer Satisfaction — 5-year Trend



Satisfaction surveys are conducted with every active buyer following each post-auction cycle. Results have improved steadily, reaching a 92% overall satisfaction score in FY2025/26.

05 Governance

TTE Group Governance Framework

Our Strategy and Commitment

Talawakelle Tea Estates PLC upholds the highest standards of corporate governance, guided by our Board-approved policy framework and ReGen Agenda 2030. We embed transparency, accountability and risk oversight across every level of decision-making from the Board to our 16 estate committees to safeguard stakeholder trust and long-term value creation. See Figure 1 for our governance framework.

Our Commitments

As regulatory expectations and stakeholder scrutiny around ESG governance continue to intensify, TTE embeds governance discipline into everyday decision-making rather than treating it as a compliance exercise. Guided by our three-tier governance structure the Board, the ESEG Steering Committee, and 16 Estate-Level Sustainability Steering Committees and overseen by the Board Audit Committee, TTE ensures that sustainability-related risks and opportunities are identified, assessed and reported with the same rigour as financial performance.

Our Governance at a Glance — FY 2025/26

9 Board Members
with defined skills coverage across plantation operations, finance, governance and sustainability.

Zero Incidents
confirmed non-compliance discharge incidents; policy framework reviewed annually by the Board.

3rd Consecutive Year
of full-scope SLFRS S1 & S2 disclosure, independently assured by Ernst & Young.

21% Engagement Ratio
in FY 2025/26, on track toward the 40% stakeholder engagement target by 2030.

5 Material SRROs
identified, assessed and BAC-approved through our structured four-stage materiality process.

ALIGNED WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

- **5** Gender Equality
- **10** Reduced Inequalities
- **12** Responsible Consumption
- **16** Peace, Justice & Strong Institutions
- **17** Partnerships for the Goals

5.1 BOARD DIVERSITY AND COMPOSITION

Strong governance at TTE begins with the Board itself its structure, the breadth of experience it draws on, and how deliberately that composition is renewed over time.

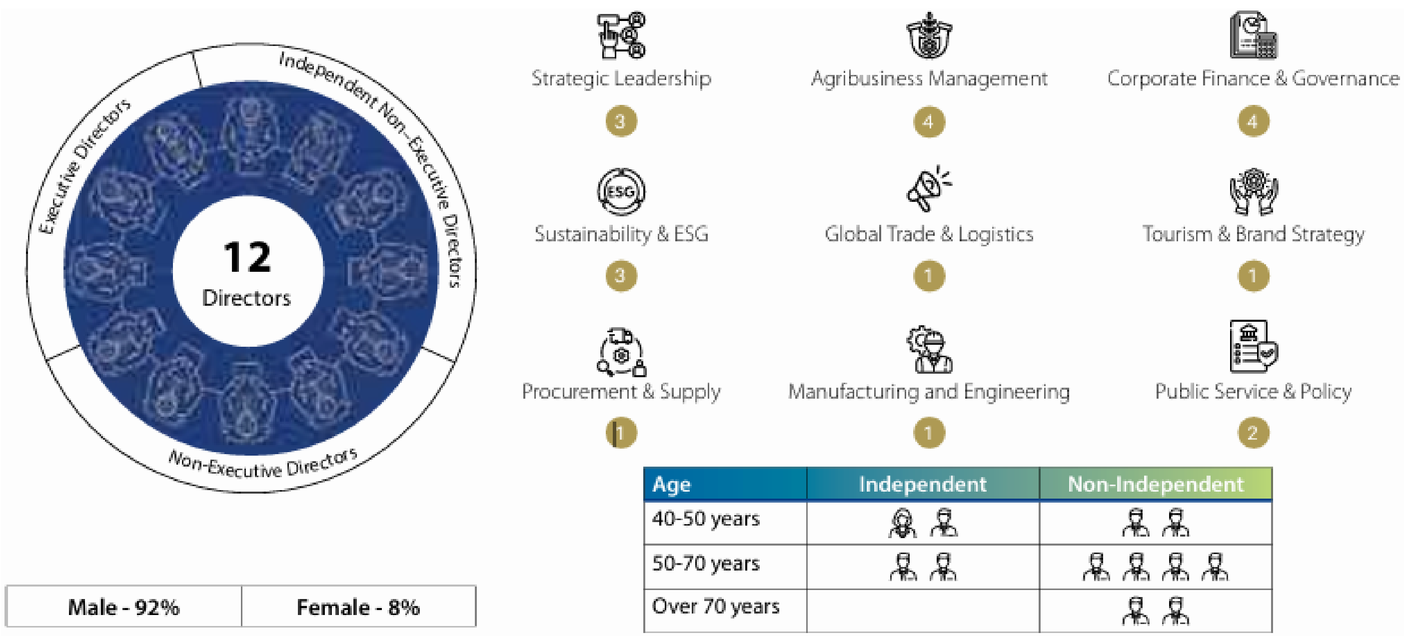
Board Structure And Balance

Oversight of Talawakelle Tea Estates PLC and its subsidiaries sits with a 12-member Board, deliberately balanced between those closest to day-to-day management and those positioned to challenge it independently. Three Executive Directors bring direct operational accountability, five Non-Executive Directors contribute external commercial perspective, and four Independent Non-Executive Directors provide impartial oversight free from any relationship that could compromise their judgement. This structure is governed by TTE's Articles of Association and a dedicated Policy on Matters Pertaining to the Board of Directors, aligned with the Listing Rules of the Colombo Stock Exchange.

Diversity Profile

Board diversity at TTE is measured across both gender and age. As at 31 March 2026, the Board's gender balance stood at 11:1, male to female a ratio the Nominations and Governance Committee is working to narrow as future vacancies arise, guided by its explicit mandate to prioritise gender diversity in candidate selection. By age, the Board skews experienced: 64% of directors fall between 50 and 70 years old, with the balance split between directors under 50 and a small number over 70 whose long tenure the Committee has judged brings continued value to the Company.

Board Composition — 12 Directors



12 directors, an 11:1 gender ratio and 64% of the Board aged 50-70 — reviewed every year by the Nominations and Governance Committee against the evolving needs of the plantation industry.

Skills and Competency Matrix

A Board is only as effective as the range of expertise it can draw on TTE's Nominations and Governance Committee benchmarks this formally every year.

Each year, the Nominations and Governance Committee assesses the Board's collective competencies against eight domains judged critical to overseeing a plantation business navigating both traditional operational risk and emerging sustainability disclosure requirements. Every director is placed at one of three levels high competency, direct experience, or awareness against each domain, giving the Committee a clear, evidence-based picture of where the Board is strong and where succession planning should prioritise new skills.

High competency   Direct experience   Awareness

Plantation Operations

Tea cultivation, estate management, field operations

High 3 · Direct 1 · Awareness 7

Governance & Transparency

Board governance, regulatory compliance, disclosure

High 6 · Direct 3 · Awareness 2

Risk Management

Enterprise risk, financial risk, climate risk, audit

High 4 · Direct 2 · Awareness 5

People & Culture

HR policy, wage regulation, labour relations, safety

High 3 · Direct 1 · Awareness 7

Financial Expertise

Accounting, audit, capital markets, financial modelling

High 4 · Direct 3 · Awareness 4

Sustainability & ESG

Climate risk, GHG, SLFRS S1&S2, TNFD, SBTi

High 3 · Direct 2 · Awareness 6

Digital Transformation

Data systems, ESG tech, automation, cyber risk

High 3 · Direct 0 · Awareness 8

Market & Customer Insights

Export markets, buyer expectations, ESG premiums

High 3 · Direct 2 · Awareness 6

Digital Transformation and Sustainability & ESG remain the domains most reliant on awareness-level knowledge both are priority areas for future Board refreshment.

Selection and Refreshment

A Board's composition is not static TTE renews it deliberately, through transparent selection, structured onboarding and continuous learning.

Transparent Selection And Nominations

To ensure the right mix of skills and perspectives, the Nominations and Governance Committee follows a formal, transparent process when recommending new Directors. Candidates are evaluated on professional qualifications, integrity, industry relevance and financial soundness, while diversity of experience, gender and age is treated as an explicit selection criterion rather than an afterthought. New Directors then undergo a structured induction covering TTE's business model, governance framework and operational realities, including site visits to estates and factories and engagement sessions with senior management, so they can contribute effectively from the outset.

Board Changes — FY2025/26

New Appointments	Resignations	Retirement / Re-election
Mr. Nishantha Prasanna Abeysinghe appointed Executive Director/CEO, 1 Aug 2025	Mr. Senaka Bandara Alawattegama, Director/CEO, resigned 31 Jul 2025	Mr. N. Ekanayake, Mr. M. C. B. Talwatte and Ms. H. D. K. Randiligama retired by rotation and offered themselves for re-election
Mr. Anura Weerakoon appointed Non-Executive Director, 15 Sep 2025		

Continuous Learning

Board refreshment is matched by ongoing development: annual ESG-focused training, external leadership and governance programmes, and regular regulatory briefings keep Directors current on industry trends and emerging risks. This year, Executive Directors participated in the FOODEX exhibition in Tokyo, a Cyber Awareness & Digital Safety workshop, and the Global Tea Coalition forum in India.

Two Board changes strengthened oversight in FY2025/26 — a new Executive Director/CEO and an additional Non-Executive Director alongside three Independent Non-Executive Directors recommended for re-election.

5.2 POLICY COMPLIANCE

TTE's compliance culture starts with a simple standard: zero tolerance for breaches of law or Company policy, applied consistently from the boardroom to the tea field and extended contractually to every supplier and business partner in the value chain.

Zero-tolerance On Laws And Policies Company And Supply Chain

TTE's governance framework is built on full compliance with mandatory regulatory requirements the Companies Act, the SEC Act, Colombo Stock Exchange Listing Rules and Sri Lanka's Accounting & Auditing Standards Act reinforced by "The Hayleys Way", the Group's ethical code of conduct. The Code applies a zero-tolerance standard uniformly across every grade of employee, explicitly prohibiting kickbacks and facilitation payments, and extends the same expectation to business partners through TTE's Code of Business Conduct & Ethics. During FY2025/26, there were no incidents of non-compliance with laws or regulations, and the Company incurred no monetary fines, non-monetary sanctions, legal actions or regulatory penalties.

Supply Chain Compliance And Ethical Practices

Responsible sourcing extends TTE's compliance standard beyond its own estates. Every supplier is screened against ethical, labour, environmental and regulatory requirements, including ILO principles, the absence of child or forced labour, valid licences and permits, and traceability controls, and is required to comply with TTE's Code of Business Conduct & Ethics, including its anti-bribery and anti-corruption clauses. Compliance is monitored on an ongoing basis through pre-qualification screening, spot checks, unannounced site visits, periodic audits and corrective action. During FY2025/26, no TTE operation or selected supplier was identified as carrying significant risk of restricting freedom of association, and no incidents of child labour were reported among bought-leaf suppliers or other business partners.

Initiatives We Have Taken

Initiative	What It Covers
Anti-Bribery & Corruption Policy	Zero-tolerance on kickbacks and facilitation payments, applied uniformly across all employee grades
Whistleblowing Channel	Safe, confidential reporting of misconduct or breaches, with protection against retaliation
Role-Based Anti-Corruption Training	Targeted training for employees exposed to procurement, approvals, supplier dealings and finance
Corruption Risk Assessments	Covered 100% of operations in FY2025/26 estates, factories, corporate functions, regional offices, business units
Supplier Screening & Audits	Pre-qualification, spot checks, unannounced visits and periodic audits across the supply chain

100% of TTE's operations were covered by corruption-related risk assessments in FY2025/26 — with no confirmed incidents of corruption reported across the Company or its supply chain.

Compliance Targets and Transparency

Beyond today's zero-incident record, TTE is building the systems needed to sustain that standard as the value chain grows more complex — and to be able to prove it, transparently, to every stakeholder who asks.

Zero Major Compliance Violations By 2030 — Across The Value Chain

TTE's ambition extends past its own gates: a target of zero major compliance violations across the entire value chain by 2030, covering estates, factories, bought-leaf and fuelwood suppliers, logistics partners and corporate operations alike. Reaching that standard depends on compliance being built into supplier relationships from the outset rather than checked for after the fact which is why supplier screening now begins at pre-qualification, continues through unannounced audits, and carries clear consequences, including corrective action plans and, where necessary, termination of the relationship, for any partner found in breach.

Initiatives & Measures In Place

Measure	How It Works
Supplier Code of Conduct	TTE's Code of Business Conduct & Ethics extended contractually to bought-leaf and fuelwood suppliers, aligned with ILO principles and the prohibition of child and forced labour
Standardised Certification	Seven core management systems (including ISO 9001, 14001, 22000 and 50001) plus Rainforest Alliance certification, each subject to regular internal and external audits
Escalation & Corrective Action	A defined pathway from estate-level detection through Regional GM, Director Plantations, ESEG and the Board Audit Committee, so no issue stalls at a single level
Nature Positive & Net Zero Alignment	A new FY2025/26 initiative bringing suppliers into TTE's Nature Positive 2030 and Net Zero 2050 trajectory, not just its labour and ethics standards

5.3 ACCURATE REPORTING AND TRANSPARENCY

Increasing Transparency and Accountability in Reporting

Transparency at TTE extends well beyond sustainability metrics the same discipline of external standards and independent verification applies to our financial reporting, our governance practices and our integrated performance story, so every stakeholder can test what we say against a recognised benchmark.

The Standards We Report Against

Category	Frameworks We Follow
Financial Reporting	SLFRS/LKAS Accounting Standards; Companies Act No.7 of 2007; SEC Act No.19 of 2021; CSE Listing Rules
Sustainability Disclosure	SLFRS S1 & S2 (IFRS/ISSB-aligned); GRI Universal Standards and GRI 13 (sector standard)
Integrated & Nature Reporting	IIRC Integrated Reporting Framework; Task Force on Nature-related Financial Disclosures (TNFD)
Corporate Governance	CA Sri Lanka Code of Best Practice on Corporate Governance (2023)
Global Commitments	UN Sustainable Development Goals; UN Global Compact Principles

Our Approach To Slfrs S1 & S2

SLFRS S1 and S2 are Sri Lanka's IFRS-aligned adoption of the ISSB's global baseline, requiring sustainability- and climate-related risks to be disclosed with the same rigour as financial results. TTE's ESEG Steering Committee prepares draft disclosures against a standardised SRRO/CRRO risk register, the Board Audit Committee holds primary oversight and signs the Audit Committee Report, and materiality is reassessed annually against a Rs. 25 Mn financial-impact threshold, concentrating disclosure effort on what actually matters.

Third-party Assurance

Assurance Type	Provider / Scope
Financial Statement Audit	Ernst & Young — independent audit opinion on annual financial statements
Integrated Report Assurance	Limited external assurance confirming alignment with the IIRC Framework
ESG & Sustainability Assurance	Voluntary limited assurance on ESG statements and SLFRS S1/S2 disclosures against GRI standards
GHG Emissions Verification	Independently verified to ISO 14064-1:2018, certified by the Sri Lanka Climate Fund

Why These Standards Matter — To Tte And Our Stakeholders

Independent, standards-based reporting is what makes TTE's disclosures comparable to peers, credible to auditors and certification bodies such as Rainforest Alliance, and usable by lenders assessing risk. It gives shareholders and buyers verifiable evidence behind our claims rather than self-reported assertions, strengthens internal data quality long before figures reach a stakeholder, and signals that TTE holds itself to a global benchmark even where local regulation does not yet require it.

Financial statements audited by Ernst & Young, ESG disclosures assured against GRI standards, and GHG data certified by the Sri Lanka Climate Fund — built to be independently tested, not taken on trust.

Implement ESEG MIS — Achieving 100% Data Accuracy and Completeness

TTE's ESEG Management Information System is the digital backbone connecting all 16 estates, factories and corporate functions into one standardised sustainability data pipeline.

What The Eseg Mis Does

Each Estate-Level Sustainability Steering Committee validates and witnesses primary GHG and sustainability activity data monthly, at the point of collection, before it flows upward through the ESEG Steering Committee which maintains the Company's SRRO/CRRO risk register and coordinates ESG data systems and controls into consolidated disclosures reviewed quarterly by the Board Audit Committee. The system is anchored by the Group's "Hayleys Cube" platform, which verifies every data point for completeness and accuracy before it can enter a public disclosure. This estate-to-boardroom pipeline is designed around a single principle: data should be right the first time, not corrected after the fact.

Strategic Actions

1. **Standardised Reporting Procedures**

   Common data-collection templates and documented Terms of Reference used identically across all 16 estate committees.

2. **Automated Data Validation**

   The Hayleys Cube platform screens every sustainability data point for completeness and accuracy before disclosure.

3. **Audit Trails**

   Hayleys PLC's Management Audit and System Review Division runs periodic independent audits against a Board-approved plan.

4. **Real-Time Dashboards**

   Climate, biodiversity and labour indicators are tracked on a central dashboard, reviewed quarterly by the Board Audit Committee.

Together, these actions give TTE's Board and external assurers confidence that sustainability figures reported today will still hold up under scrutiny next year.

From Estate To Disclosure

16 Estates Collect Data

↓

Hayleys Cube Validation

↓

ESEG SRRO/CRRO Register

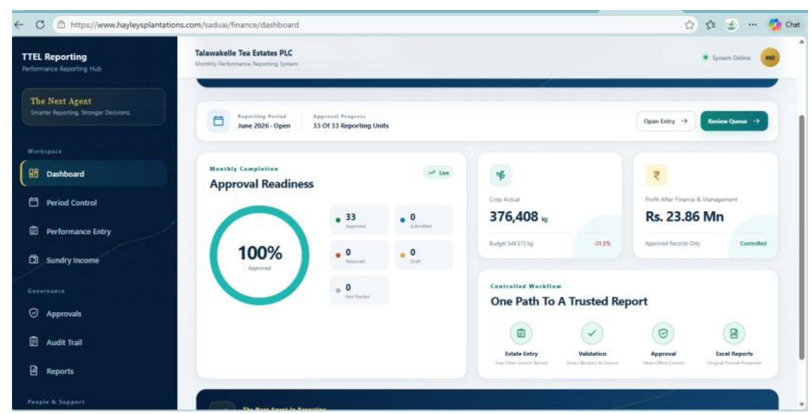
↓

BAC Quarterly Review

↓

Public Disclosure

100% completeness and accuracy verification through Hayleys Cube — validated monthly at estate level, reviewed quarterly by the Board Audit Committee.



ESG Transparency Across the Value Chain

TTE's transparency commitment does not stop at the factory gate the same standard of verifiable, comparable reporting is extended contractually to bought-leaf suppliers, fuelwood suppliers, logistics partners and other contractors across the value chain.

Bringing Suppliers Into Tte's Reporting Discipline

Suppliers are brought into TTE's reporting discipline from the point of engagement: pre-qualification screening captures baseline compliance data, standardised reporting templates align supplier disclosures with TTE's own data structure, and over 1,200 supplier training hours in FY2025/26 built capability in accurate record-keeping alongside occupational health and safety and sustainable agricultural practice. Around 321 bought-leaf suppliers operating as Block Managers under the Revenue Share Model receive direct technical advisory support, closing the gap between estate-level and supplier-level data quality.

How Transparency Is Assured

Sub-Topic	What It Involves
Data Verification	Pre-qualification screening, spot checks, unannounced visits and periodic audits, with corrective action where needed
Third-Party Assurance	Independent review from Ernst & Young, GRI-aligned ESG assurance and ISO-certified GHG verification
Stakeholder Reporting	Quarterly and annual CSE disclosures, the Integrated Report and a real-time digital dashboard for all stakeholders
Continuous Improvement	Annual risk assessments feed directly into next year's supplier screening criteria and reporting templates

Information Flow — Estate To Stakeholder

1. Estates & suppliers collect and submit data at source
2. Standardised templates align formats across the value chain
3. Verification & audit check accuracy and completeness
4. ESEG and BAC consolidate figures into disclosures
5. Published via CSE filings, the Integrated Report and dashboard

1,200+
Supplier training hours delivered in FY2025/26 on data, safety and agricultural practice

321
Bought-leaf Block Managers receiving direct technical and reporting support

100%
Of operations covered by annual corruption and compliance risk assessment

5.4 STAKEHOLDER ENGAGEMENT

TTE ensures effective stakeholder engagement through a structured, data-driven process identifying, prioritising and integrating stakeholder views into governance and business decisions. Engagement data is collected consistently across estates, validated for accuracy, and monitored over time, strengthening transparency, trust and long-term value creation for shareholders, employees, communities and business partners.

Our Stakeholder Engagement Objectives

TARGET 40% BY 2030

Increase Stakeholder Engagement Ratio

Broaden the proportion of stakeholder groups engaged through structured, documented channels each year.

21% — On Track

CONTINUOUS IMPROVEMENT

Improve Consultation & Feedback Effectiveness

Strengthen the quality and responsiveness of stakeholder consultations through structured feedback loops.

7-Step — Embedded

TARGET ≥ 4.0 / 5.0

Achieve a Strong Stakeholder Engagement Index Score

Assess engagement quality annually via post-engagement surveys across key stakeholder groups.

≥ 4/5 — In Progress

How Stakeholder Engagement Helps The Company

- Strengthens governance oversight and Board decision-making through direct stakeholder input
- Improves risk identification by surfacing operational and reputational concerns early
- Builds trust and long-term relationships across employees, communities, suppliers and investors
- Supports transparent, accountable reporting aligned with SLFRS S1/S2 and GRI standards
- Strengthens the social licence to operate across all 16 estates and their surrounding communities

Data Integrity, Accuracy & Monitoring

Data Integrity
Engagement records are logged consistently at estate level and reconciled centrally by the ESEG Secretariat.

Accuracy
Feedback and survey data are validated against source records before inclusion in governance reporting.

Monitoring
Engagement KPIs are tracked quarterly, with variances escalated to the Board Audit Committee.

Stakeholder Engagement (continued)

Current Actions And Metrics

21%
Stakeholder engagement ratio (FY 2025/26)

7
Stakeholder groups formally engaged

7-Step
Structured engagement process applied

Quarterly
Feedback reviewed by ESEG & BAC

100%
Estates with documented engagement records

Initiatives

Digital Feedback Channels

Structured digital and in-person channels capture stakeholder input consistently across estates.

Grievance Mechanism

A documented process ensures concerns raised by any stakeholder group are logged and resolved transparently.

Annual Materiality Review

TTE's four-stage materiality process incorporates stakeholder input into prioritising material topics.

Stakeholder Satisfaction Surveys

Post-engagement surveys measure satisfaction, feeding directly into the engagement index score.

Board & Committee Oversight

The ESEG Committee reviews engagement outcomes quarterly; material issues are escalated to the BAC.

Transparent Reporting

Engagement outcomes and stakeholder-driven decisions are disclosed in this ESG Report.

Stakeholder Feedback & Monitoring Cycle

1. Identify
2. Engage
3. Collect Feedback
4. Validate & Monitor
5. Report & Act

5.5 RISK & OPPORTUNITY MANAGEMENT

At TTE, risk and opportunity are managed as two faces of the same decision. Our Board-approved Enterprise Risk and Opportunity Management (EROM) Framework, aligned to ISO 31000:2018, governs identification, measurement, control and monitoring across all 16 estates and 15 factories on the founding principle that every risk carries an opportunity within it.

Strengthening Organisational Resilience Through Risk Reduction And Opportunity Activation

Resilience at TTE is engineered rather than assumed. Exposure is held inside three Board-calibrated boundaries risk capacity, risk appetite and risk tolerance with tolerance expressed in hard operational terms, including an acute-disruption OPEX cap of Rs. 80 Mn per year and an absenteeism ceiling of 25%. Seven principal risks are scored against a five-criteria composite methodology and reviewed quarterly by the Board Audit Committee, with threshold breaches escalated within 48 hours. Because every register entry is assessed for its downside and its upside alike, the same process that reduces loss also releases capital, capability and market access.

How This Helps The Company

- Protects earnings quality — preventive infrastructure investment reduces event-driven emergency OPEX and safeguards crop volumes through the monsoon cycle
- Secures the certified-tea premium of Rs. 170.36/kg over the national GSA, treated as a structural revenue assumption in the financial plan
- Converts resilience into market position — climate-hardened estates strengthen buyer ESG assessments and green finance eligibility
- Preserves the social licence to operate across all 16 estates, the exposure carrying the highest financial sensitivity for a plantation business
- Gives the Board a single enterprise-wide view of risk, replacing estate-level data previously collected in isolation

Actions And Initiatives We Have Taken

- Slope stabilisation, retaining walls and drainage completed at Deniyaya and high-risk Upcountry estates, with IoT flood early-warning developed alongside the Disaster Management Centre
- Business Continuity Planning integrated into EROM through the three-tier Continuresponse framework, backed by pre-positioned monsoon equipment and emergency OPEX provisions
- Risk-bearing capacity maintained across all 16 estates and 15 factories through asset, stock and business-interruption insurance reviewed annually against appetite thresholds
- Three Lines of Defence embedded — 16 estate committees, the ESEG Steering Committee, and the BAC with Hayleys Internal Audit and external assurance
- Workforce risk addressed through the Revenue Share Model, with 334 Block Managers appointed and Deniyaya fully converted

Rs. 80 Mn

Board-set tolerance cap on acute-disruption operating expenditure

Rs. 306 Mn

Field development CapEx in FY2025/26, 14% above the prior year

3 Scenarios

SSP1-2.6, SSP2-4.5 and SSP3-7.0 climate pathways tested annually

48 Hours

Maximum escalation time for any KRI threshold breach

Risk & Opportunity Management (continued)

Unlocking Future Growth By Identifying New Business Opportunities

The opportunity side of the register is governed with the same discipline as the risk side. Eight opportunities are formally tracked and scored, and the Board has set a deliberately high appetite for three of them nature-based value creation, renewable energy and value-added products. Each stream is assessed on strategic fit and long-term value contribution before capital is committed, so that diversification reduces dependence on the Colombo Tea Auction rather than dispersing focus.

Opportunity Stream	What We Did In FY2025/26 And What It Delivers
Specialty Tea Portfolio	Great Western Organic, Logie Organic and Western Matcha launched, extending premium reach into targeted export channels
Crop Diversification	36 ha of cinnamon in active cultivation and the Moragalla Cinnamon Peeling Centre established for value-added processing
Experiential Revenue	Great Western glamping site (Rs. 3.1 Mn) and the Somerset Tea Boutique at Nanu Oya, our flagship direct-to-consumer centre
Controlled-Environment Crops	Strawberry cultivation piloted at Radella Estate under poly-tunnel conditions, with Rs. 31.7 Mn committed
Renewable Energy	2.1 MW of mini-hydro across Radella, Palmerston and Somerset delivering Rs. 80 Mn revenue; solar advancing toward 1,000 kWp
Nature-Based Value	13 km Nanu Oya/Agra Oya corridor and 50,000+ trees, targeting PES certification by FY2027/28 and Rs. 20 Mn annual income by 2030

Uplifting ESG Performance Towards A 90% Rating By 2030

TTE closed FY2025/26 with an ESG score of 98% and an AA grade from IdealRatings®, one percentage point above the prior year. The forward commitment is to hold a 90%-plus rating through to 2030 as assessment tightens under ESG 2.0 — a more measurable, evidence-weighted successor to the current roadmap. Sustaining that band as the bar rises depends on underlying performance continuing to improve, not on disclosure alone.

FY2023/24 · BASELINE
10,856 tCO_2e
SBTi-validated Scope 1+2 baseline, including land-sector Scope 3

FY2025/26 · ACHIEVED
6.73%
Cumulative reduction to 10,126 tCO_2e; ESG rating 98% / AA

FY2028 · MILESTONE
30%
Interim cumulative reduction to 7,599 tCO_2e; SOC target 10.5%

FY2030 · NEAR-TERM
42%
SBTi near-term target of 6,297 tCO_2e; RE revenue Rs. 130–160 Mn

FY2050 · LONG-TERM
Net Zero
90%+ absolute reduction to ≤1,085 tCO_2e on the 1.5°C pathway

ESG performance is governed, not merely reported — the ESEG Steering Committee maintains the SRRO register and data controls, the Board Audit Committee reviews performance quarterly and approves all ESG-screened capital expenditure, and ICFSR holds sustainability data to the same standard as financial data.

Our Commitment to UN SDGs

At Talawakelle Tea Estates PLC, our sustainability strategy is guided by our 2030 Regenerative Agenda, which integrates environmental stewardship, social empowerment and responsible governance across our value chain.

The United Nations Sustainable Development Goals provide a global framework to address critical challenges while creating long-term value for our stakeholders. During 2025/26, we continued advancing initiatives aligned with our priority SDGs, focusing on climate action, biodiversity conservation, sustainable agriculture, employee wellbeing, inclusive growth and community resilience.

Through responsible plantation management and stakeholder-focused initiatives, we contribute towards building a future where people, nature and business progress together. This section outlines how our 14 priority SDGs are grouped into seven focus areas that reflect our commitment to sustainable value creation.

2030 REGENERATIVE AGENDA · 7 FOCUS AREAS · 14 PRIORITY SDGs

SDG 1 / SDG 8

Empowering Communities Through Inclusive Growth and Decent Employment

WHY IT MATTERS

The plantation sector plays a significant role in providing livelihoods for thousands of families. Creating stable employment, improving living standards and strengthening economic opportunities are essential for building resilient communities and ensuring sustainable development.

SDG 1
No Poverty

- Continued implementation of the "Home for Every Plantation Worker" initiative to enhance living standards of plantation communities.
- Improved community infrastructure, housing conditions and access to essential services.
- Supported livelihood enhancement initiatives aimed at strengthening household resilience.
- Promoted financial awareness and empowerment programmes among employees and communities.

SDG 8
Decent Work and Economic Growth

- Maintained secure employment opportunities for 4,849 employees while strengthening employee welfare.
- Promoted fair labour practices, workplace safety and inclusive employment opportunities.
- Invested in employee development through technical, operational and leadership training.
- Continued digital transformation initiatives to improve operational transparency and productivity.

2025/26 IMPACT HIGHLIGHTS

4,849	98%	29,497	Rs. 15.6 Mn
Employees	Employee Satisfaction	Training Hours Delivered	Invested in Training

OUR COMMITMENT *We remain committed to creating dignified employment, improving socioeconomic conditions and enabling plantation communities to achieve sustainable livelihoods.*

Home for Every Plantation Worker

Organized a workshop on Building Inclusive Futures & Empowering Youth with Essential Skills - funded by WUSC

2 4 SDG 2 / SDG 4

Nourishing Communities and Building Future Generations

WHY IT MATTERS

Access to nutritious food and quality education are fundamental drivers of social progress. Within plantation communities, improving nutritional awareness, strengthening food security and providing learning opportunities are essential to breaking intergenerational poverty cycles and creating

2 SDG 2 Zero Hunger

- Promoted sustainable agriculture practices and home gardening initiatives to improve household food security.
- Conducted awareness programmes on nutrition, balanced diets and healthy lifestyles.
- Provided targeted support for vulnerable groups including children, pregnant and lactating mothers and elderly members.
- Encouraged climate-smart agricultural practices to strengthen food resilience.

4 SDG 4 Quality Education

- Continued community capacity-building programmes focusing on education, vocational skills and youth empowerment.
- Supported educational development through scholarships, learning support and career guidance initiatives.
- Conducted skill development programmes to improve employability among youth.
- Strengthened early childhood development through estate-based childcare and preschool support.

2025/26 IMPACT HIGHLIGHTS

Nutrition & food security programmes	Youth vocational development continued	Employee training strengthened	Wider access to education for youth

OUR COMMITMENT *We remain committed to creating healthy, educated and empowered communities by improving access to nutrition, learning opportunities and skills development pathways.*

Nutrition and education support programmes

SDG 3 / SDG 5

Building a Healthy and Inclusive Workplace

WHY IT MATTERS

A sustainable organisation depends on healthy, motivated and empowered people. Ensuring employee wellbeing, equal opportunities and a safe working environment strengthens both individual livelihoods and organisational resilience.

SDG 3 Good Health and Well-being

- Strengthened occupational health and safety practices through continuous monitoring and awareness programmes.
- Enhanced healthcare access and employee welfare initiatives.
- Addressed workplace risks including climate-related health impacts such as heat stress.

SDG 5 Gender Equality

- Advanced gender inclusion through the HerLead programme.
- Trained 24 female field supervisors to strengthen women's participation in operational leadership.
- Supported the promotion of 30 female harvesters into team leader roles.
- Continued awareness programmes on gender equality, inclusion and prevention of workplace harassment.

2025/26 IMPACT HIGHLIGHTS

52%	24	30	Zero
Female Workforce	Women Trained as Supervisors	Women Promoted as Leaders	Discrimination Incidents

OUR COMMITMENT *We continue building an inclusive workplace where every employee has equal opportunities to develop, contribute and succeed.*

Gender equality, GBV, negotiation and basic counseling training for the gender grievance committee in TTE estates

HerLead gender inclusion programme

6 15

SDG 6 / SDG 15 —

Protecting Nature Through Water and Biodiversity Stewardship

WHY IT MATTERS

Healthy ecosystems and secure water resources are critical for sustainable tea cultivation. Protecting landscapes, restoring degraded areas and conserving biodiversity strengthen climate resilience and safeguard future agricultural productivity.

6 SDG 6 Clean Water and Sanitation

- Protected water sources within estate landscapes.
- Improved water efficiency through conservation practices and wastewater management.
- Continued water quality monitoring and responsible water stewardship.

15 SDG 15 Life on Land

- Continued the St. Clair Restoration Project to restore degraded ecosystems and protect biodiversity.
- Established biodiversity corridors using native and endemic plant species.
- Applied GIS, drone and digital monitoring approaches for ecosystem management.
- Talawakelle Tea Estates PLC has partnered with the Pekoe Trail Company and UNDP (BIOFIN) to pioneer a Payment for Ecosystem Services (PES) model at Wattagoda Estate By restoring native flora and implementing nature-based solutions like erosion control, we are safeguarding critical biodiversity

2025/26 IMPACT HIGHLIGHTS

Payment for Ecosystem Services (PES) model	16,060+ Trees Planted	13,775 Nursery Plants Maintained	15 Native Species Conserved

OUR COMMITMENT *We aim to create nature-positive plantation landscapes where agricultural productivity and ecosystem conservation coexist.*

PES model mou signing ceremony

7 13 SDG 7 / SDG 13

Accelerating the Transition Towards a Low Carbon Future

WHY IT MATTERS

Climate change directly impacts agricultural productivity, ecosystems and communities. Reducing emissions and improving resilience are essential for securing the long-term sustainability of the tea industry.

7 SDG 7 Affordable and Clean Energy

- Expanded renewable energy adoption through hydropower, solar and biomass utilisation.
- Improved energy efficiency through technology upgrades and operational optimisation.
- Supply of affordable, reliable energy to the plantation community
- Our energy management policy and relevant procedures addresses enhancing the clean and renewable energy portion of the energy mix. We are continually working according to ISO 50001:2018 energy management standards to increase energy efficiency and energy intensity on production.

13 SDG 13 Climate Action

- Implemented climate-smart agriculture practices.
- Progressed towards approved science-based emission reduction targets.
- Strengthened climate adaptation and risk management approaches.
- Zero-emission transport systems like the green leaf zip line.
- Quarterly ESG Steering reviews to monitor climate risks and opportunities.
- Drone-based agrochemical and fertilizer spraying to reduce input usage and GHG emissions while improving precision and soil health

2025/26 IMPACT HIGHLIGHTS

SBTi Targets Approved	Renewable Energy Integrated Across Operations	1.14 → 1.06 kWh/kg Energy Intensity

OUR COMMITMENT *We remain committed to achieving a low-carbon and climate-resilient plantation sector through renewable energy, innovation and nature-based solutions.*

Kiruwanaganga Green Factory / renewable energy

9 12 SDG 9 / SDG 12

Driving Sustainable Innovation Across the Value Chain

WHY IT MATTERS

Innovation and responsible resource management enable the plantation sector to improve efficiency, reduce environmental impacts and strengthen competitiveness.

9 **SDG 9**
Industry, Innovation and Infrastructure

- Expanded digital platforms for ESG data management and reporting.
- Implemented precision agriculture technologies.
- Advanced green manufacturing through Kiruwanaganga Green Factory.

12 **SDG 12**
Responsible Consumption and Production

- Improved resource efficiency through circular economy initiatives.
- Strengthened responsible production through certification and sustainable agriculture practices.

AI powered tea grading machine

New factory building followed green building concept

Organic composting

2025/26 IMPACT HIGHLIGHTS

1st Gold-Rated Green Tea Factory	700 t Biodegradable Waste Composted	2 Organic-Certified Gardens

OUR COMMITMENT *We continue investing in innovation, circularity and sustainable production systems that create long-term value.*

10 11 SDG 10 / SDG 11

Creating Inclusive and Resilient Communities

WHY IT MATTERS

Reducing inequality requires creating equal access to opportunities, services and resources. Strong communities are essential for sustainable plantation development.

10 SDG 10 Reduced Inequalities

- Supported youth and women empowerment programmes.
- Promoted inclusive workplace practices and equal opportunities.
- Local sourcing and SME support, integrating smallholder farmers and suppliers into our value chain.
- Language and literacy development to support social mobility within multi-ethnic estate communities.

11 SDG 11 Sustainable Cities and Communities

- Continued investments in estate infrastructure and community development.
- Improved access to healthcare, education and essential services.
- Disaster preparedness and climate adaptation support for high-risk areas.Community reforestation and ecosystem restoration (e.g., St. Clair Restoration Project).
- Heritage conservation and responsible tourism via partnerships in sustainable travel.

2025/26 IMPACT HIGHLIGHTS

Stronger Community Resilience	Improved Living Conditions	Expanded Empowerment Opportunities

OUR COMMITMENT *We remain committed to building inclusive communities where people can achieve improved quality of life and long-term prosperity.*

Road development inside the estates

Career Guidance Seminar for Youth

UN Global Compact — Ten Principles

TTE has been a participant in the UN Global Compact since 2021, and reports annually on its alignment with the Ten Principles across Human Rights, Labour, Environment and Anti-Corruption.

#	UNGC Principle & Our Approach at TTE	Page(s)
HUMAN RIGHTS		
1	**Support and respect the protection of internationally proclaimed human rights** TTE upholds human rights through strong ethical policies, grievance mechanisms like ‘We Care 360’, and training on workplace dignity. All employee contracts include clauses on non-discrimination, child protection, and equal opportunity.	22, 59, 67, 71, 78
2	**Make sure that they are not complicit in human rights abuses** Through human rights due diligence, supplier screening, and robust internal awareness, TTE ensures no complicity in human rights violations across its value chain.	68, 76, 78, 85
LABOUR		
3	**Uphold freedom of association and effective recognition of the right to collective bargaining** Freedom of association is respected across all estates. Over 90% of TTE's workforce is unionised, and Collective Bargaining Agreements are in place.	68, 71, 72, 76
4	**Eliminate all forms of forced and compulsory labour** Forced labour is strictly prohibited through our Code of Conduct and compliance mechanisms across both operations and suppliers.	68, 71, 76, 85
5	**Effective abolition of child labour** TTE prohibits child labour across all operations and suppliers. Supplier onboarding includes social compliance checks, including age verification.	68, 69, 76, 85
6	**Eliminate discrimination in employment and occupation** TTE maintains a formal Gender Equality and Inclusion Policy. A 1:1 basic salary ratio is maintained; over 850 female recruits joined the company in FY2024/25.	57–60, 72
ENVIRONMENT		
7	**Support a precautionary approach to environmental challenges** TTE's climate resilience strategy includes Net Zero commitments, risk assessments, TNFD-aligned LEAP analysis, and lifecycle assessment for sustainable tea cultivatio	33–36, 45, 53
8	**Undertake initiatives to promote greater environmental responsibility** Our environmental programmes span reforestation, renewable energy, zero-waste initiatives, and green procurement, aligned with the NGRS and the SDGs.	39–43, 48–56, 76
9	**Encourage development and diffusion of environmentally friendly technologies** Through drip irrigation, composting, satellite-based monitoring, and factory innovation, TTE enhances climate-smart agricultural practices.	41, 49, 52, 100
ANTI-CORRUPTION		
10	**Work against corruption in all its forms, including extortion and bribery** TTE maintains a zero-tolerance policy for corruption, with internal audits, an employee Code of Ethics, and whistleblower protections in place.	85, 86

Talawakelle

Tea Estates®

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