





Dedicated to an efficient and
responsible agriculture

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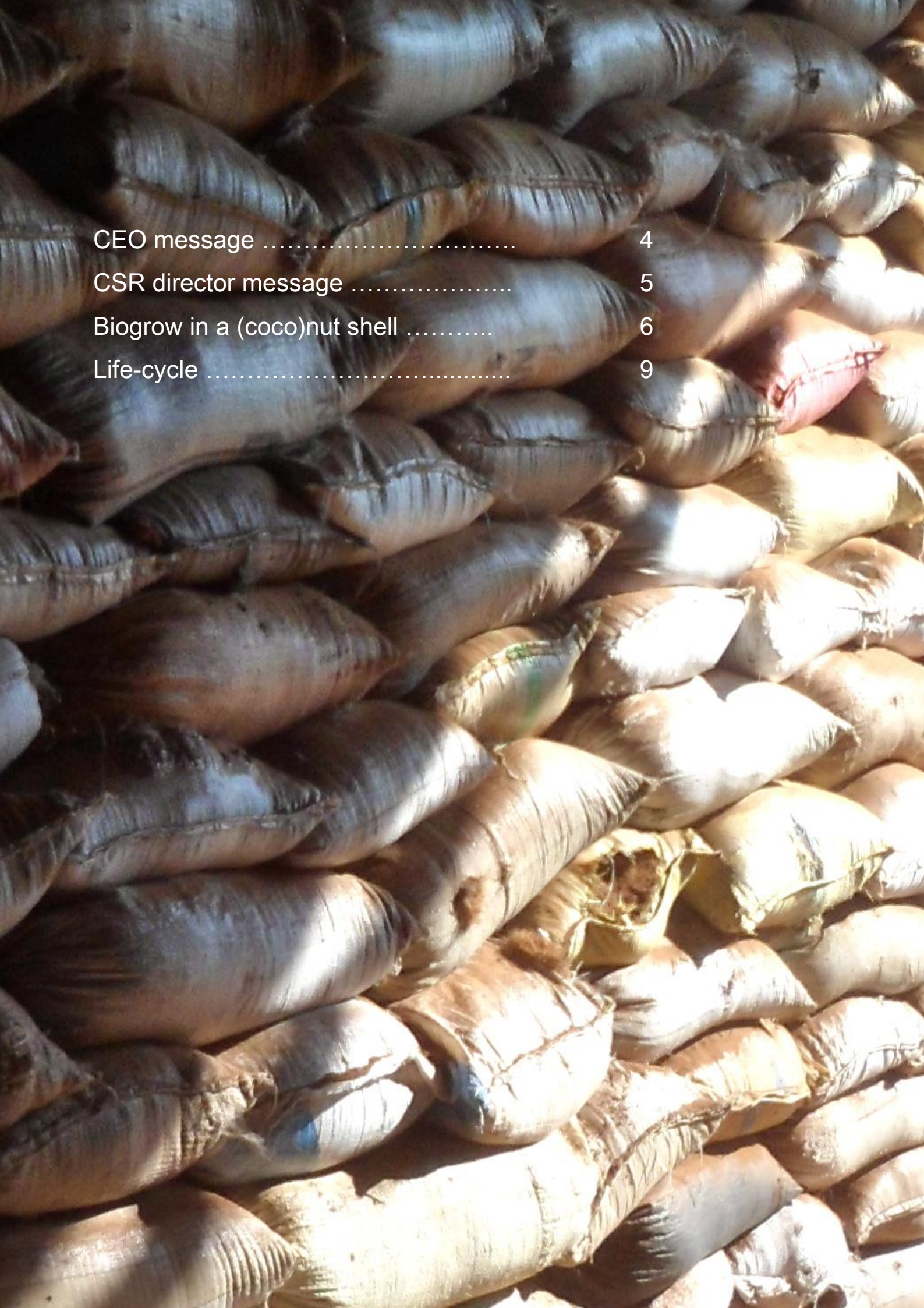
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« Building a sustainable model for Biogrow »

« There will be about 9 billion people to feed by 2050 in the world according to the Food and Agriculture Organisation. Behind this problematic lies another issue: what agricultural model and practices will we implement to feed the world's population? At the origin of Biogrow, was the desire to produce alternatives to current types of substrates that would have lower environmental impacts. We want to contribute to and promote the development of an environmentally responsible agriculture using natural organic substrates.

We developed our first production site in Sri Lanka back in 1998 benefiting from the country's large coconut resources. We experienced new ways to produce and adapted to a different culture. Since 1998, Biogrow's development has been continuous, increasing its production capacity and volumes (multiplied by 4), gaining new markets and improving its production process. The company's workforce even grew from about 50 employees in 1998 to about 300 in high season in 2013.

Nevertheless, we are now looking for ways to continuously develop our business while limiting our environmental and social impacts. By limiting our energy consumption, promoting responsible farming and a sustainable agricultural production model with less fertilizers and pesticides, improving the wellbeing of our employees and local communities, we want to contribute to the management of more global issues, such as climate change, access to food and the economic and social development of a post-war Sri Lanka. These issues may induce direct impacts on our development, such as decreasing productivity of coconut estates due to climate change strengthening competition or the deterioration of the quality of our raw material supplies. If we do not start to address them correctly, these issues could become risks in the long-term.

We decided to develop a corporate social responsibility strategy to promote sustainable development within our business but also to our external partners. We believe that a formalised strategy and the implementation of actions will help us improve our impacts on our local environment while contributing to the management of more global issues. We see sustainable development as an opportunity to develop our company by reducing some of our operational costs (e.g. energy consumption, waste production) and by promoting our responsible behaviour towards our stakeholders. It is our responsibility to encourage the development of more sustainable behaviours and corporate culture, and to integrate every employee in this great movement.

Our 2016 action plan aims at giving the tools to our managers to reach our targets and to change the company's impacts. We hope to reach these targets and to have every employee completely involved into this movement. We know the way may get complicated sometimes, but we will do our best to respect our commitments and to reach our objectives. »

Bruno Vila, CEO Biogrow Lanka

« Create shared value and promoting sustainable development in Sri Lanka »

« Biogrow has been producing coir-based substrates for the past 15 years in Sri Lanka. From the very first day, the company has been involved with local communities as well as concerned by its environmental footprint. Working with a natural product such as coconut makes us even more concerned by these issues. A great number of families' incomes rely on this business and it is part of our responsibilities to ensure the viability of their business and to support them in their activity. In addition, protecting the environment serves our supply of quality raw materials.

2013 has been the year of assessing the current situation. This first corporate sustainable report (CSR) is proudly showing off the situation. For the first time we have been able to assess the life cycle of our production process and we plan to use it to improve our processes. This tool will help us to improve the efficiency of our processes in order to be more responsible.

We have also committed to the UN Global Compact 10 principles of sustainable development. This significant and meaningful commitment is a great opportunity to ensure that all people working at Biogrow act responsively towards the communities and the environment.

We are also getting the ECOCERT certification, which ensures that our product can be used in organic agriculture and respects the environment. This is a new step in building and consolidating trust with our suppliers and clients.

Regarding communities, we have implemented some actions locally to help local kids to grow. We created a library for a local school near one of our factory, with the help of Asia Foundation and the National Library of Sri Lanka.

Finally, we decided to start an ambitious programme of monitoring and increasing our sustainable performance. Reaching our 2016 objectives will depend on the involvement of all Biogrow workers and business partners.

Every year we will be able to monitor changes and improvements brought to our processes, in order to ensure that we keep the right direction for all stakeholders. The whole team at Biogrow is dedicated to reaching our objectives. »



*Thibaut de Saint-Denis, Director in charge of
Corporate Social Responsibility*

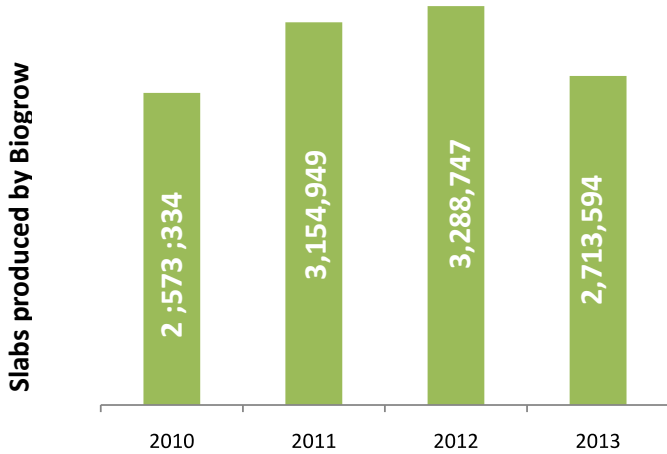
Company profile

Biogrow Lanka (Pvt) Ltd is a Sri Lankan subsidiary of SARL Vila, which produces fruits and vegetables in greenhouses in the south of France. Other subsidiaries of SARL Vila are located in India and in Brazil.

Biogrow has been operating in the field of coconut-based organic substrates for now 15 years in Sri Lanka. The company has three main operating sites in Sri Lanka : Negombo for its administrative center, Wariyapola and Madurankuliya for its production.

Thanks to the work of more than 300 employees in Sri Lanka during high season, Biogrow produces annually more than three million slabs of coconut-based organic substrates serving more than 150 customers worldwide. In addition, the company employs about 40 workers through its subcontractors.

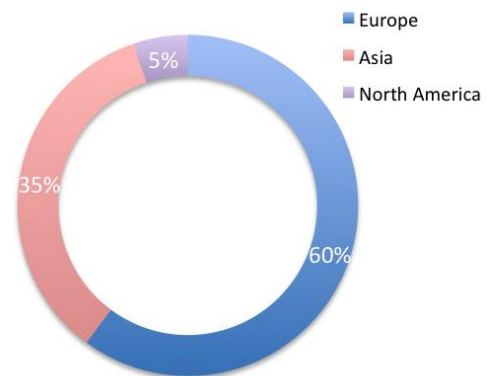
Visit our website : www.bio-grow.com



MAIN PRODUCTION SITES AND MARKETS



■ Headquarters ■ Subsidiaries ■ Main markets



Europe is our first market in terms of volume with about 60% of our shipments heading to this area. The share of the French market is also significant as it adds up to a total of more than 20% of all Biogrow's 2012 shipments. Other destinations include Italy, Spain and

Belgium. From these harbours, our products are then distributed in many European countries.

Asia is our second largest market, with Russia being the most important destination for our

shipments with about 25% of our shipments ending in St. Petersburg. In 2012, Russia represented about 90 of the 361 containers we produced.

3 sites in Sri Lanka

+ 28% of production between 2010 and 2012

3.3 million slabs produced in 2012

4.3 million slabs produced in 2012 including subcontractors

- 3.6 % of electricity consumed in 2012 compared to 2011

- 8 % of electricity consumed per slab in 2012 compared to 2011

361 containers sent to **4** continents in 2012

More than **300** employees in high season

More than **150** customers worldwide



100 % COCO-BASED

We commit to provide 100% natural products made of 100% coco. The products differ in proportions of cocopeat and chips depending on our customers' requirements. Our products are packaged in grow bags to protect the material but also to ease the production and disposal in greenhouses.

There is no addition of chemicals (fertilizers, pesticides, etc.) in our products, they are 100% natural and help you grow your crops in a sustainable way.

The raw material used in our products, the coco husk, is fully renewable and recyclable. Coco trees can produce throughout the year on a period of over 30 years, although the productivity tends to decrease over time. Coco trees grow naturally in Sri Lanka, but when needed limited amounts of conventional inputs are used to facilitate their growth.

At the end of the season, growers can safely dispose of the substrate, either by spreading it in their own fields or by selling it to other growers willing to fertilize their soil. There will be no negative environmental impact due to the disposal of the substrate.

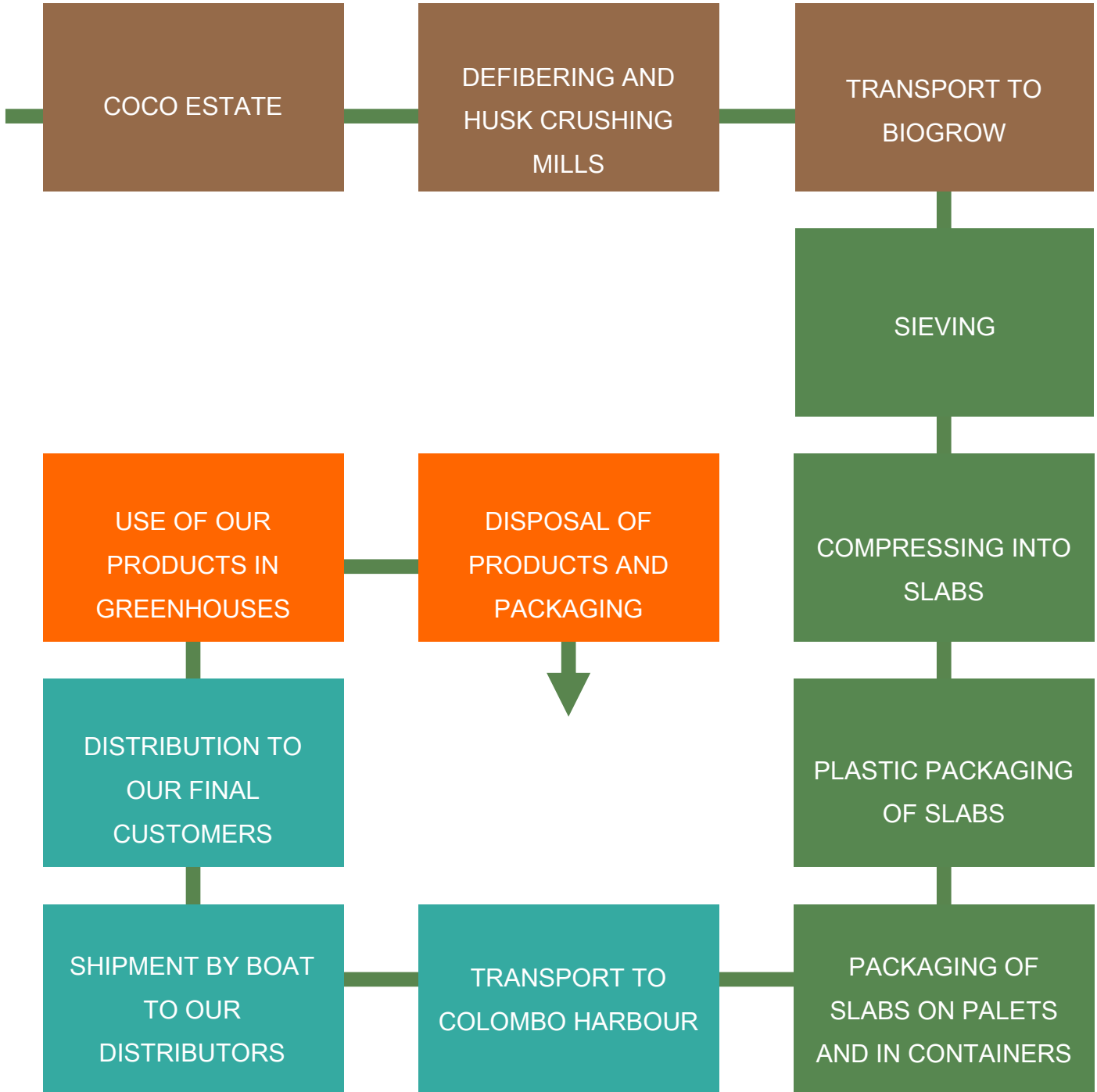
100 % NATURAL

FULLY RECYCLABLE

FULLY RENEWABLE

NO CHEMICALS







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TEAMWORK

We promote teamwork as the engine of our organisation. Each employee is an essential link in our business. Our company would not be where it is now if not for our employees' hard work, collaboration and teamwork.

EXCELLENCE

Providing goods of quality for our customers is one of our core values at Biogrow. All employees from production worker to top management must conduct his work trying to reach excellence.

SOLIDARITY

Solidarity between employees, solidarity with our business partners, solidarity towards the local communities surrounding our factories and sites, solidarity in good and bad times is core to our way of thinking sustainable development and business management.



RESPECT

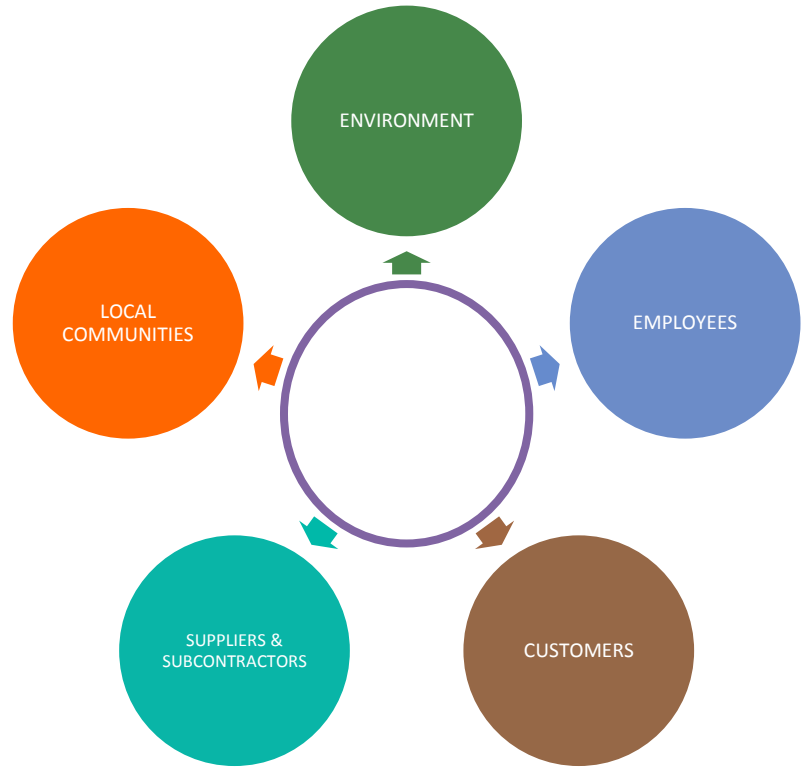
Every employee at Biogrow must respect others in their interactions, communications and daily work. The respect of human beings and their rights is essential to Biogrow's way of conducting business.



BIOGROW'S AREAS OF ACTION

Different steps have to be followed to develop a robust and precise sustainable strategy. The way we aim at managing sustainable development is by creating a comprehensive system leading us to an efficient management of three dimensions : economic, social and environmental. We must implement and deploy this system throughout the company, and make it understandable by our employees.

This colour code will be used throughout the report to indicate to which area of action we refer.



Sustainable development

« Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs »

(European Commission)

Corporate Social Responsibility (CSR)

CSR is the responsibility of enterprises for their impacts on society. To fully meet their social responsibility, enterprises « should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders »

(European Commission)

IDENTIFY OUR STAKEHOLDERS

The first step to take was to identify our stakeholders in order to have a clear map of our relations to our direct and indirect environment.

ENGAGE A DIALOG

We needed to engage a dialog with our stakeholders to know more about their interests, their expectations and their role in how we conduct our business. Exchanging with our stakeholders is also a good way to assess our impacts on them.

INTEGRATE THEIR EXPECTATIONS

It was not enough to engage a dialog with our stakeholders. The key issue is to integrate their expectations if possible in our development

EVALUATE OUR IMPACTS

Knowing our impact on our stakeholders helped us integrating their expectations in our development strategy, trying to make the latter more sustainable. We conducted a full assessment of our impacts but also of the risks we are facing and the opportunities arising from sustainable development.

DEFINE OUR STRATEGY

Once we integrated our stakeholders commitments and evaluated our real and potential impacts on them, we built a complete sustainable strategy that consisted in setting :

- clear commitments ;
- realistic and ambitious objectives ;
- relevant indicators ; and,
- an improvement action plan for the period 2013-2016

IMPLEMENT OUR ACTION PLAN

Once we have our action plan defined, comes the time of implementation. To manage our different projects and to launch our sustainable strategy, we decided to hire one employee working full-time on this issue showing our determination and commitment to sustainable development. We believe sustainable development and the related actions to be a leverage tool for our stakeholders development and our own.

FOLLOW-UP AND CORRECTIVE ACTIONS

We will not stop after the implementation of the actions we planned. We are in a continuous process of improving our environmental, social and economic impacts. The definition and follow-up of indicators will help us track our progress regarding the objectives we have set and that we plan to reach by 2016. If our indicators show that we are behind our objectives, we will take all necessary actions to get back on track.

OUR COMMITMENTS

ENVIRONMENT

We, at Biogrow, believe that environmental protection is crucial for the sustainability of our business and to meet the needs of the future generations.

Biogrow's business is based on the growing of coconuts and regular supply of coconut husks. Acting on environmental issues, at our production sites and at our suppliers' plantations, contributes to securing the manufacturing of quality products.

Biogrow has a role to play in contributing to the protection of the country's natural resources, environment and biodiversity.

Therefore, it is of utmost importance that Biogrow limits its impact on the environment, through notably the reduction of energy and water consumption, and the promotion of sustainable agricultural practices.

Commitments :

ENV-1 Biogrow commits to protect the environment, the local natural resources and biodiversity, and to continuously work at lowering its impacts related to energy and water consumption and paper management.

ENV-2 Biogrow commits to respect all relevant national and international environmental legislations and regulations.

ENV-3 Biogrow commits to forbid from its practices any actions that would jeopardize and deteriorate the local environment.

EMPLOYEES

We, at Biogrow, believe that our employees are essential to our business.

Biogrow relies mainly on low-skilled workers to produce the organic substrates. The operation of machines and the management of dusty materials must be always handled considering the health and safety of our employees.

The respect of basic Human Rights and the protection of workers' rights are very important issues for Biogrow.

Commitments :

EMP-4 Biogrow commits to provide clear and motivating training as well as career development tools to its employees.

EMP-5 Biogrow commits to protect its employees from health and safety hazards in the workplace.

EMP-6 Biogrow commits to promote and respect labour rights within its operations, notably the freedom of association and collective bargaining.

EMP-7 Biogrow commits to ban forced and child labour from its practices and operations

EMP-8 Biogrow commits to ban all forms of discrimination based on age, race, sex, gender, genes, religion, sexual orientation, social status, disability, political opinion, and trade union activities.



SUPPLIERS & SUBCONTRACTORS

We, at Biogrow, believe that our suppliers and subcontractors are part of the company's success and sustainability.

Biogrow relies on a large network of small, medium and large suppliers of raw materials and packaging products. We believe that it is in the communities and in our best interest to accompany our suppliers and subcontractors in their development. Supporting their businesses through stable and profitable relations, and providing technical and financial help contribute to the region and the company's economic development.

Commitments :

S&S-9 Biogrow commits to monitor health and safety conditions at its subcontractors.

S&S-10 Biogrow commits to ensure the respect of its Ethics Charter at its subcontractors, notably regarding forced and child labour, labour rights and discrimination in the workplace.

S&S-11 Biogrow commits to provide technical support to suppliers and subcontractors whenever possible and necessary.

S&S-12 Biogrow commits to keep its payment delays to suppliers and subcontractors within a limit of 7 days from the delivery.

CUSTOMERS

We, at Biogrow, consider that providing a product of quality must be our priority.

Biogrow manufactures organic substrates based on coconut for professional hydroponic growers who have very stringent requirements regarding the characteristics of the substrates.

Biogrow commits to meet these requirements, which span from moisture level, water retention capacities, sand contents, mix of coconut chips and fibres, electric conductivity, expansion level, size, weight,

Commitments :

CUST-13 Biogrow commits to produce and deliver goods of quality and respecting customers' requirements

CUST-14 Biogrow commits to forbid any kind of anti-competitive agreements and any kind of corruption practices.

LOCAL COMMUNITIES

We, at Biogrow, believe that we have a role to play in developing the surrounding communities and improving their wellbeing through support to the company's employees and their families and to local businesses.

With about 300 employees, Biogrow is an important employer in the Coconut Triangle region (Western Sri Lanka) where are located its production sites. In addition, Biogrow indirectly employs hundreds of workers through suppliers and subcontractors in the region.

Through business relations and its employment capacities, Biogrow helps developing the local economy.

Commitments :

LC-15 Biogrow commits to forbid any actions that would make the company an accomplice of human rights violations.

LC-16 Biogrow commits to support the development of the local communities and to promote their economic and social viability.

In 2013, Biogrow started to develop its CSR strategy. Its first step was to commit to internationally recognised principles grouped in a single commitment: the United Nations Global Compact 10 principles of sustainable development.

Biogrow commits to respect these principles but also to promote them in its everyday management and actions. We believe at Biogrow that the respect of basic human and labour rights, the protection of the environment and the eradication of corruption are major issues. The company must do its best to help the United Nations achieve its goals and to promote sustainable behaviours.

Please check our letter of commitment to the United Nations Global Compact and our Communication On Progress : <http://www.unglobalcompact.org/>

The United Nations Global Compact 10 principles

Biogrow’s achievements regarding these principles are highlighted in this report each time one of these markers appears.



P1

Business should support and respect the protection of internationally proclaimed human rights

P6

Business should support the elimination of discrimination in respect of employment and occupation

P2

Business should make sure that they are not complicit in human rights issues

P7

Businesses should support a precautionary approach to environmental challenges

P3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

P8

Business should undertake initiatives to promote greater environmental responsibility

P4

Business should support the elimination of all forms of forced and compulsory labour

P9

Business should encourage the development and diffusion of environmentally friendly technologies

P5

Business should support the effective abolition of child labour

P10

Businesses should work against corruption in all its forms, including extortion and bribery

OUR ACTION PLAN

Replacement of old machines by more productive and energy efficient ones

Installation of information panels on environment issues and practices

Obtain an environmental certification of processes or products

Increase knowledge on product's carbon footprint

Conduct training on Biogrow's Ethics Charter

Improve Biogrow's human resources management

Implement of a health & safety monitoring tool

Increase workers' safety through new equipment

Installation of information safety panels

Training of supervisors on health and safety issues (first aid, fire evacuation procedures)

Training of subcontractors on safety and Biogrow's Ethics Charter

Continue and formalize financial and technical help provided to suppliers and subcontractors

Implementation of quality indicators

Continuous improvement of quality procedures

Creation of a library at Kiriwanagara school

Financial help provided to employees for specific occasions

Donations

Partnership with Agro Micro Finance to fund local suppliers of raw material

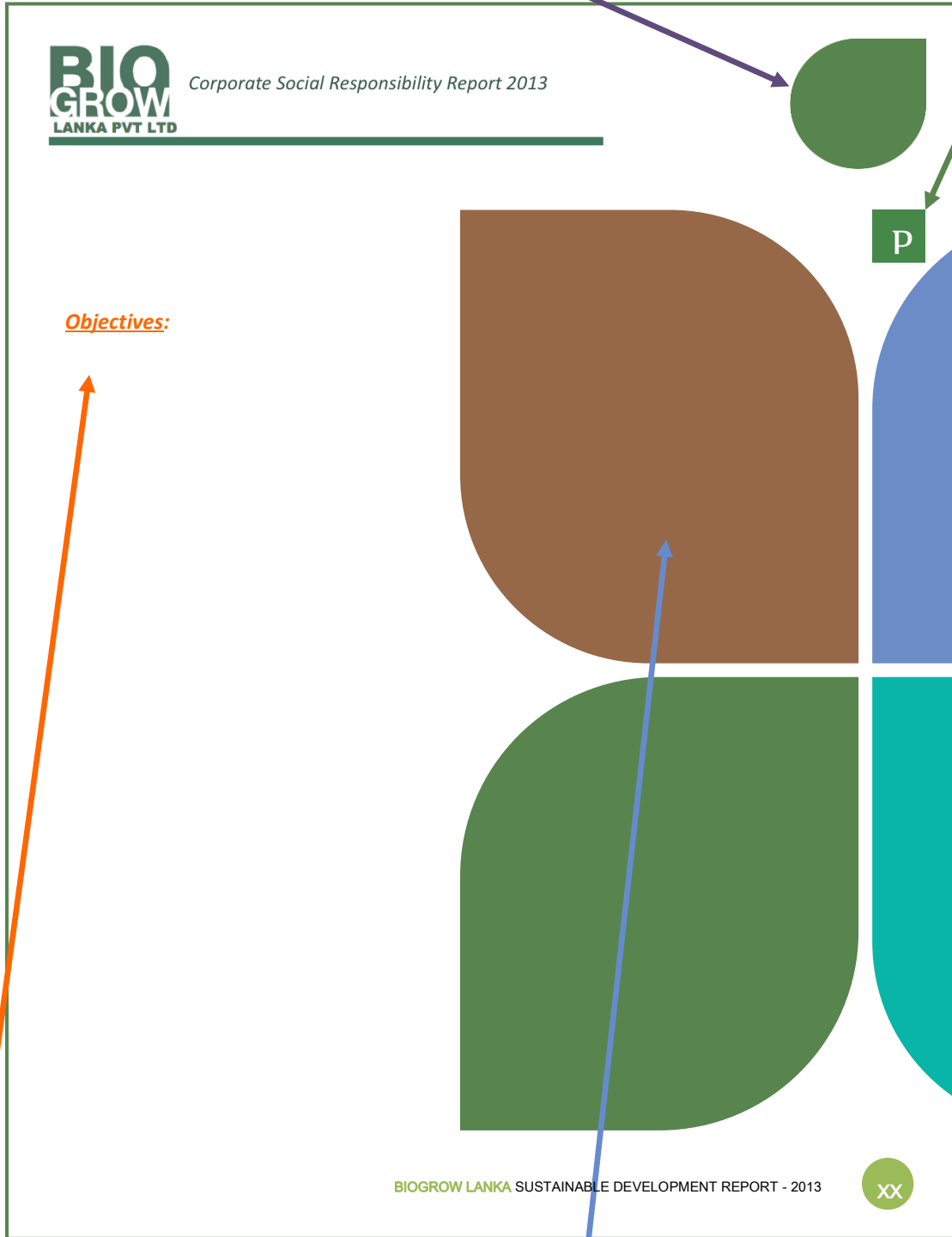


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Suppliers & subcontractors	28
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Local communities	33



This area will show the issue dealt with in the section

This area will show to which principles of the United Nations Global Compact these commitment refer



This area will recall the company's objectives regarding its commitments

This area will recall the company's commitments to the issue

« Reduce our environmental footprint »

Objective:

5% reduction in electricity consumption per slab by 2016 compared to 2012

Biogrow's management of environmental issues

Environment is at the core of our business. Using natural raw materials, we provide solutions to our customers for the growing of food crops in greenhouses. We always try to make our decisions integrating environmental considerations and thinking about the way we can improve our impacts.

Our production processes are not energy and water intensive, but these issues are important to us. We also work at lowering our office environmental impacts through the reduction of paper consumption.

Energy. Our production process only uses electricity to power the sieving and hydraulic press machines, and the lighting system. In Sri Lanka, electricity is mostly generated by hydropower plants, which lowers our potential carbon emissions due to energy consumption. However, Our production cannot suffer any electricity blackouts, so that from time to time we have to use fuel-generated emergency generating set to produce electricity. Nevertheless, we are continuously improving our machines to lower their energy consumption in order to lower our environmental impacts but also to decrease our energy-related costs.

In addition, for future developments, we are studying the possibility to install at one of our production site some alternative renewable energy production systems such as solar panels or mini-wind power plant.



Biogrow commits to protect the environment, the natural resources and biodiversity and to progressively and continuously reduce its environmental impacts notably due to energy, water and paper consumption

Biogrow commits to respect national and international environmental legislations

Biogrow commits to forbid from its practices any actions that would jeopardize and deteriorate the local environment

P7

P8

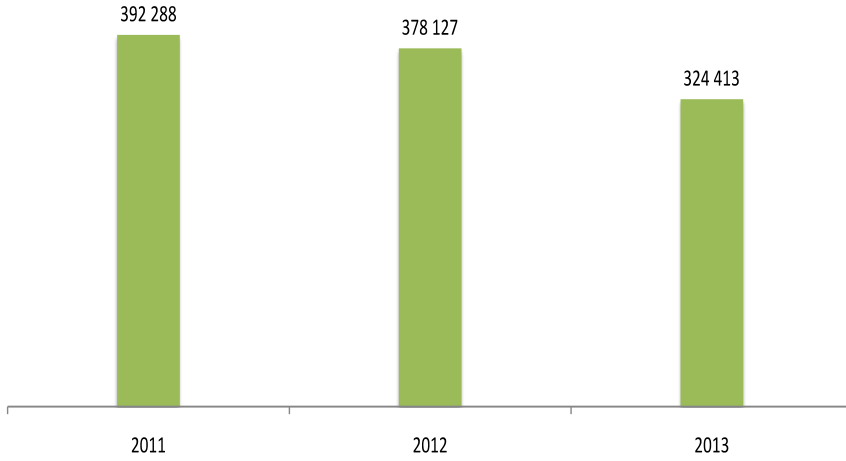
P9



« Preserving the environment is the best way to ensure the sustainability of our business »

In 2013, we have developed a monitoring tool to follow our electricity consumption. Before thinking about ways to use more renewable energy to power our factories, we believe that it is in the environment and in our best interests to reduce our electricity consumption first.

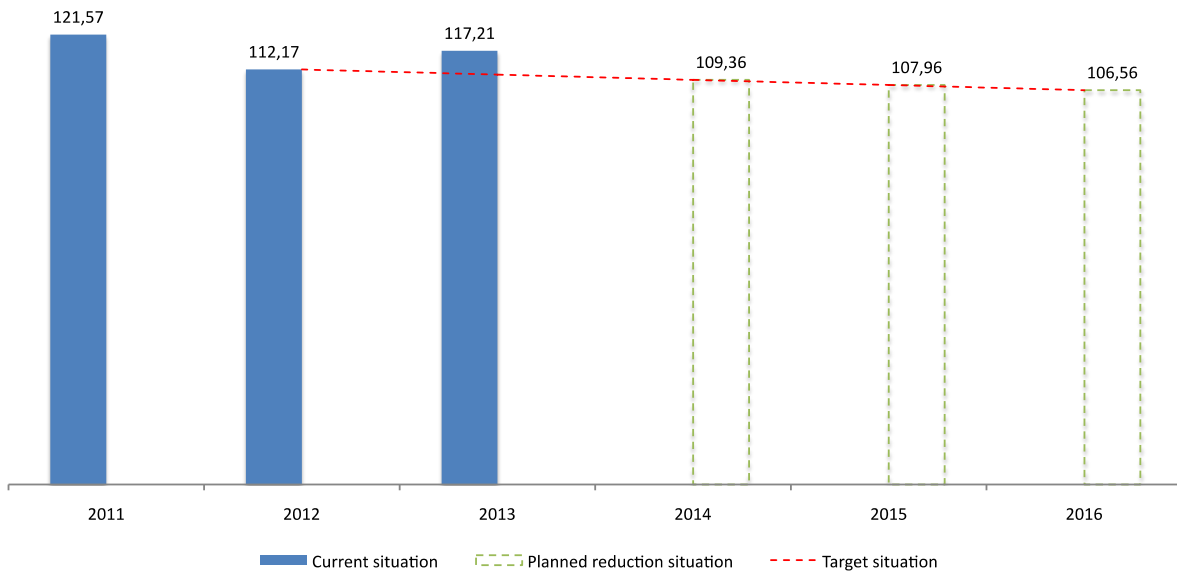
Electricity consumption in kWh, as of September 2013 and covering all Biogrow's sites



Our electricity consumption has decreased over time while we increased our production capacity and volumes and mechanising our production (conveyors, new machines).

We continuously work at modernising our production capacities while reducing our electricity consumption. For 2010, the lack of aggregated data covering a similar scope as for 2011, 2012, and 2013 does not represent the actual electricity consumption of all Biogrow's sites but only of our administration office in Negombo. We are on the right path to reduce our electricity consumption.

Electricity consumption per slab in Wh, as of September 2013 and covering all Biogrow's sites



We have designed an objective for our electricity consumption per slab of cocopeat. We believe this target is a relevant and efficient managerial tool. Reaching a X% reduction (with 2012 as a baseline) of our electricity consumption per slab is ambitious and we believe that great efforts remain to be done before 2016 to reach this objective.

In September 2013, we are still behind our objectives but sure that we will be back on tracks to reach our 2016 objective by the end of 2013. The installation and use of more energy efficient machines will help reach this target.

Water. Our only sources of water consumption are located in two phases:

- during the washing of some of our raw materials for particular products at our suppliers' sites. The raw materials are washed in big water tanks
- during the quality controls of our products. We need to test the expansion capacity of the slabs to make sure our clients' requests are met.

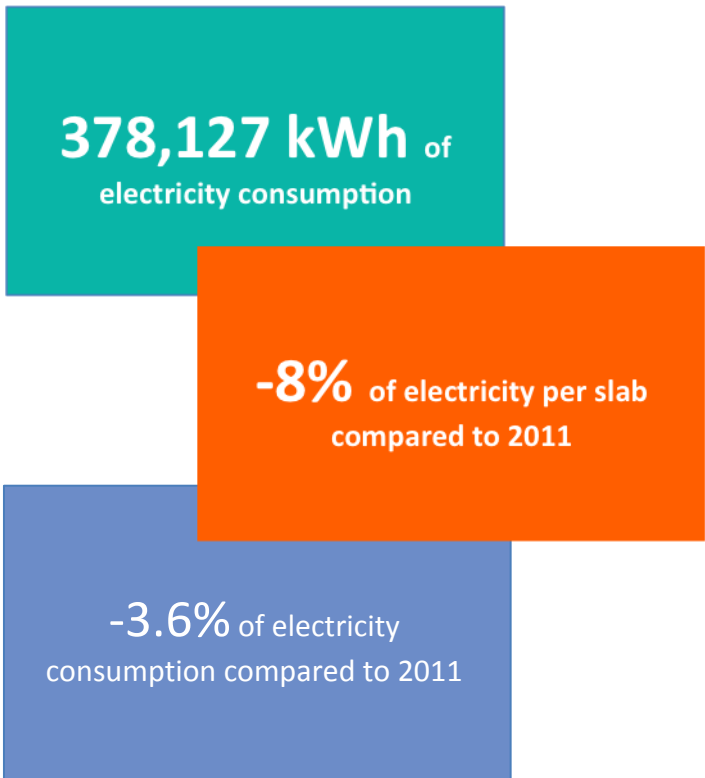
During quality controls, the water used comes from underground sources and from public water system. There is no risk of contamination of underground water resources during the release of water from quality controls as our products are free of chemicals and of any potential threats for water resources.

Our water consumption is really low and is not significant compared to other impacts, such as energy. At the moment, we monitor our water consumption but this area does not constitute a focus for improvement for Biogrow.



Biodiversity. In 2012, we decided to plant coco trees near our production sites in order to develop biodiversity around our factories. We have not deteriorated the natural environment around our factories to plant these trees.

IN 2012



Paper consumption. Every year our offices purchase about 60,000 sheets of paper. We know that through paper consumption Biogrow can modify its impact on the environment, notably through basic changes in our daily behaviours, such as reducing the number of print documents, using more electronic communication and data recording. Efforts made on our paper sourcing (e.g. paper quality, paper from Forest Stewardship Council – FSC – certified forests) or paper management (e.g. paper recycling) can change our impacts.

In 2013, we have launched a study on the opportunity to change our supply of paper towards a share of FSC certified paper. This would give us the assurance that the paper comes from sustainably managed forests and would constitute a means to contribute to the protection of biodiversity. We are also working on ways to reduce our paper consumption in our internal and external communications and data recording and increase the quantity of paper being recycled.



Transport. We work at optimising the transport of our finished products. When possible we use the empty containers coming to our factories from Colombo to bring pallets or raw material, thus limiting movements of empty containers and reducing our carbon emissions.

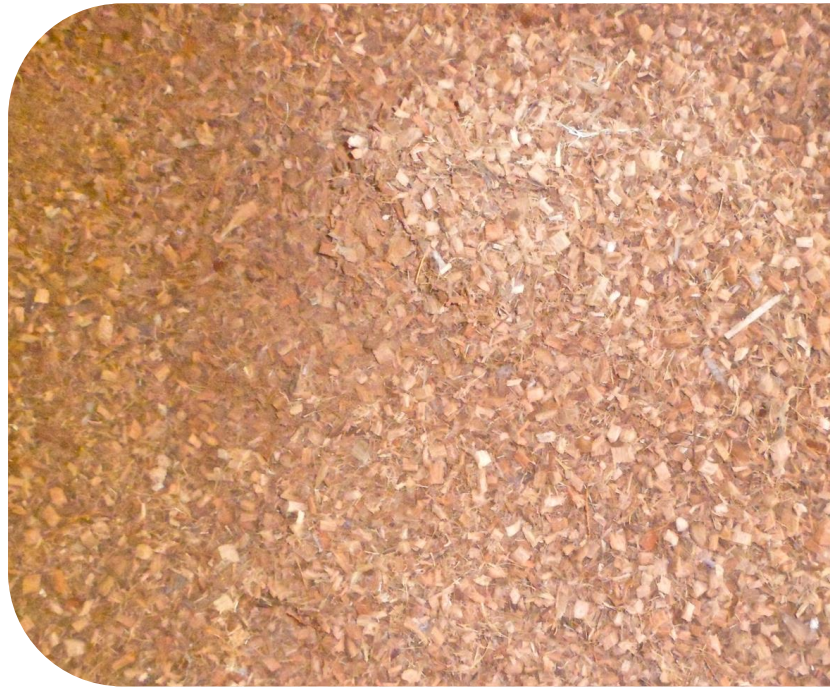
In 2013, in order to start creating an environmental-friendly corporate culture we asked all our employees to integrate this text in their email signature:

✉ Please consider the environment before printing this email

We think it is our responsibility to promote responsible behaviours regarding excessive printing of documents

Disposal of products and packaging. In 2013, we started investigating on how our customers are disposing of the cocopeat slabs and the plastic packaging. We would like to make sure that environmental impacts linked to the disposal of packaging are the lowest possible and that our customers have access to recycling systems or environmentally safe disposal systems.

In addition, we would like to promote the positive environmental aspects of our products compared to other mineral substrates alternatives.



Recycling. Our collaboration with our plastic grow bag supplier has resulted in the recycling of the plastic waste coming from the cutting of the bags. Each year, we send back to our plastic grow bag supplier about 2 tonnes of plastic for recycling, thus reducing the use of natural resources to produce plastics. In addition, we cooperate and exchange on sustainable development issues as well as on the implementation of sustainable development projects.

« *Improve our employees' health and safety conditions* »

Objectives:

Ultimately target 0 accidents

Reach 0 lost-time injury frequency rate by 2016

Biogrow's management of employees' related issues

Workers are essential to our business. Our production sites are located in relatively poor areas of Sri Lanka and most of our employees come from low-budget families. Therefore, we have a certain responsibility towards them, notably to try to improve their wellbeing through fair remuneration, health & safety protection at work, and the refusal of any forms of forced labour for example.

Dealing with our employees is not only about getting the highest productivity out of them but it is also about providing them with a discrimination-free, safe and healthy working place, with good remuneration and incentives, as well as ensuring their long-term employment. Indeed, the production of coco-based organic substrates requires some specific skills and our company's productivity can be impacted by a high employee turnover. We have a series of incentives to increase the company's attractiveness among our employees.

We try to provide our workers with sufficient training for their position, to promote career development and to make sure they have the appropriate protection equipment.

« *We try to install a mutually beneficial relationship with our employees and to ensure their wellbeing and development* »

Biogrow commits to provide clear and motivating training as well as career development tools to its employees

Biogrow commits to protect its employees from health and safety hazards in the

Biogrow commits to be forced and child labour from its practices and operations
Biogrow commits to promote and respect labour rights within its operations

Biogrow commits to ban all forms of discrimination in the workplace

P1

P2

P3

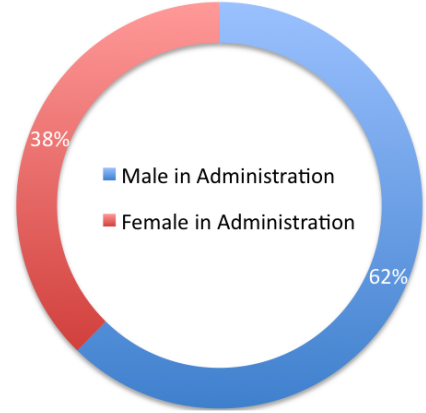
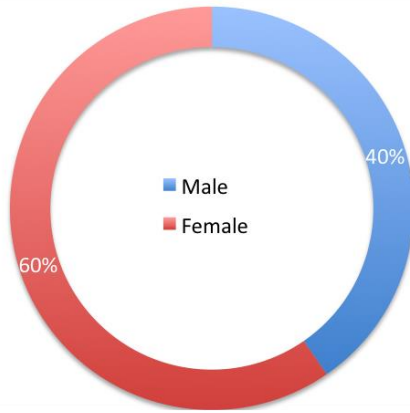
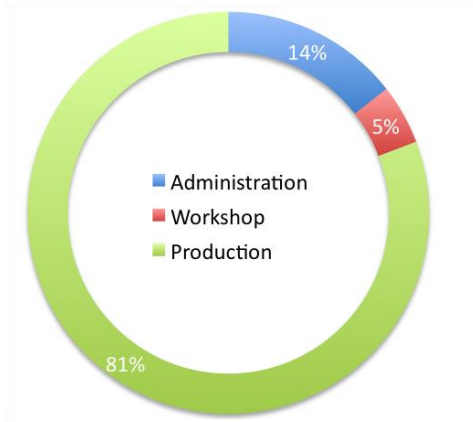
P4

P5

P6



Our employees, as of 31/12/2012



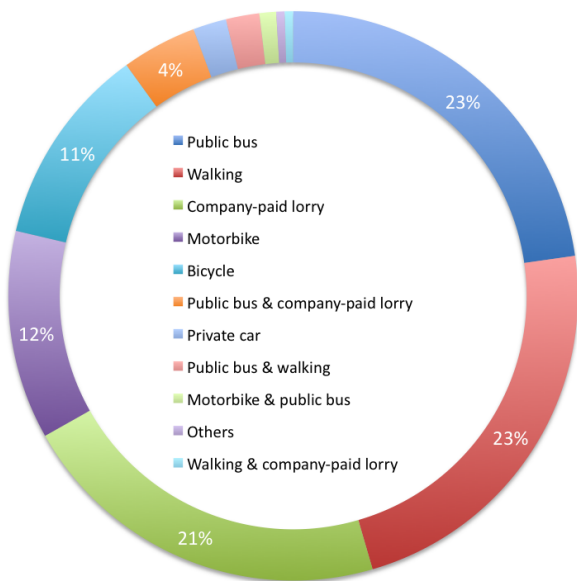
Category of employees

The number of employees working for our company strongly fluctuates during the year according to the level of our production. Our high activity season usually starts in May and ends in October, period during which we receive most of our customers’ orders. Therefore, our workforce increases during this period reaching a peak of about 300 employees, to then come down to approximately 120. However, we do favour permanent contracts over temporary ones in order to provide job security to our workers and to make sure to keep skilful profiles within our company. The majority of our employees are production workers while administration position only represent about 14% of our employees.

Gender distribution

We are proud to be one of the few companies to rely mainly on women and to promote their career development. Our workforce is mainly composed of women, especially in the production area. Nevertheless, we are continuously working at increasing the share of women in the administration.

Employees’ transport to the company



Employees’ transport

Our workforce is very local. About 75% of our employees’ homes are located within 15 kilometres around our sites. It takes less than 30 minutes for half of our workforce to come to work.

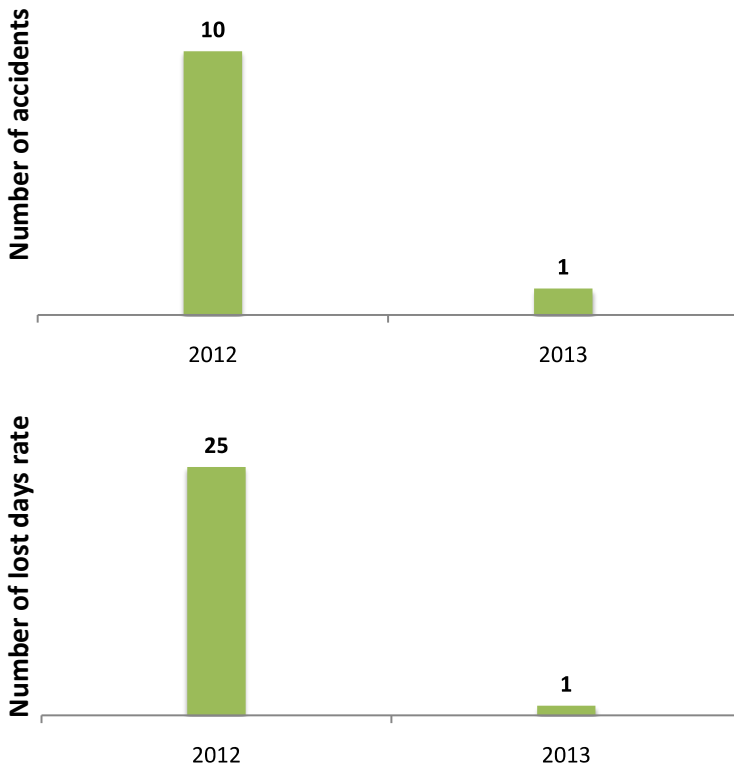
For the last few years, Biogrow has put in place a transport vehicle to daily drive about 25% of our employees to the production sites. Another 30% use local public transport to go to work.

Nevertheless, an important share of our workforce continues to walk daily to work.

Overall, the use of individual transport vehicles concerns only 15% of our employees.

We are proud of the use of public and collective transport systems by our employees.

Health & safety at production sites



Accidents

In 2012, we have experienced a significant increase of the number of accidents at our production sites. These were due to a series of mishandling of new machines and lack of awareness of safety rules from our employees. These accidents were not life threatening and at no moment our employees lives were at stake. On the positive side, in 2013, only one minor accident was registered.

Nevertheless, all but one accident resulted in minor injuries such as small contusion or cuts, and scratches.

To avoid these accidents and to reduce the number of lost days, we are implementing a series of safety training for our supervisors (basic safety rules, first-aid training). No fatalities have ever been recorded at Biogrow.

Lost-days rate

The important increase in the number of lost days rate is explained mostly by one accident that caused many lost days. However, this accident did not jeopardize the life of our employee. Our targets for 2016 are ambitious regarding accidents and lost-days rate reduction and we will implement new practices, such as training and awareness-raising of employees and supervisors to reach them.

Actions for employees

Each year, Biogrow organises a fully paid trip for its permanent employees. In the past three years, employees went to Trincomalee, Katharagama and Jaffna.

In 2013, our employees also participated to the Coconut Exporter/Producer Association competition, which gathered employees from all the cocopeat substrate industry.



« Promote the development of our suppliers and subcontractors through fair relations »

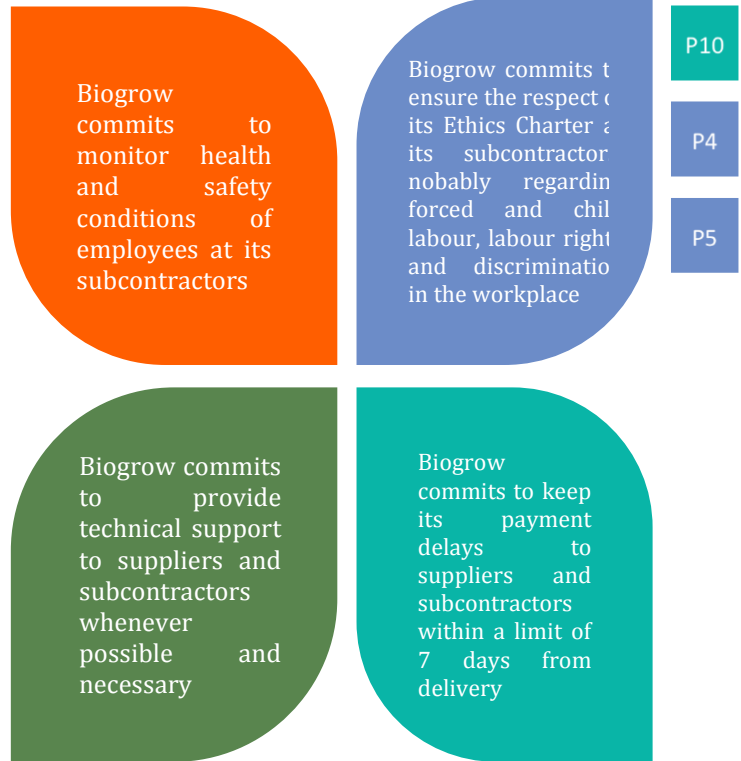
Objectives:

Keep payment delays below 7 days

Biogrow’s management of its supply chain

Suppliers. Biogrow’s business is highly dependent on its local suppliers. Our business would not exist if we did not have hundreds of raw material suppliers providing us with the necessary cocopeat and fibre materials. We source all our materials in Sri Lanka. Our suppliers are located within a small perimeter around our production sites and mainly in the so-called “Coconut Triangle” area (between Negombo, Kurunegala and Puttalam). Suppliers are generally small coco estate owners subcontracting the defibering of the coco husks to small local businesses.

We know that these suppliers can be significantly impacted by low crop yields and small harvests due to bad weather conditions. We try to make sure to pay them a fair price for they raw material supply in order to contribute to their business development. When possible, we try to work with them to improve their growing techniques, processes and infrastructure. This can take the form of low/no interest loans, training, technical help, etc.



« We must improve our management of our supply chain and continuously help developing our subcontractors »

We believe that our business future will benefit from the improvement of our suppliers’ businesses.

More importantly, we make sure to pay on time and to shorten the payment delay. By doing so, we contribute to securing our suppliers’ cash flow and financing capacities.

We have other suppliers providing us with all packaging elements for our products. We engage in discussions and exchange of knowledge to grow together and share best practices notably in terms of sustainable development.

One of our suppliers is now beginning to design and implement a sustainable development strategy. Biogrow is proud to be considered as a partner in this process and to contribute to the promotion of sustainable development in Sri Lanka.

Subcontractors. Biogrow relies on three subcontractors for the production of specific products or to complete our factories production. Biogrow indirectly employs about 40 employees distributed at three subcontractors' facilities. Through unexpected visits of our subcontractors' factories we make sure that our subcontractors respect the basic human rights included in the United Nations Global Compact (exclusion of forced and child labour, complicity of human rights abuses). It is very important for us that our business and the companies working for us respect human rights.



We try to keep our subcontractors as busy as possible to ensure that their site operates throughout the year, that they are ready to operate when we need them to, and that the jobs at stake are secured. It is also a way to support local communities.

As for our suppliers, we try to help our subcontractors as often as possible to modernise their equipment, to develop their business and to share the best practices within the sector.

Ethics Charter. In 2013, Biogrow successfully implemented its Ethics Charter. This document presents the company's key commitments to our stakeholders, notably employees and subcontractors. It is a code of conduct explaining appropriate behaviours regarding human and labour rights (e.g. forced labour, health and safety), business practices (e.g. corruption, anti-competitive agreements); providing tools to identify problematic situations and ways to solve them.



Training of subcontractors was realised to make sure our partners understand our way of doing business and integrate good practices in their business. We will work together with our subcontractors to improve their practices and align them with our standards.

« Always meet our customers' requirements and engage in long-term relationships with them »

Objectives:

Reach 95% of customers satisfied about Biogrow's products by 2016

Biogrow's management of customer related issues

Quality. The quality of our products is essential to our business and we take it seriously. The growing of crops in greenhouses requires a precise monitoring and control of the growing medium and the plant.



« We strictly follow and monitor quality issues and welcome any feedback from our clients »

Our clients have stringent requests, which include moisture, humidity, sand content, electro conductivity levels, expansion capacity, size, weight, share of chips and cocopeat, etc. It is our duty to provide products and services that meet those requests as it directly impacts the quality of the future crops. We indirectly bear a share of the responsibility of the quality of the future crops.

Biogrow commits to produce and deliver goods of quality and respecting customers' requirements

Biogrow commits to forbid any kind of anti-competitive agreements and any kind of corruption practices

We have stringent quality control processes and our quality control department ensures that these are respected. We test 1% of our production to make sure that we meet our clients' quality requirements. To ensure that products manufactured by our subcontractors meet our customers' requests, we have one quality controller responsible for conducting quality checks and monitoring quality at subcontractors' factories.

We want to ensure that we have long-term relationships with our customers to always improve the quality of our products and services. It is through a close collaboration and continuous dialog that customers and Biogrow can reach excellence in their business.

We have two kinds of customers: direct customers and final customers. Our direct customers are large distributors, who then sell on our behalf our products to greenhouse growers.



Our products are packaged in plastic bags and stored on full or semi-full pallets. These pallets are then shipped by boat in containers to our customers worldwide.

Our internal Quality Department is conscious of the necessity to have homogeneous quality of products. Quality controls must be conducted according to the same stringent requirements at all of Biogrow production and subcontractors' sites.

A monthly newsletter containing the latest information about quality controls and the company's business and requirements is sent monthly. In addition, the Quality Department communicates daily about quality improvements and issues to be dealt with via social network tools such as Twitter.

The Quality Department uses a computer-based and sharing tool to keep photo records of all quality tests conducted on order samples.



We make sure that any product going out of our factories can be traced all along its trip to the customer's distribution facility.

All products manufactured by Biogrow have a unique identification code, which in case of issues with the quality can be directly traced by Biogrow and dealt with.

Labelling. Every pallet of products shipped in containers is labelled with all the required information about the customer, the quantity of products, and specifications. In addition, instructions for use are also detailed on the products packaging to make sure our customers handle and use the products in the appropriate way.

These data are available by all employees within the company.

Paper-based documents containing the results of the quality tests are also kept by the Quality Department in case a quality issue is raised by one of our customers.

Traceability. Our products are traced from the production site down to the customers to ensure that they are provided with the products they required.





In January 2013, some of our Russian customers came to visit Biogrow's installations in Sri Lanka (Madurankuliya and Wariyapola production sites). We raised their awareness about our production processes and provided them with more information about our company. It is very important for us that our customers are aware of the manufacturing process behind their final products. They could also understand our quality checks to increase their confidence in our quality procedures.

We would like to repeat this action and communicate more about our processes and the positive aspects of our products.



« Supporting the development of the local communities contribute to the company's success and the employees' wellbeing »

Objectives:

Support 15 community support-oriented projects by 2016

Biogrow commits to forbid any actions that would make the company an accomplice of human rights violations

Biogrow commits to support the development of the local communities and to promote their economic and social viability

Biogrow's support to the development of local communities

75% of our employees live within a 15 kilometres area around our factories. Our employees are part of a complex network of interactions that affect local businesses, social life, local authorities and the local environment. Biogrow can act directly on the development of the areas where our employees originate. By improving local development through economic or social actions, Biogrow wants to improve the wellbeing of its employees and their families and contribute to the general development of Sri Lanka.

Since the beginning of its activities, Biogrow has continuously sought the development of local businesses, the improvement of living conditions of its employees and of surrounding poor populations.

In 2013, Biogrow launched its first action for education in Sri Lanka. We created a small library in a primary school nearby the Wariyapola factory, where some of our employees' children study. Through this action, Biogrow sought the improvement of children's access to books in Sinhala, Tamil and English. Biogrow partnered with Asia Foundation *Books for Asia* programme and Sri Lanka's National Library book donation programme to collect books either brand new or second-hand.

The children, aged from five years old to ten years old have now access to more than 300 books. It constitutes a significant change



« We have a responsibility to provide support to local social and economic development, hence improving the wellbeing of our

for them and can also be a solid base for the local English teacher to improve her teaching of English.

Biogrow conducted many other actions, among which:

- financing of a wall painting in Kiriwanagara School;
- providing funds annually to employees for them to buy books for their children;
- providing loans to employees for them to participate to the Sinhala & Hindu New Year;
- provided cement to the elders' home located behind the Wariyapola factory

Our objective within the next three years is to considerably develop our activities towards local communities. We believe that the development of the local economy will benefit our employees, the local populations and in fine our business. Our attractiveness, as an employer, is also a result of how we manage our impacts on local communities.

Sri Lanka National Library – Book donation programme

The Sri Lanka National Library collects books throughout the country and through one of its department works at distributing them to local municipal libraries or schools. Books come from embassies or foreign institutions with educational purposes.

The team fully cooperated with our programme and was very helpful.



Chatrini Weeratunge, Manager of Books for Asia programme

« The Books for Asia (BFA) program of The Asia Foundation provides learning materials essential for educational development consisting of a wide collection of books in diverse fields to strengthen primary, secondary and tertiary education across the country. The program strongly supports local efforts to create open access to libraries in educational institutions with rich resources for educational development.

The BFA programme partners with educational institutions, international organizations, non-profit organisations and government institutions, as well as with the private sector (through their corporate social responsibility projects) to

implement educational development initiatives. As such, we are pleased to support the CSR initiative of Biogrow Lanka to build a library in the Kiriwanagara school in Wariyapola, and look forward to collaborating with the company on similar CSR initiatives in the future. »

Partnership with Agro Micro Finance. Our employees are our best resources and we try, at Biogrow, to create a strong binding link between employees and between the company and the employees. Their present as well as their future situation counts for us and we are willing to help them sustain their livelihoods even once they have left the company.

Legislation in Sri Lanka forbids BOI (Board Of Investment) companies to continue employing under permanent contract women above 50 years old and men above 55 years old. Employees have the choice between early retirements and temporary contracts within the company.

We believe that for the workers own safety and health, retirement could be the best solution. We are developing together with Agro Micro Finance, a local institute of microfinance, a programme to help these employees to launch their own small business should they choose retirement over temporary contracts. Biogrow would fund loans for our former employees, provide machines and small equipment as well as technical support. These small businesses would supply our factories with raw material. Agro Micro Finance would manage the loan activity and the collection of repayment as part of its microfinance activity, and provide our former employees with non-financial training, such as book keeping, business management, or women empowerment.

This partnership with Agro Micro Finance presents many advantages: our former employees would benefit from Agro Micro Finance long experience in micro credit activity; from Biogrow's full technical support in launching their business; these loans could reinforce solidarity in communities through the management of people's own development and activities; and Biogrow would sustain its strong link with its former employees and with the local communities surrounding the factories.

It is very important for Biogrow to contribute to the development of local communities. Improving the social acceptance of Biogrow within the local communities is the key to a successful development of the company in Sri Lanka. In addition, implementing this kind of action could be beneficial in terms of attractiveness for workers and for suppliers of raw material around the factories.

We want to positively impact the local communities surrounding us.

Agro Micro Finance



Agro Micro Finance is a micro credit organisation headquartered in Colombo and operating in Sri Lanka through its eight operational branches. Since its creation in 2000, the organisation has significantly developed and now counts more than a hundred staff and more than 12,000 borrowers. It specialises in funding small entrepreneurs, who do not have access to normal banking and loan facilities. 94% of Agro Micro Finance clients are women. The organisation is continuously expanding and developing its activity. In not less than two years between 2011 and 2013, Agro Micro Finance added about 4,000 new customers, and contributed to support thousands of small businesses through income generating loans, asset building and education oriented loans and paddy cultivation.

The organisation promotes solidarity in the communities and accompanies with non-financial training small entrepreneurs in the development of their business.





	Objective	Indicator	Action plan 2016
Environment	- 5% electricity consumption per slab produced by 2016 (2012 as baseline)	Electricity consumption per slab	Replacement of old machines by more productive and energy efficient ones
	Turn paper sourcing towards FSC paper	Share of paper FSC-sourced	Implement a paper collection system in the offices and enter in contact with a recycler
	Recycle 50% of waste paper by 2016	Share of paper recycled	Installation of environment information panels
	Improve employees' awareness on environmental issues		
Employees	Reduce the number of accidents compared to 2012	Number of accidents	Improve protection equipment H&S training of supervisors and workers
	Reduce the number of lost days due to accidents to 5 per year by 2016	Number of lost-days	Installation of safety information panels
	Maintain gender balance above 50%	Gender balance	Implementation of H&S reporting tool
	Reach 30% of women in management by 2016	Gender balance	Awareness raising
Customers	Reduce the frequency of quality issues	Number of quality issues	Continuous improvement of quality procedures
	Respect delivery delays		Launch reflexion on indicator Implement new monitoring and reporting tool for quality issues
Local communities	Support 15 community-oriented projects by 2016	Number of projects supported per year	Library school in Kiriwanagara school Product donation Awareness-raising on health issues Partnership with AMF
Supplier & subcontractor	Keep payment delays below 7 days	Number of days for payments	Implement alert tool to ensure payment within the delay Training of suppliers and subcontractors on Biogrow Ethics Charter

	Unit	2011	2012	2013
Production ¹	Number	3 154 949	3 288 747	2 242 763
Production sites	Number	1	2	2
.....				
Electricity consumption	KWh	392 288	378 127	219 193
Electricity consumption per slab	KWh	0.121	0.112	0.122
Quantity of paper purchased	Pages	-	60 000	-
.....				
Number of employees ²	Number	100	300	187
Gender balance	Percentage	50	59.6	66.3
Number of accidents	Number	0	10	2
Lost-days rate ³	Number	0	25.3	1
Injury rate ⁴	Number	0	3.5	0.5
Fatalities	Number	0	0	0
.....				
Local community projects	Number	3	3	3
.....				
Payment delays	Days	-	-	7

¹This figure does not include our subcontractors

²Full-time equivalent employees

³The impact of occupational accidents and diseases as reflected in time off work by the affected workers. It is expressed by comparing the total lost days to the total number of hours scheduled to be worked by the workforce in the reporting period. This is calculated as follows and results in a measure of the number of lost-time injuries per hour worked during the accounting period. (GRI Guidelines)

⁴The frequency of injuries relative to the total time (GRI Guidelines)



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WE SUPPORT

