



NATURAL CAPITAL

SDG Index



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Natural capital remains central to our operations, resilience and long-term value creation. From soil health and water resources to biodiversity and climate stability, these ecosystems form the foundation of our plantation business. At TTE, our Second Curve is shaped by a regenerative approach that moves beyond impact reduction towards restoration, climate-smart agriculture and ecosystem renewal. This section explains how we measure, manage and improve our environmental footprint, while protecting the landscapes that sustain our estates, communities and future growth.



WHAT NATURAL CAPITAL MEANS TO TTE PLC

Natural capital represents the soil, water, biodiversity, forests, climate stability and ecosystem services that support our plantation operations. At TTE PLC, these resources form the foundation of crop productivity, estate resilience and long-term value creation.



WHY NATURAL CAPITAL IS IMPORTANT TO US

Our tea business depends directly on healthy ecosystems. Soil degradation, water stress, biodiversity loss and climate change can affect yields, quality, costs and community wellbeing. Protecting natural capital helps us reduce risk and strengthen resilience.



HOW NATURAL CAPITAL SUPPORTS OUR VALUE-CREATION GOALS

Through our Second Curve and regenerative approach, we protect and restore natural capital through soil conservation, reforestation, biodiversity restoration, renewable energy, water stewardship and climate-smart agriculture, supporting efficiency, certification, stakeholder trust and future growth.

LINK TO TTEL'S STRATEGY



Winning with the Customer



Operational Excellence



Environmental Stewardship & Climate Action



Business Diversification

MATERIAL MATTERS



Climate, Energy & Emission



Materials & Waste



Soil and Land



Water



Biodiversity & Ecosystems

CAPITAL PERFORMANCE



Rs 50.1 Mn

Environment Related Investment



6,990 Mwh

Hydro Power Generated



474 Kg

Waste Recycled



Rs. 53.5 Mn

Invested in Renewable Energy



MANAGEMENT APPROACH

GRI 3-3 | 13.1.1, 13.7.1, 13.8.1

As a plantation company, Natural Capital stands as the mainstay of TTEL's business model. Having understood the dynamics of this inherently interdependent relationship very early on, TTEL has progressively sought to transition from conventional sustainability practices towards a more purpose-driven approach to not only minimise the loss of Natural Capital, but actively regenerate nature positive outcomes. Guided by its 2030 ReGen Agenda, the Company now focuses on four interconnected pillars that work in unison to protect, restore, and enhance ecosystems: Climate Action & Net-Zero 2050 Commitment | Circularity & Resource Efficiency | Water Security & Soil Health | Biodiversity Conservation & Ecosystem Restoration.

GOVERNANCE

Strategic Oversight



Board-level oversight and strategic integration drive long-term value

Board Audit Committee oversight of climate & natural capital risks

ESG Steering Committee review of targets & progress.

ReGen Agenda 2030 and Net Zero 2050 integrated into strategy

Capital approval for renewable energy & adaptation; quarterly reviews

Risk & Decision Intelligence



Integrated risk intelligence informs resilient and adaptive decisions

Climate, water & biodiversity risk assessments.

Catchment vulnerability & scenario analysis

Energy price & transition risk analysis

Supply chain risk integration into ERM

Operational Execution



Strong execution at estate and operational level drives impact

Estate Environmental Management Committees

Estate-level energy & water monitoring

Factory sustainability coordinators & KPI-linked reviews

ISO-based monitoring systems & climate-linked targets

Monitoring, Assurance & Reporting



Robust data, assurance and reporting ensure transparency and trust

ISO 14064-1 GHG assurance

SLFRS Sustainability-related Financial Disclosures

GRI reporting framework & internal data verification

Independent assurance & monthly KPI dashboards

KEY OUTCOMES



5.1%
Reduction in Carbon Footprint



88.2%
Renewable Energy Consumption



TRADE OFF

Please refer  page 211

How Natural capital interacts with and impacts other capitals in creating balanced value.



FUTURE OUTLOOK

Please refer  page 211

Short, medium, and long-term impact driving resilience, performance, and strategic value creation.

Natural Capital

"In a world of change, sustainability is not just a choice; it's the foundation of our future. At Talawakelle Tea Estates, we embed natural capital practices across our operations to safeguard the environment, strengthen ecosystems, and build resilience for the generations ahead."

At Talawakelle Tea Estates PLC, Natural Capital is central to our sustainable operations. We believe that integrating nature into our business model not only strengthens the environment but also ensures long-term operational success. This section covers our efforts in safeguarding ecosystems and driving responsible resource management.

We Focus on Five Key Areas



Climate & Energy

Climate Change, Energy and Emissions



Circular Economy

Materials, Waste and Circular Resource Management



Agriculture & Soil

Sustainable Agriculture, Soil Health and Agrochemical Management



Water Management

Water Stewardship & Risk Assessment



Biodiversity

Biodiversity, Ecosystems and Land Stewardship

1. Climate Change, Energy and Emissions

Transition Plan for Climate Change Mitigation

GRI 102-1



42%

Scope 1 & 2 reduction target by 2030

SBTi Validated



90%

Full value-chain GHG reduction by 2050 – Net Zero pathway

1.5°C Aligned



88.2%

Renewable energy share to total energy mix FY 2025/26

Target 95% by 2030



LKR 35.9 Mn

Investment for Solar Capacity Expansion FY2025/26

Board Approved



5,127 tCO₂e

Emission Saving

Using Renewable Energy Generation

TTE's transition plan aligns with the 1.5°C pathway, informed by SBTi Net-Zero and climate scenario analysis. Detailed disclosures are provided in the SLFRS Sustainability-related Financial Disclosures section; this page offers a cross-reference overview.

covers the requirements of GRI 102-1. It describes our transition plan, including decarbonisation of estates, factories, and energy systems, with key actions such as renewable energy expansion, efficiency improvements, EV pilots, and regenerative agriculture (Notes 8 and 9). The report details our 1.5°C alignment and scenario methodology aligned with the SBTi Net-Zero framework (Notes 9 and 11), as well as implementation expenditure of Rs. 89.01 Mn for climate-related projects (Notes 13.2.3). Governance and integration of climate considerations in strategy, investments, and

risk management are described (Notes 6, 9, and 12), along with targets and progress on GHG reduction, fossil fuel phase-down, and renewable energy (Note 13). Finally, the report addresses just transition, biodiversity impacts, and public policy engagement, including community and livelihood programmes (Notes 7, 9, and 13).

SUSTAINABLE DEVELOPMENT GOALS		13 CLIMATE ACTION	7 AFFORDABLE AND CLEAN ENERGY	6 CLEAN WATER AND SANITATION
	TTE PLC Metric	GHG emission within our organization boundary		
	Our 2030 Target	Achieving net-zero greenhouse gas emissions by 2050.		
	Contribution	15.25% reduction of total GHG emission compared to base year		
Related Targets		13.1	13.2	

✓ Climate Adaptation and Resilience

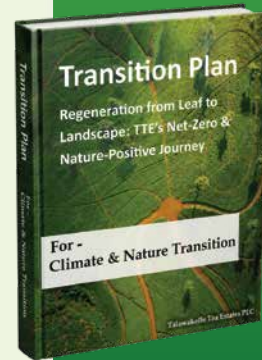
GRI 102-2

TTE's climate adaptation and resilience strategy addresses physical and transition risks across estates, factories, water systems, biodiversity, communities, and the value chain. Key actions include climate-smart agriculture, drainage improvements, water stewardship, ecosystem restoration, infrastructure upgrades, and low-carbon operations, supported by governance, capital planning, scenario analysis, targets, and annual performance monitoring. Detailed disclosures on climate risks, assumptions, metrics, targets, financial effects, and resilience planning are available in the SLFRS Sustainability-Related Financial Disclosures section.

✓ Just Transition for Climate Adaptation

GRI 102-3

TTE's Just Transition Plan ensures that the benefits of its climate & nature transition are shared fairly among workers, suppliers & communities. Built on five pillars worker rights, smallholder support, community resilience, inclusive governance & sector leadership the Plan aligns with ILO Just Transition Guidelines and FPIC principles, ensuring no stakeholder is left behind as TTE advances its Net Zero, Nature Positive & Net Positive Water commitments. Covering around 50,000 people, it aims to support over 500 smallholders by 2027 & includes the rollout of the "WeCare 360" grievance mechanism across estates to strengthen confidential feedback & resolution channels.



“Our transition plan have explained more how we mitigate, adapt and resilience nature”



Scan me to download



Climate Change & the Tea Industry

Tea is one of the world's most climate-sensitive crops, grown within narrow temperature, elevation, and rainfall ranges that are now shifting faster than ever.

Physical & Agronomic Impacts

- Rising heat and erratic rainfall affect crop cycles, yield, leaf quality, flavor, and plucking rhythms.
- 20–35% projected yield decline in Sri Lanka's high-grown teas by 2050
- Source: TRI Climate Vulnerability Assessment, 2022

Economic & Transition Effects

Lower yields, floods, landslides, and road damage increase costs and reduce revenue. Export markets also demand GHG data, traceability, certifications, and biodiversity compliance.

Social & Community Dimension

Estate communities face heat, heavy rainfall, floods, and landslides. Climate action protects worker wellbeing, housing, livelihoods, and long-term community stability.

Resilience Measures

To adapt, TTE has implemented irrigation optimization, shade management, soil and

erosion control, infrastructure reinforcement, sensor-based soil moisture monitoring, climate-smart scheduling, and disaster preparedness training. These strengthen both crop resilience and community safety, with detailed strategies reported in the SLFRS Climate Resilience Assessment.

Managing Our Emissions

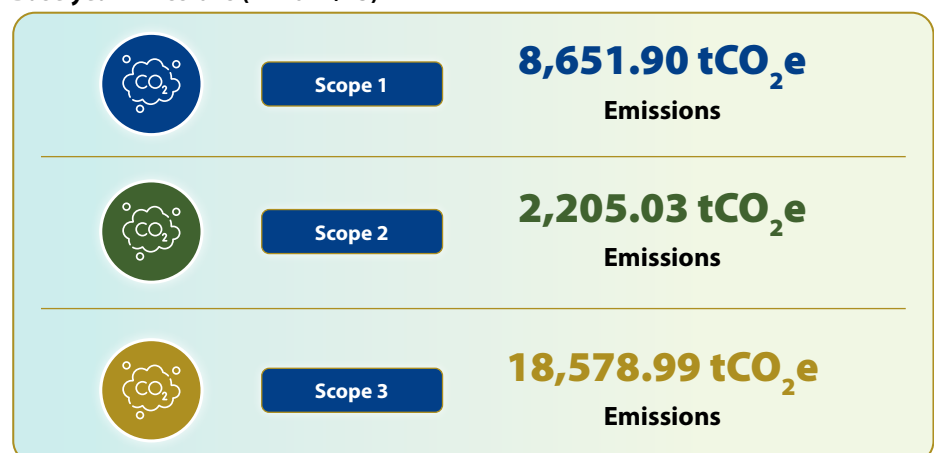
GRI 102-4, 5, 6, 7, 8, 9

We set and monitor short-, medium-, and long-term GHG reduction targets across Scope 1, Scope 2, and Scope 3 emissions, expressed in CO₂-equivalent values and relative to the base year. Biogenic CO₂ emissions are not

included in these targets. Scope 1 and 2 cover direct emissions from estate operations and purchased electricity, while Scope 3 emissions are calculated in tCO₂e. Due to emission factor availability, Scope 3 targets are expressed in tCO₂e based on the best available data for indirect emissions.

The base year for calculation is FY2023, revised from the previous 2019 baseline due to operational expansion, ensuring the emissions baseline reflects current estate boundaries and activities. Recalculations were triggered by changes in operational scale and updated data, replacing previously reported 2019 emissions.

Base year Emissions (FY2022/23)



Natural Capital

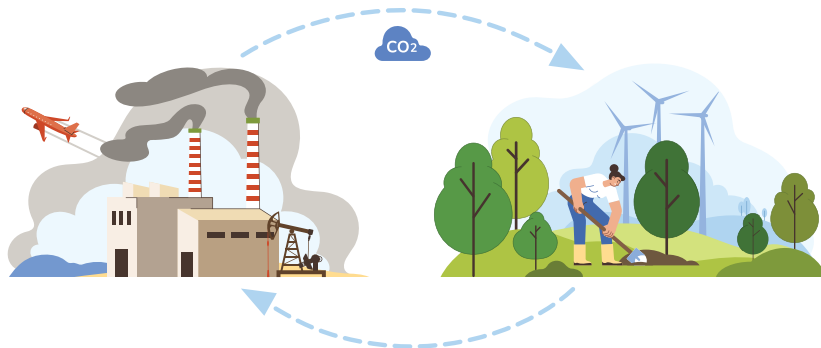
Current Year Emission Distribution

Item	2025/26				2024/25				% of YoY Change
	(tCO ₂ e)				(tCO ₂ e)				
	tCO ₂	CH ₄	N ₂ O	Total	tCO ₂	CH ₄	tN ₂ O	Total	
Scope 01									
Stationary Fossil Fuel Combustion	98.99	0.37	0.19	99.55	88.96	0.30	0.15	81.41	22.28%
Stationary Biomass Combustion		1,598.26	215.47	1,813.73		1,499.60	202.17	1,701.77	6.58%
Mobile Combustion	686.79	7.97	22.73	717.50	632.68	6.56	21.89	661.13	8.52%
Fugitive Emissions	-	-	-	5,843.12	-	-	-	6,891.44	-15.21%
Total Scope 01	785.78	1,606.60	238.39	8,473.91	721.64	1,506.46	224.21	9,335.75	-9.23%
Scope 02									
Indirect emissions from imported electricity	-	-	-	1,652.39	-	-	-	1,702.12	-2.92%
Total Scope 02	-	-	-	1,652.39	-	-	-	1,702.12	-2.92%
Scope 03									
(Category 1) Purchased goods and services				6,721.94				6,813.80	-1.35%
(Category 2) Capital goods				234.96				415.89	-43.50%
(Category 3) Fuel- and energy-related activities				478.03				569.63	-16.08%
(Category 4) Upstream transportation & distribution				564.32				480.26	17.50%
(Category 5) Waste generated in operations				6.29				2.00	214.50%
(Category 6) Business travel				74.29				75.22	-1.24%
(Category 7) Employee commuting				10.10				11.49	-12.10%
(Category 9) Downstream transportation & distribution				978.76				989.50	-1.09%
(Category 10) Processing of sold products				844.36				822.70	2.63%
(Category 12) End of life treatment of sold products				4,784.67				4,894.02	-2.23%
(Category 13) Downstream leased assets				124.11				179.55	-30.88%
Total Scope 03				14,821.84				15,254.06	-2.8%
Total Emission				24,949.00				26,291.92	-5.1%
Biogenic Emission from Firewood and Briquettes				22,099.42				20,735.32	6.6%

TTE covers all emission scopes and subcategories, excluding Scope 3 Categories 8, 11, 14, and 15. Emissions are consolidated via operational control and calculated per the GHG Protocol and ISO 14064-1:2018, using IPCC, national grid, DEFRA, and verified sector factors. FY 2024/25 emissions were restated after adding newly identified activities, and fertilizer-related indirect emissions previously under Scope 3 FLAG are now in Scope 1. Details are in the GHG Emission Calculation Methodology section.

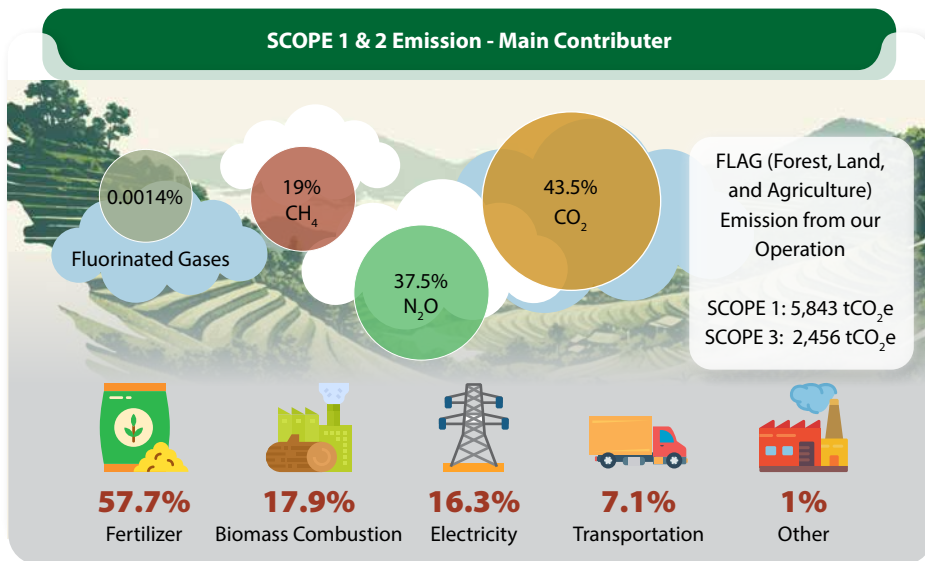
Our Emission Savings from Renewable Energy Usage

Item	2025/26	2024/25	% of YoY Change
GHG saving from electricity (Hydro)- tCO ₂ e	4,531.77	5,452.72	-17%
GHG saving from electricity (Solar)- tCO ₂ e	594.32	405.97	46%
Total GHG Saving- tCO ₂ e	5,126.08	5,858.69	-13%
Emission intensity of per Kg of tea (tCO ₂ e/Kg)	0.00439	0.00447	-1.91%

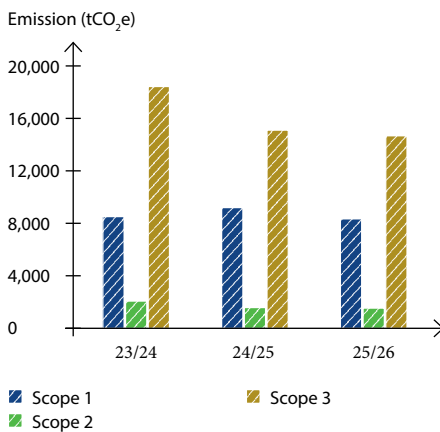


Certified ISO 14064-1:2018 for GHG Inventory preparation & management by Sri Lanka Climate Fund.

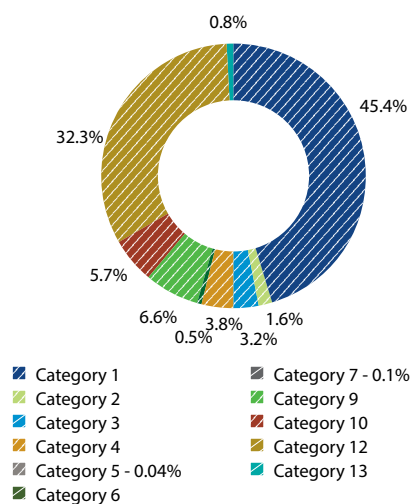
Emission at a Glance



GHG Emission (3 Year Trend)



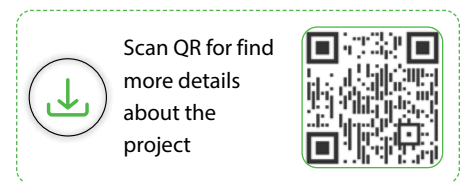
2025/26 Scope 3 emission distribution (tCO₂e)



Carbon Credit - Creating Value , Reducing Impact

GRI 102-10, 13.1.10

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 CO₂ factor from SLESA under AMS-ID v18, with verified emission reductions of 775 tCO₂e 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.



Managing Other Air Pollutants

GRI 305-6, 7

Beyond GHG emissions, TTE manages air pollutants from manufacturing, estate operations, transport, and community activities. Operations do not release significant ozone-depleting substances, and NO_x, SO_x, and other regulated emissions are minimal, monitored through cleaner energy, operational controls, and ISO 14001.

Ozone-Depleting Substances (ODS): Refrigeration and air-conditioning equipment are the only potential sources, managed via maintenance, responsible servicing, and compliance controls to minimize leakage.

Key Actions to Reduce Non-GHG Emissions

1. Biomass Boiler Management – Efficient combustion reduces smoke emissions and meets stack standards.
2. Air Quality Monitoring – ISO 14001-based monitoring ensures compliance and identifies abnormal emissions.
3. Waste Management – Open burning is prevented; waste is segregated, composted, or disposed of responsibly.
4. Cleaner Energy Transition – Use of mini-hydro, solar, and biomass reduces fossil fuel use and lowers NO_x, SO_x, and particulates.
5. Low-VOC Green Building – Kiruwanaganga Factory uses low-VOC paints and responsible materials to minimize indoor pollutants.

Natural Capital

GHG Removals in our Value Chain

Our Scope 1 removals focus on biomass and soil-based carbon storage, driven by responsible forestry management and biomass systems across estates. The biogenic CO₂ storage from biomass and land use is carefully tracked and monitored.

GHG removals action in our operation

- ▶ Maintain existing trees and prevent deforestation or pruning that reduces carbon stock.
- ▶ Apply compost and biochar to enrich soil organic carbon.
- ▶ Maintain cover crops to reduce erosion, retain moisture, and increase soil carbon storage.
- ▶ Afforestation/reforestation on marginal lands or underutilized areas.
- ▶ Capture organic residues from manufacturing and processing for soil application.

Impact on People & Environment

These forestry and bioenergy initiatives have multiple positive outcomes: they enhance soil health and support sustainable land management, create employment opportunities for local communities in forestry management and bioenergy harvesting, and contribute to biodiversity protection through habitat restoration linked to forestry projects.



TTE commits to net-zero greenhouse gas emissions across its full value chain by FY2050 validated by the Science Based Targets initiative.
During FY2025/26, Talawakelle Tea Estates PLC strengthened its climate commitments by aligning its GHG reduction pathway with the SBTi Corporate Net-Zero Standard, including FLAG sector guidance. The commitment covers Scope 1, 2, and 3 emissions across operations, purchased energy, and the value chain, with near-term targets to 2030 and long-term targets to 2050.

Net Zero Pathway



Near-Term Targets – FY2030 from FY2023 Base Year

2030 NEAR TERM From FY2023 Base Year	Scope 1 & 2: 42% Absolute reduction in direct and electricity-related GHG emissions	Scope 3: 42% Reduction in value chain emissions, including purchased goods & logistics	FLAG – Scope 1 & 3: 30.3% Land-sector emissions from fertilizer use, soil carbon, and forest-linked activities
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Long-Term Targets – FY2050 From FY2023 Base Year

2030 NEAR TERM From FY2023 Base Year	Scope 1 & 2: 90% Absolute reduction in direct and electricity GHG emissions	Scope 3: 90% Reduction in value chain emissions – residual neutralized with high-integrity removals	FLAG – Scope 1 & 3: 72% Land-sector GHG reduction across agricultural and forest-related emission sources
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Energy Management

GRI 103-1, 2, 3, 4, 5

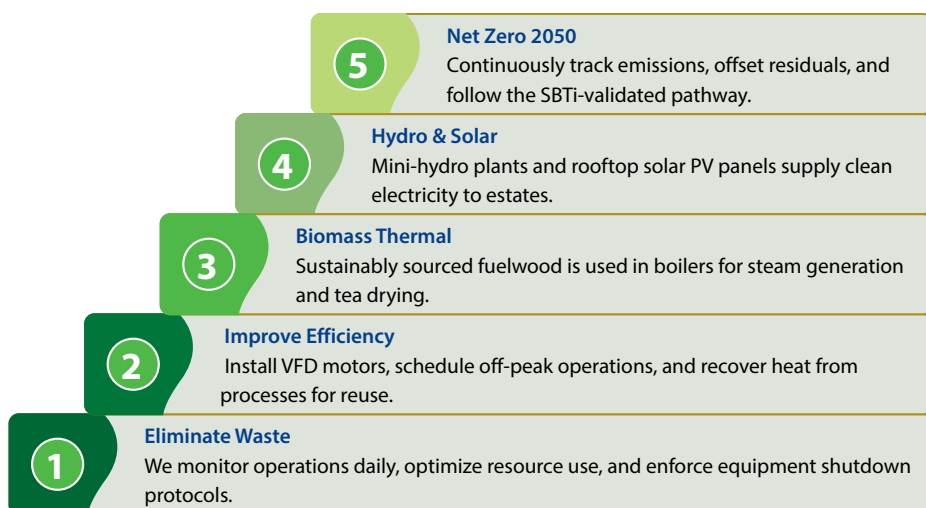
TTE’s energy management strategy is anchored in our Energy Management Policy and operationalized through the ISO 50001:2018 Energy Management System across key factories and estates. Our approach focuses on reducing consumption, improving efficiency, and transitioning to renewables.

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

TTE's structured energy hierarchy each step built on the last, climbing from conservation to net zero. Replace the traditional pyramid with an ascending commitment pathway.



Major Energy Initiatives - 2025/26

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.



Energy Consumption by Source

Energy consumption by scope	2025/26	% Share	2024/25	% Share	% Change
Within the organization (Gj)					
Renewable Energy					
Biomass	197,318.80	85.45%	185,137.00	84.7%	6.6%
Non Renewable					
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 usage	14,255.38	6.2%	14,684.00	6.7%	-2.9%
Self generated consumption (Hydro)	6,469.42	2.80%	6,274.00	2.9%	3.1%
Total Energy consumed within the organization (1)	228,319.74	98.9%	215,666.00	98.7%	5.9%
Outside the organization (Gj)					
Fuel usage for Transport	2,596.37	1.1%	2,810.42	1.3%	-7.6%
Energy consumed outside the organization (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%
Made tea output (Kilograms)	5,687,083		5,878,994	-	-3.3%
AVG energy consumed per unit of made tea inside the organisation (GJ/KG)	0.04015		0.03668	-	9.4%
AVG energy consumed per unit of made tea outside the organisation (GJ/KG)	0.00046		0.00048	-	-4.5%

Natural Capital

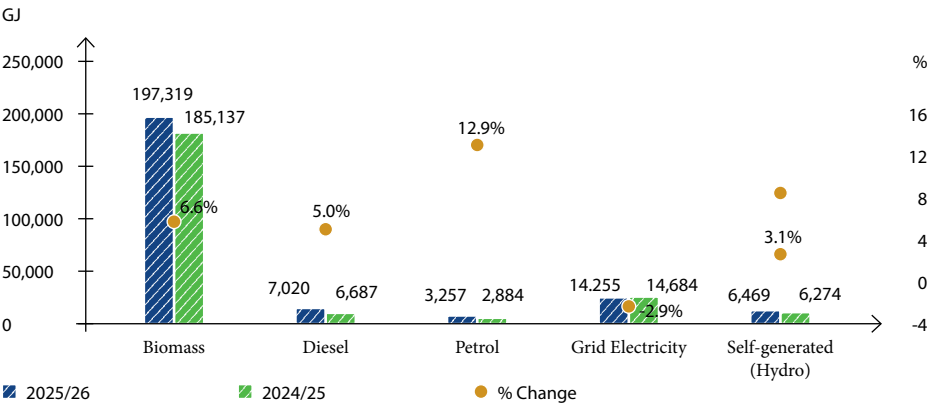
Energy Reduction and Standards, Methodologies & Calculation Tools

During FY 2025/26, TTE strengthened energy management across its operations. Although total energy consumption increased by 5.7%, renewable energy use, including biomass, increased significantly, while grid electricity consumption declined by 2.92%. These improvements were driven by energy efficiency initiatives such as IE3 motor upgrades, VFD installation on dryer fans, heat recovery in tea drying, and off-peak load scheduling, helping reduce overall energy demand.

Energy consumption includes fuel, biomass, diesel, and purchased electricity, while heating from steam systems is accounted for under biomass. Monitoring is based on utility bills, fuel records, and biomass logs, using the IPCC 2006 Guidelines and local fuel density values to ensure consistency. Reported energy use reflects TTE's operational boundary, while transportation energy outside the organization is reported separately. FY 2023/24, with total energy consumption of 213,177.12 GJ, was selected as the baseline year to reflect current operations and infrastructure and to

track future progress. Fuel usage outside the organization for FY 2024/25 was restated due to the inclusion of new activity data. TTE purchases grid electricity from the CEB under standard tariffs and reports all electricity using the location-based method. Self-generated hydro and solar electricity are separately metered. No contractual instruments, such as RECs or PPAs, are used to attribute renewable energy characteristics.

Energy Consumption by Source within the Organisation (GJ)



Renewable Energy as a Driver of Operational Resilience

Our investment in renewable energy is critical to lowering our overall carbon footprint. Over the years, we have expanded our renewable energy portfolio through mini-hydro, biomass and rooftop solar, with the aim of 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, with clean energy accounting for 88.25% of total energy consumption.



Biomass

85.5%
of total energy mix

Biomass remains the largest contributor to TTE's renewable energy mix. All TTE factories are equipped with biomass-powered steam systems for tea drying. Fuelwood is mainly sourced from sustainably managed estate fuelwood plots, including allocated hectares and high-grown estates. 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 energy generation 15.3% of TTE's total electricity usage mix. To date, TTE has invested LKR 82.6 Mn in rooftop solar systems across selected estates, with a total installed capacity of 899.86 kWp. Our solar installation at Kiruwanaganga Tea Factory demonstrates sustainable design by incorporating energy-efficient systems, natural lighting, recycled materials and green building principles.



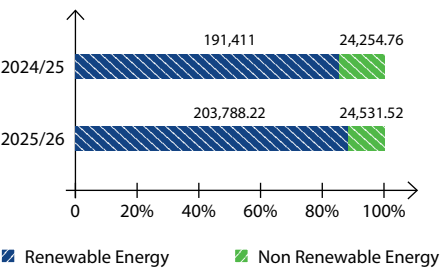
Hydropower

6,991,310 Kwh
Hydro Power Generated

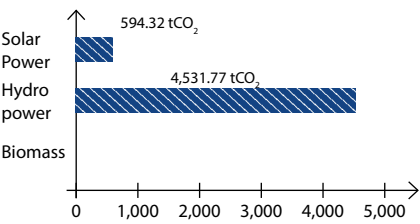
Hydropower has served as a reliable renewable energy source for many years, supported by mini-hydro plants that harness natural water flows. Mini-hydro facilities located at Somerset, Radella and Palmerston estates operate within designated hydro-catchment areas and collectively contribute approximately 6.2% to TTE's renewable energy mix



Share of Renewable vs Non-Renewable Energy
(Within the Organization)



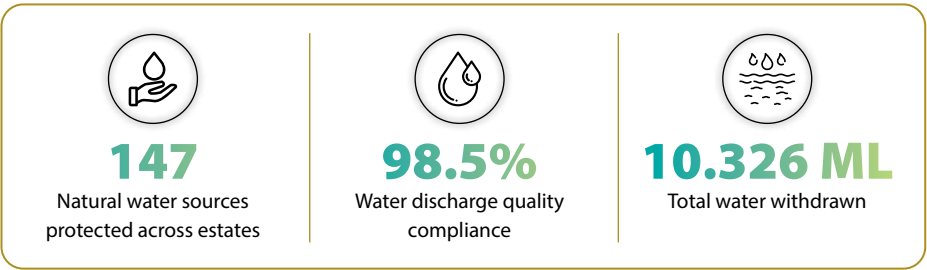
tCO₂e Saving via Renewable Energy Generation



	2025/26	2024/25	tCO ₂ e Saving via Renewable energy generation
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

2. Water Management

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



Interactions with Water as a Shared Resource

GRI 303-1

TTE recognises water as a vital shared resource for estates, communities, and ecosystems, and is committed to responsible stewardship. Water for employee use, cleaning, irrigation, and processing is sourced from surface water and rainwater harvesting, with discharges managed to minimise impacts. Risks are assessed through water footprint analyses, environmental assessments, and stakeholder input, using tools such as WRI Aqueduct and WWF Risk Filter. Management measures include rainwater harvesting, buffer zones, effluent treatment, and efficiency improvements. Stakeholder engagement spans the Great Western PES Project with UNDP and communities, knowledge-sharing with smallholder suppliers, and coordination with government and NGOs. These efforts align with TTE’s water policies, the CEO Water Mandate, and the sustainability roadmap, supporting operational resilience and long-term environmental stewardship.



We follow the UN CEO Water Mandate Principle

Management of water discharge related impacts

GRI 303-2

TTE ensures responsible management of effluent discharges to safeguard water quality and protect aquatic ecosystems, following international standards and best practices. Minimum effluent quality standards are maintained across all operations, including sites without local discharge requirements. These standards are set using in-house benchmarks aligned with best available practices, sector-specific standards, characteristics of the receiving waterbody, and applicable legal requirements. Effluent quality is monitored regularly, enabling compliance verification and continuous improvement, while potential discharge impacts are mitigated through treatment systems, process controls, and effective housekeeping.

Water Management Methodology

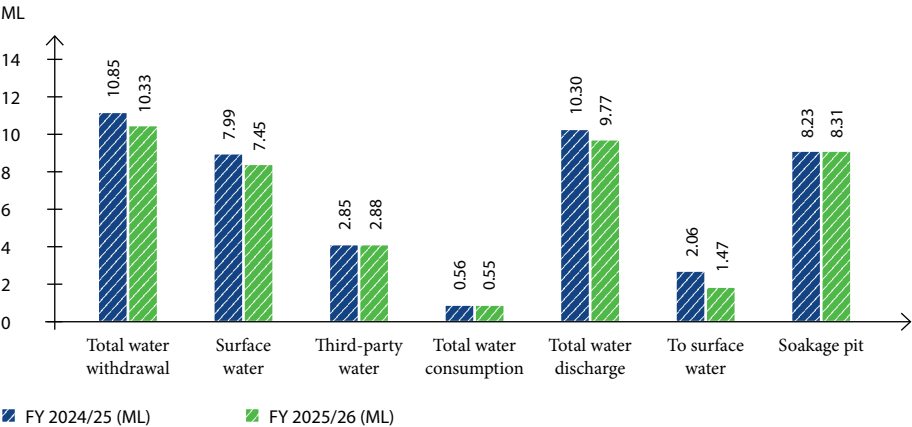
TTE measures and monitors water usage across all estates and factories under operational control, using estate-level flow meters and factory consumption records. Where meters are not installed, volumetric estimates are calculated based on tank size and fill frequency. All water withdrawn is classified as freshwater , with periodic quality testing to ensure accuracy. Total water consumption is determined by subtracting discharge from withdrawal, following GRI 303-5 guidance. Effluent quality is monitored in accordance with the Sri Lanka National Environmental Act and ISO 14001 EMS protocols, with quarterly reviews to remediate any non-compliance. Data reporting encompasses all 16 estates and 15 factories under TTE’s operational control, excluding subsidiary hydro companies.

Sustainable Development Goals			
6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 15 LIFE ON LAND			
	TTE Metric	Contribution to Watershed management & Reducing pollutant discharge	
	Our 2030 Target	Improve water quality by reducing the discharge of pollutants into water bodies by 100% by 2030	
	Contribution	By investing in treatment facilities and rainwater harvesting, we contribute to ecosystem health and responsible water use	
Related Targets		6.3	6.6

Natural Capital

Metric (Surface Water - Freshwater)	FY 2025/26	FY 2024/25	Variance
GRI 303-3 · Water Withdrawal			
Total water withdrawal (ML)	10.326	10.847	4.80%
Surface water	7.449	7.998	6.86%
Third-party water	2.877	2.849	-0.98%
GRI 303-5 · Water Consumption			
Total water consumption (ML)	0.552	0.555	0.5%
GRI 303-4 · Water Discharge			
Total water discharge (ML)	9.774	10.292	5.0%
To surface water	1.4661	2.0584	28.8%
soakage pit	8.308	8.2336	-0.9%
Non-compliance discharge incidents	0	0	

Water Metrics Overview - FY 2025/26 vs FY 2024/25



Payment for Ecosystem Services (PES) for Watershed Conservation
Talawakelle Tea Estates PLC (TTE) launched a Payment for Ecosystem Services (PES) initiative at Great Western Estate to strengthen watershed conservation and secure long-term water availability for nearly 250 estate community families. The project focuses on ecosystem restoration, water source protection, erosion control, reduced chemical use near waterways, and biodiversity conservation through nature-based solutions and community participation. The initiative aligns with global and national sustainability frameworks, including the SDGs, Paris Agreement, and Sri Lanka's biodiversity and climate policies.



Technical support and scientific monitoring will be supported through partnerships such as UNDP BIOFIN Sri Lanka to ensure measurable environmental and social outcomes.



SBTN · Science Based Targets for Nature Added FEB 2026

Sri Lanka's First & Only Company on the SBTN Ambition Board

Talawakelle Tea Estates PLC stands alone among Sri Lankan companies in publicly committing to science-based targets for nature joining 30 pioneering companies globally.

What this Means

A landmark commitment to nature, backed by global standards

TTE has publicly signalled its intent to submit SBTN Step 1 — the materiality screening and value chain assessment — for external validation by June 2026.

This formal public declaration, on SBTN's global Ambition Board, makes TTE the sole Sri Lankan company among 30 international organisations advancing toward science-based targets for nature.

Tte's Nature Journey

- ▶ **Nature-Positive Business Policy (2024)**
Zero Net Loss by 2030 · Full Recovery by 2050
- ▶ **First in Sri Lanka — TNFD adoption**
First Sri Lankan company to adopt TNFD LEAP
- ▶ **World's First — SBTi verification**
Plantation company globally · Land Scope 3
- ▶ **SBTN Ambition Board — Step 1**
Validation submission target: June 2026

SBTN Ambition Board — Agricultural Products Sector · Sri Lanka
Listed alongside 30 global companies stepping up for nature · sbtn.info

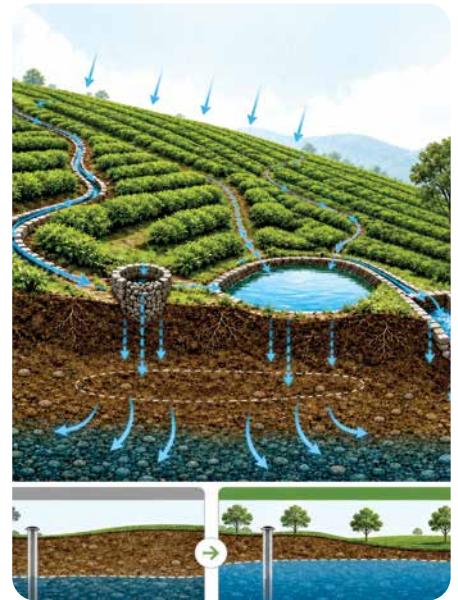
Sector: Agricultural products
Only Sri Lankan Company



30 companies are stepping up, advancing toward science-based targets for nature.

How We Improve Ground Water Table in Our Estate Level

Rainwater harvesting helps recharge groundwater by capturing rainfall and allowing it to slowly infiltrate into the soil rather than running off the surface. In Sri Lanka's Central Highlands, which are the source of many major rivers, this process supports sustained base flow and improves water availability downstream. By reducing surface runoff, it also minimizes soil erosion and enhances water retention in catchment areas. Over time, this contributes to higher groundwater levels and greater resilience to dry periods. We have several rainwater harvesting ponds in our estate. We have newly build another rainwater harvesting pond in our Kiruwanagnga estate.



Water Risk Assessment Overview

Talawakelle Tea Estates periodically evaluates water-related risks across its estate clusters to ensure sustainable water management and protect local ecosystems. The assessment considers both likelihood and severity of potential water stress, using internationally recognised tools including the WRI Aqueduct Water Risk Atlas 3.0 and WWF Water Risk Filter 5.0. Field data, historical hydrology, and estate operational information are integrated to determine vulnerability and prioritize mitigation measures.

The table and map below summarize the results of this assessment for each estate cluster, highlighting key risk levels and guiding our interventions for water conservation, stakeholder engagement, and adaptive management.

Region	Estate Cluster	District	Primary Risk Driver (WRI Aqueduct/ WWF Filter)	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

SUSTAINABLE DEVELOPMENT GOALS				
15 LIFE ON LAND		6 CLEAN WATER AND SANITATION		13 CLIMATE ACTION
TTE PLC Metric		Area (ha) of restored or rehabilitated habitat Number of biodiversity assessments conducted Number of faunal species protected		
Our 2030 Target		Achieve a net-positive impact by restoring and protecting 100 hectares of land		
Contribution		Completed 67 hectare of forest restoration through Analog Forestry system		
Related Targets		15.1	15.5	15.9

Natural Capital

Water Footprint Assessment



What We Have Done

- ✓ Selected representative sample estates from four regions, considering production scale and tea type.
- ✓ Completed the first detailed assessment at Bearwell Estate and Factory.
- ✓ Conducted a site assessment covering factory processes, cleaning, office use and utilities.
- ✓ Installed sub-meters at selected points for accurate measurement.
- ✓ Began quantifying green, blue and grey water footprints.

This initiative Supports the Company to

TTE focuses on improving water efficiency and minimizing unnecessary usage while identifying operational risks linked to water scarcity and climate change. This approach ensures compliance with the growing expectations of global tea buyers regarding water transparency, supports TNFD and ESG reporting requirements, and establishes a long-term, sustainable water management framework.



Next Steps

- ✓ Expand assessment to selected estates across all regions.
- ✓ Improve data accuracy through stronger monitoring and measurement systems.
- ✓ Develop estate-level water profiles to identify high water-use areas.
- ✓ Introduce water efficiency measures based on findings.
- ✓ Integrate results into sustainability reporting and decision-making.



3. Materials, Waste and Circular Resource Management

Material Consumption

GRI 301-1, 2, 3



80%

Renewable Materials
2025/26



20%

Non-Renewable Materials
2025/26



700t

Compost Generation via bio
degradable waste



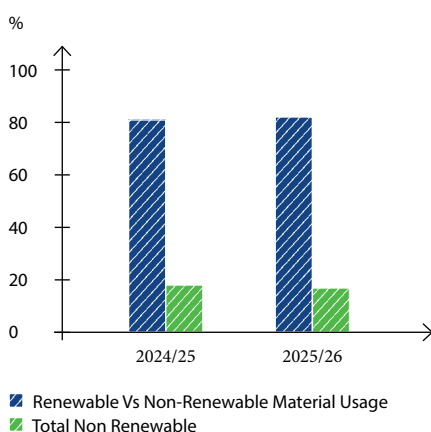
0.474 MT

Waste Recycled

Green leaf constitutes over 80% of total input a renewable agricultural resource. Non renewables (fertilizers, agrochemicals, dolomite) account for the remaining 20%. Recycled Input Materials: TTE currently does not integrate recycled materials into its production process . Currently, recycled materials are not integrated into our production process. As an export-focused operation, reclaiming and reusing packaging materials is not practical. However, we utilize recyclable paper sacks and prefer suppliers who provide sustainable, low-footprint packaging solutions.

Material Input	2025/26 (t)	% Share	2024/25 (t)	% Share
Factory Operations				
Green Leaf (raw material)	19,948.00	79.63%	20,213.00	80.69%
Packing material	83.00	0.33%	83.00	0.33%
Total Renewable	20,031.00	79.96%	20,296.00	81.02%
Field Operations				
Fertilizer (without dolomite)	3,134.95	12.51%	3,624.00	14.47%
Agrochemicals	12.06	0.05%	11.80	0.05%
Dolomite	1,873.00	7.48%	1,634.00	6.52%
Total Non-Renewable	5,020.01	20.04%	5,269.80	21.04%

Renewable Vs Non-Renewable Material Usage



Waste Management

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

Waste Generation & Significant Impacts

TTE's waste management is governed by circular economy principles and industrial symbiosis concept. Significant waste streams arise from estate households (biodegradable/non-biodegradable), 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.

Management of Significant Impacts

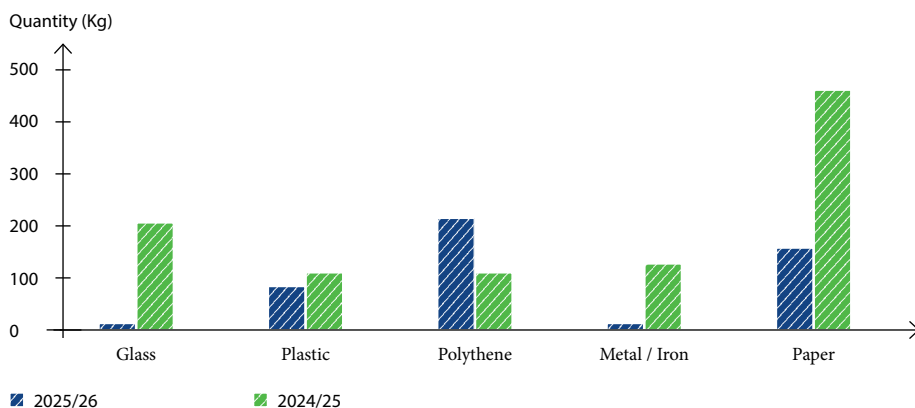
Non-biodegradable waste is collected, segregated and channelled through recycling. Empty agrochemical containers are returned to suppliers. Hazardous e-waste is stored on-site and disposed through a CEA-authorized company. A biogas project at Dessford Estate converts food and garden waste to renewable energy. In partnership with local authorities and estate residents segregate biodegradable

and non-biodegradable waste weekly under guidance from Public Health Inspectors and Environmental Officers. Waste data is collected via estate-level manual records and waste transfer documentation from contracted collectors serve as primary data sources, validated annually during integrated reporting.

Waste Stream	Category	Disposal Method	25/26 (kg)	24/25 (kg)
Waste Diverted From Disposal				
Biodegradable mix waste	Non-Hazardous	Composting (on-site)	700,367	222,200
Glass	Non-Hazardous	Recycling (off-site)	8	206
Plastic	Non-Hazardous	Recycling (off-site)	85	111
Polythene	Non-Hazardous	Recycling (off-site)	215	111
Metal / Iron	Non-Hazardous	Recycling (off-site)	7.5	128
Paper	Non-Hazardous	Recycling (off-site)	158	459
Total Recycling	Non-Hazardous	Off-site recyclers	473.5	1,015
E-waste	Hazardous	On-site storage → CEA-authorized disposal	123	91
Used bulbs	Hazardous	On-site storage → CEA-authorized disposal	2	76
Total On-site Hazardous Storage	Hazardous	CEA-authorized company (off-site disposal)	125	167
Waste Directed To Disposal				
Non-hazardous mix waste	Non-Hazardous	Authorized Landfill	0	222,200
Total Waste Generated			700,966	223,382

Due to the small quantity generated, this is tracked in kilograms rather than metric tonnes.

Waste Recycling by Waste Type



Natural Capital

Waste Management Within Estate and 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 program 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.



4. Sustainable Agriculture, Soil Health and Agrochemical Management

GRI 13.5.1,13.6.1,13.6.2

Sustainable Land Management

Protecting Soil Health through Regenerative Agriculture

Our regenerative practices focus on building living soils that enhance productivity, conserve water, support biodiversity and mitigate climate change

- ▶ Benefits To Soil & Tea
- ▶ Improved soil structure and fertility
- ▶ Enhanced microbial activity and biodiversity
- ▶ Better water retention and reduced runoff
- ▶ Healthier tea bushes and higher productivity
- ▶ Increased carbon sequestration and climate resilience

- ▶ Contour plowing & terracing to control erosion
- ▶ Mulching & cover crops to retain moisture and suppress weeds
- ▶ Biochar & vermicompost units to improve soil fertility and carbon content
- ▶ Adaptive Management Systems using IoT real-time monitoring of PH, Carbon, and temperature
- ▶ Soil Nutrient Framework
- ▶ Soil testing, organic matter enrichment, erosion control, water management
- ▶ Zero Conversion Policy
- ▶ All 16 estates confirmed conversion free since 2020

Enriching Soil Health

In 2025/26 TTE applied biochar and compost across estates which has reduced fertilizer usage showing 15.2 % reduction in direct emissions from fertilizer. About 92 Ha at Highgrown division transitioned to organic cultivation under TRI guidance.



Dedicated Organic Tea Fields for Soil Health

TTE established dedicated organic tea fields at Great Western and Logie, certified under EU Organic, USDA NOP-US, and JAS standards. This initiative supports soil health by reducing synthetic agrochemical use and enhancing soil fertility, microbial activity, and land resilience. The low risk fields and fully organic Logie factory prevent cross-contamination and safeguard product integrity.



Advancing Regenerative Agriculture Across Estates

TTE has launched a strategic regenerative agriculture program with Solidaridad Network Asia and The Nucleus Foundation to enhance sustainable plantation management. Key interventions include composting, cover cropping, reduced tillage, mulching, rainwater harvesting, biodiversity corridors, restoration, and carbon sequestration within the supply chain. The program aims to improve soil health, water retention, biodiversity, and reduce chemical input use. It also includes capacity building for estate teams, embedding regenerative practices into daily operations to strengthen climate resilience and land productivity. With the Ditwah impact remaining low, TTE's regenerative agriculture approach has proven valuable in strengthening estate resilience against climate pressures. The company will scale soil carbon practices to further reduce synthetic fertilizer dependency and expand cover crops, shade tree programmes, and biodiversity corridors to improve ecosystem connectivity and stability.



Innovative Technology and Best Practices Adopted in Estate Operations

Continues to strengthen estate operations by adopting innovative technologies and practical land management approaches that improve efficiency, worker safety, climate resilience and environmental performance. These initiatives support the Company's transition towards more data-driven, climate-smart and regenerative plantation management.

Drone Technology for Precise and Safe Agrochemical Application

TTE used drone technology to apply agrochemicals across 1,247 hectares, improving precision, reducing chemical wastage, and enhancing worker safety by limiting exposure in high-risk areas. Looking ahead, the company plans to expand drone use for field mapping and yield prediction, enabling better soil and crop health monitoring, forecasting, and resource allocation.



IoT-Enabled Climate-Smart Plantation and Forestry Management

TTE has implemented an IoT-enabled climate-smart plantation and forestry management system for real-time monitoring of rainfall, soil moisture, and temperature. This system aids estate managers in decision-making on field operations, resource use, and climate risk preparedness. It reduces reliance on manual judgment, tracks local environmental trends, and supports carbon-smart forestry practices by monitoring reforestation and aligning with climate action and nature-positive goals.



Partnering with Hayleys PLC, Rotary Sri Lanka is planting one million trees utilizing site-specific species within plantation areas.

- ▶ This unique project features five years of nurturing, emotional "tree stories," and carbon certification
- ▶ By restoring biodiversity and forest cover, we ensure a sustainable future
- ▶ Impactfully, one hectare of these trees offsets the carbon footprint of 25 Sri Lankans for twenty years



Natural Capital

Agrochemical & Pesticide Management

GRI 13.6.1 | 13.6.2

TTE’s environmental policy governs all agrochemical practices, using only registered products from authorized suppliers in compliance with national standards. Participating in the Chemical Leasing initiative with Lanka Responsible Care, TTE minimizes runoff. Drone technology enables precise application, reducing chemical use and safeguarding workers.

Integrated Pest Management (IPM) emphasizes biological and natural control, guided by FAO principles, while research with TRI explores nature-based solutions. Only low-hazard chemicals are used, avoiding WHO Class Ia/Ib pesticides. Although agrochemical use slightly increased, all containers are returned to suppliers with zero landfill waste.

All personnel handling chemicals receive regular training on pest management, application techniques, PPE, and safety protocols, with annual reviews. Pesticide application is monitored according to toxicity hazard levels to ensure responsible chemical use.

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
Unlikely Acute Hazard (Class U)	-	-	None recorded
Pesticide Type	WHO Class	Intensity/ha	Volume Used
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Chemical Leasing for Low-Emission Agriculture

TTE, in partnership with Lanka Responsible Care and Hayleys Agro Fertilizers, implemented a Chemical Leasing model to improve fertilizer and pesticide efficiency. Unlike traditional volume-based purchasing, this approach focuses on outcomes such as nutrient management, pest control, and precise application, reducing unnecessary chemical use and wastage. Initial assessments included site visits and field-level data collection to guide efficiency improvements and support responsible chemical use, in line with TTE’s Climate Action and Environmental Policies.



Initiative: Regenerative Agriculture and Integrated Pest Management

TTE implements regenerative agriculture and Integrated Pest Management (IPM) to reduce synthetic agrochemical use and promote nature-based crop protection. Practices include biochar and compost application, cover crops, manual weeding, biodiversity monitoring, and natural pest control. Estate teams maintain cover crops to prevent erosion, apply compost and biochar to enhance soil health, and use manual weeding to limit herbicide use. IPM relies on field observations, early pest detection, and predator-based control before chemicals. While this approach increases short-term labor and monitoring costs, it delivers long-term benefits by improving soil health, water retention, biodiversity, and reducing chemical exposure.



Buy-back of weeds and compost production to reduce fertilizer use.



Resource Recovery & Recycling

Somerset ECO Material Collection Centre

Talawakelle Tea Estates PLC, in collaboration with the Coca-Cola Foundation, Janathakshan, and Neptune Recyclers, is establishing the Somerset ECO Material Collection & Processing Centre. The facility collects, segregates, and recycles PET bottles from estates and surrounding communities, powered by hydroelectricity for zero-emission operations. Due to this initiative, it provides a practical solution for plastic waste disposal in upcountry areas, while creating employment and skills opportunities especially for women and youth and demonstrating a scalable circular economy model in the plantation sector.



SCAN TO
WATCH
VIDEO
STORY



Pioneering PES Model in Sri Lanka

Securing Ecosystems while Empowering Local Communities

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. This initiative benefits the local community through "green jobs" while enhancing the scenic experience for global tourists. Together, we are aligning tea plantation management with international biodiversity and climate goals.



Pioneering Organic Excellence in Tea Production

Securing Global Organic Certification for Traceable, Chemical-Free, and Sustainable Tea Manufacturing

Talawakelle Tea Estates secured international organic certification for the Great Western and Logie gardens. Collaborating with the Tea Research Institute, we implemented chemical-free cultivation and dedicated processing systems. This initiative enhances soil health and biodiversity while opening premium global markets. Our next step is the global launch of this certified range, reinforcing our leadership in regenerative agriculture and ensuring long-term sustainability and environmental integrity.



Natural Capital

5. Ecosystem Conservation and Biodiversity Restoration

GRI 101-1, 2, 3, 4, 5, 6, 7, 8 | 13.3.1,13.3.2,13.3.3,13.3.4,13.3.5 | 13.3.6 | 13.3.7 || 13.3.8 | 13.3.9 | 13.4.1,13.4.2,13.4.3,13.4.4,13.4.5



TNFD
1st Sri Lankan Company to adapt TNFD standard



Rs. 50.1 Mn
Invested in Environment Initiatives



65.7 ha
Forest Area Restored or Rehabilitated



0 ha
Natural Ecosystem Converted (since 1992)
Zero conversion – maintained

TTE’s Path to Nature Positive by 2030 & Full Recovery by 2050
Zero Net Loss from 2020 baseline · Mapped against the KM Global Biodiversity Framework

In 2024, TTE unveiled its Nature-Positive Business Policy, formally committing to halt and reverse nature loss. Mapped against the Kunming-Montreal Global Biodiversity Framework (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.

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



Kunming-Montreal
GLOBAL BIODIVERSITY FRAMEWORK

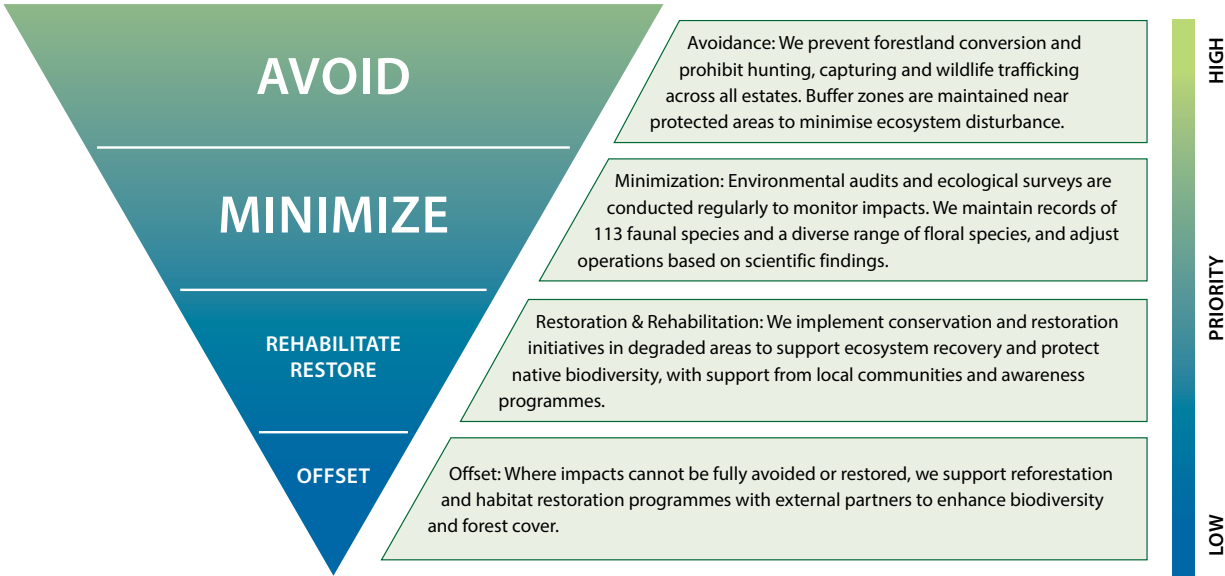
TTE aligns with 18 out of the 23 targets of the Kunming-Montreal Global Biodiversity Framework

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 in high-value biodiversity regions, including central highlands and areas bordering the Sinharaja Rainforest. TTE applies the mitigation hierarchy avoidance, restoration, and enhancement through habitat protection, buffer zones, and sustainable land management. Assessments use field surveys, satellite imagery, and expert consultation to monitor ecosystem conversion across estates and suppliers.



Adaption to TNFD Framework to Biodiversity Management and Identify Locations with Biodiversity Impacts

At Talawakelle Tea Estates PLC, we apply the TNFD LEAP framework (Locate, Evaluate, Assess, Prepare) to manage how our operations depend on and impact nature. Plantations, factories, and mini-hydropower sites are digitally mapped, assessing dependencies on critical ecosystem services such as water, soil fertility, and pollination. To identify the greatest biodiversity impacts, we use a risk-based prioritization, ranking estates, supply chain sites, products, and processes by ecological sensitivity, species richness, overlap with protected areas, and operational intensity. High-impact locations and suppliers are monitored using primary field data and secondary datasets (satellite imagery, ENCORE, WWF Biodiversity Risk Filter), ensuring data-driven assessment and mitigation of environmental impacts.

- ✓ **First Sri Lankan Company to adapt TNFD Reporting Framework**
 - ▶ Applied ENCORE for natural capital risk mapping aligned with TNFD. Only Sri Lankan company to formally adopt TNFD and SBTN.
 - ▶ 2023/24: Published first TNFD disclosures in the ESG Report.
 - ▶ 2024/25: Expanded with detailed LEAP assessment.



Scan QR code
for find our
TNFD report



Beyond Reporting: TNFD informs decision-making by quantifying ecosystem value, guiding soil and water conservation, biodiversity restoration, and long-term business resilience.



We systematically identified biodiversity impacts across our operations and supply chain. The 16 core estates forming the backbone of direct operations span highland and lowland regions. Using digital mapping techniques, we delineated and geospatially analyzed all estate boundaries to locate areas with potential ecological sensitivity. This digital approach ensures precise spatial understanding of each operational unit within the Sri Lankan landscape, enabling data-driven decisions for conservation and biodiversity management. A map image shows the exact placement of each estate.



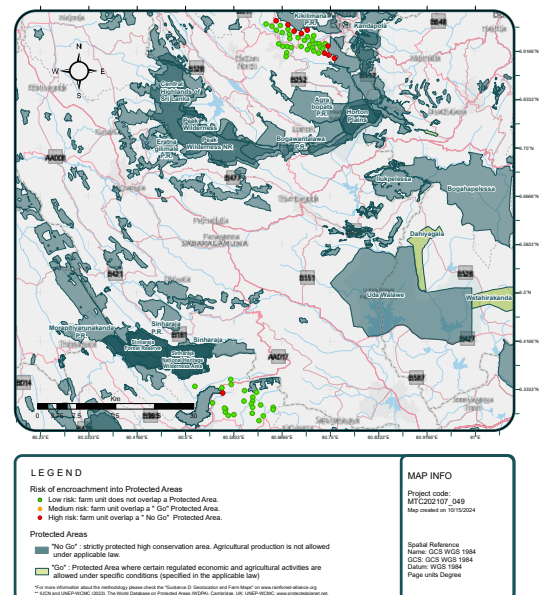
Protected Area Encroachment Risk and TNFD Priority Locations

Sites overlapping with legally protected areas are classified as high-risk, and initial mitigation measures such as habitat restoration, native species replanting, and protection initiatives are already underway, with further site-specific actions planned in upcoming TNFD-aligned reporting.

“As shown in this map, TTE has identified areas overlapping with legally protected conservation zones and high-priority protected areas.”

TTE has assessed biodiversity impacts across its 16 core estates and supply chain. Protected Area Risk: 1,413 hectares overlap with “No-Go” conservation zones, including estates such as Great Western, Wategoda Upper, Dessford, and Deniyaya. Activities at these sites include tea cultivation and manufacturing, soil and water conservation, forest buffer protection, and habitat restoration, benefiting local communities and other stakeholders. High-impact suppliers are mapped, and ongoing monitoring ensures minimal ecosystem disturbance.

All TTE operational and sourcing areas are outside zones of high ecosystem integrity, areas of rapid decline in ecosystem integrity, and areas with high physical water risks. For water management, we ensure that no water withdrawals occur from regions with high physical water risk, supporting sustainable resource stewardship.



Natural Capital

Ecosystem Services and Our Stewardship

We have identified the ecosystem services and beneficiaries that are or could be affected through on-ground biodiversity observations, estate-level natural resource monitoring with experts, and stakeholder input, including estate managers and community feedback. **Ecosystem Services (ES)** describe what nature provides: provisioning services such as freshwater from estate-managed watersheds; regulating services including erosion control, microclimate regulation, and water purification; cultural services like scenic landscapes supporting tourism and spiritual value of endemic species; and supporting services such as habitat provision, soil formation, and nutrient cycling.

Services to Ecosystems (S2E) represent what we do for nature. Protecting services include establishing buffer zones, no-chemical areas, and conservation of high-biodiversity areas. Enhancing services involve sustainable land management, soil conservation, and community-led stewardship. Restoring services include reforestation with native species, removal of invasive species, and rehabilitation of degraded lands and riparian zones. Supporting services focus on strengthening ecosystem resilience and connectivity, creating green jobs, engaging communities, and promoting sustainable livelihoods linked to conservation.

Rapid Biodiversity Assessments 2025

To strengthen our conservation actions and build resilient ecosystems, TTE, in partnership with WNPS and PLANT, conducted rapid biodiversity assessments across key estates in the Central Highlands.



Assessment Coverage
~1,863 ha
Across key estates in 3 regions



Species Richness Recorded
Hundreds
of species across 7 taxonomic groups



Endemic Species
32%
65 species endemic to Sri Lanka



Key Flagship Fauna
Leopard, Purple-faced Langur
and many threatened mountain species



Areas Assessed

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



Key Findings

- ✓ High biodiversity recorded across mammals, birds, reptiles, amphibians, butterflies, dragonflies and plants.
- ✓ Many threatened species identified, including Critically Endangered Agra Danio, Sri Lanka Dark-shouldered Cornuted Shrubfrog and Sri Lanka Long-tailed Shrew.
- ✓ Frequent signs of Sri Lankan Leopard and Purple-faced Langur observed, highlighting important wildlife corridors.
- ✓ Range extensions recorded for species such as Wiegman's Kangaroo Lizard, adding new scientific value.



Key Threats Identified

- ✓ Habitat fragmentation limits wildlife movement.
- ✓ Invasive species such as Guinea Grass, Lantana and Miconia outcompete native flora.
- ✓ Poaching, forest fires and domestic animals threaten wild populations.
- ✓ Pollution from garbage dumping and ornamental fish introductions degrade stream networks.



Direct Drivers of Biodiversity & Ecosystem Loss & Changes to the State of Biodiversity

We systematically identifies and manages biodiversity impacts across its 16 core estates and supply chain. The main drivers include land-use change, resource use, pollution, and invasive species.

Land-Use Change: No natural ecosystems have been converted since the 2020 cut-off. Protected Area Risk spans 1,413 hectares, including areas within estates such as Great Western, Wategoda Upper, Dessford, and Deniyaya.

Resource Use & Pollution: TTE does not harvest wild species, and water use is closely monitored. Agrochemicals, wastewater, and solid waste are carefully managed, and invasive species are identified and mitigated through estate-level biodiversity assessments.

The affected ecosystems are terrestrial, including tropical and subtropical forests in highland estates, supporting forest vegetation, shade trees, and soil habitats essential for biodiversity. Ecosystem condition is monitored annually and has remained unchanged between the base year and the current reporting period, demonstrating stability and effective management practices.

Native & Endemic Tree Species Identified & Preserved within Estate Areas

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

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

TTE PLC approach to Access Biodiversity Resources And Fair Distribution Of Benefits

Sri Lanka currently has no specific regulations on access and benefit sharing (ABS), and we does not engage in activities involving the commercial or research use of genetic or biochemical resources. However, TTE adopts a voluntary approach to ensure fair and equitable benefit-sharing by supporting community wellbeing and biodiversity conservation. Estate communities are granted regulated access to firewood and non-timber forest products, while restoration initiatives such as reforestation, habitat conservation, and buffer zone management generate local employment opportunities. These efforts contribute to both ecosystem protection and improved community livelihoods.



Trade-offs

01

With Financial Capital



In FY 2025/26, TTE invested Rs. 50.1 Mn in reforestation, soil conservation and renewable energy infrastructure. While this raises short-term costs, it supports long-term value through climate resilience, lower environmental risk and reduced dependence on fossil fuels.

02

With Human Capital



Environmental initiatives also create jobs and learning opportunities for estate communities. In FY 2025/26, over 3,822 estate workers participated in tree planting, compost making, biodiversity corridor restoration and integrated pest management. These actions build skills, support income, and strengthen the stewardship of the land.



Future Outlook



Short Term

Strengthen estate-level environmental data systems to better track water, energy and other resource use, improving responsiveness to environmental risks.



Medium Term

Expand nature-based solutions, including biodiversity corridors, reforestation and regenerative agriculture to improve soil health, water retention and climate resilience.



Long Term

Position TTE as a leader in climate-smart agriculture by integrating renewable energy, circular waste practices and ecosystem restoration across operations, moving towards a net-positive environmental impact.