

Tropicoir[®]
Lanka (Pvt) Ltd.

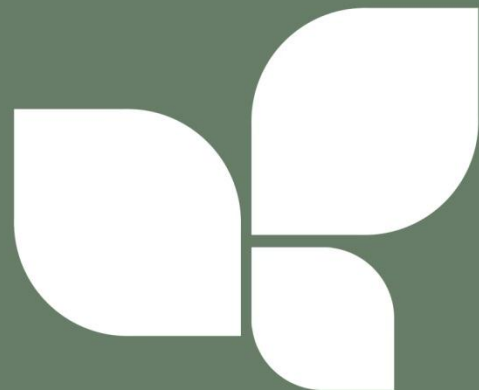
“ Children of Today Will Make Tomorrow’s World ”

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS

2013 - 2014

Setting Standards That Others Strive to Achieve



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Managing Director's Message



Dinesh Fernando
Managing Director
Tropicair Lanka (Pvt) Ltd.

I take great pleasure in presenting our report for the financial year 2013 - 2014 with the successful implementation of numerous new initiatives while continuing with projects previously undertaken, upholding the UNGC principles.

We focus our CSR activities on the wellbeing and development of children since we believe; securing their future is a duty vested in all responsible and sensible citizens of this blue planet irrespective of their social status.

Our commitment towards the people and the planet in keeping with the triple bottom line policy is a continuous endeavour. We make an earnest effort to minimize impact from our activities to the environment and to enhance the quality of the lives of people who are involved. We believe, it is a coherent value of us rather than an obligatory requirement as may be perceived by the business world today.

I Whilst ensuring the right practices are continued throughout our supply network, we strive to lead by example adhering to highest ethical standards in our interactions with all stakeholders.

Being an export oriented organization wholly dependent on overseas markets; we encounter numerous challenges posed by today's highly volatile macro environment. However, our strong resolve to uphold values has given us the inner-strength to continue to live up to what we believe.

I sincerely thank all my Team for their dedication towards our policies and untiring efforts to make these endeavours a success.





Company Profile

Tropicair Lanka (Pvt) Ltd. was commissioned in year 1997 with a view to supplying high quality coir substrates to the professional growers around the globe. We specialize in processing coconut husk based substrates and as of today, we enjoy our position of being part of the leading Group of companies in the sphere.

Sheer commitment and hard work has paid dividends by paving way for us to expand our business horizons with the acquisition of majority shareholding of Premier Tech, Canada in year 2011. This entity engages in diversified business activities such as; Horticulture and Agriculture, Packaging and Material Handling and Water Treatment.

Our current export volume per annum is around 500 containers with a Group turn-over of USD 20 Million.

Due to continuous commitment towards maintaining premium quality standards in all our products, we have been able to maintain a loyal clientele from around the globe. This is a customer base that is ever increasing due to referrals and word of mouth.

All products manufactured by Tropicair Lanka (Pvt) Ltd are 100% organic and derived from environmentally sustainable, renewable resources. With our extensive product-range, we cater to the International Horticultural markets. Waste Water Treatment purposes are yet another socially viable area towards we contribute as a diversified business entity.

The Group operates with a work-force of over 200 skilled individuals engaged in Management, Planning, Production, Sales & Marketing and logistics. The total operation progresses with over 200 supplier/subcontractor network thus the total indirect workforce could be counted as over 2,000 individuals.

We strongly believe in harnessing team-spirit in all our endeavours.

Our Group has the certifications of ISO 14001:2004, ISO 9001-2008 and SA8000:2008. Further we are accredited to United Nations Global Compact (UNGC), thus we make every endeavour to uphold the 10 principals laid by them.

Tropicair Lanka (Pvt) Ltd., has kept great emphasis on CSR. Our CSR activities mainly focus on children, with the theme of; **“Children of today will make tomorrow’s world.”**





OUR COMMITMENT

TOWARDS GOOD BUSINESS STANDARDS

Tropicoir Lanka is committed to act as a socially responsible company, ensuring human rights of all our employees, towards which we have implemented a set of policies/ guidelines to adhere.

We as a company make every endeavour to ensure fair-trade in all our activities such as; fair wages, working hours, nourishment, safe and hygienic working conditions and non-discrimination, eliminating harsh or inhuman activities and maintaining work-life balance of the employees.

Tropicoir Lanka aim through continuous improvement to minimize adverse effects, whilst safeguarding the health and safety of our employees and the public. We urge our supplier companies to share our conviction that good Business Standards are an integral part of producing quality products at competitive prices and make them available at the right place/time. We adhere to the policy of 'continuous improvement' based on mutual trust, since we realise changes are not achieved overnight. We start from the premise; for our team to show a willingness to improve, we must always be prepared to engage with them on a long-term basis.

TOWARDS THE SOCIETY

We make every effort to serve the underprivileged in the society. We have completed several community service projects since 2002 which were focussed on development of children. Tropicoir is a company that believes we can make the world a better place by providing

our children with quality education, good hygienic standards, sound family environment and a healthy religious background. We will continue to focus on these aspects through our CSR activities.



WHAT WE DO

WE HAVE A WELL TRAINED MOTIVATED STAFF



From the very inception our company has treated; human and labour rights and a green environment at our own sites as well as our supplier group as the focal points for initiatives. We focus on community and encourage them to uplift their standards via our behaviour.

WE IDENTIFY AND IMPLEMENT STANDARDS

In one of our primary initiatives, we have worked with local authorities to produce training modules covering; fire safety, hazardous substances and machinery and worker-health. These formed the basis of our first encounters with suppliers and were used to monitor progress in areas that needed improvement, notably health and safety. This practice is now being taken forward.

WE PROMOTE THE IMPORTANCE OF LAWS AND STANDARDS

It is not always easy to convince local companies that a competitive advantage should not be achieved at the expense of laws and international standards, especially in scenarios where governments do not enforce proper legislation. Our company researches and benchmarks with the latest developments in the national/international spheres and suppliers are kept informed. We have continuing projects designed to encourage the latter to comply with such requirements.



PARTNERSHIPS ARE THE KEY

Due to the consistency in quality and on timely delivery of goods, our products have been able to secure a competitive edge amongst the other players in the marketplace.

Our success is mostly attributed to close relationships we maintain with all our clients/stake holders and the constant practice of benchmarking with fast changing technologies in the global horticultural scenario.



HOW WE DO IT

WE UNDERTAKE REGULAR FACTORY REVIEWS



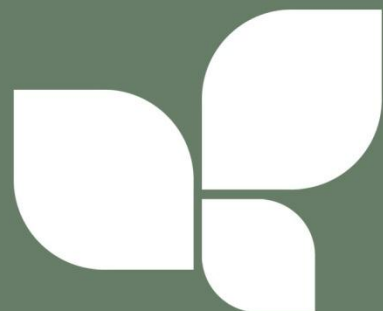
Our uncompromising commitment towards maintaining high quality standards in the entire production process from the raw material to the packaging of the finished product had earned us a growing list of worldwide clients. We are equally concerned about the impact our processes have on our work-force and the environment. We conduct training modules to educate our workers on a regular basis on maintaining the required quality parameters in line with global standards, while adhering to safety and health measures. These modules are used as tools to monitor progress on areas that need improvement. We have a constant reviewing programme involving our clients worldwide with the intention of reviewing and upgrading our own self. This endeavour vastly contributes towards convincing our clients of our commitment towards business and ensures credibility of all our engagements



OUR CSR FOCUS



“Children of today will make tomorrow’s world.”



OUR CSR FOCUS

“CHILDREN OF TODAY WILL MAKE TOMORROW’S WORLD.”

CASH DONATION FOR FACTORY EMPLOYEES

On a routine survey by the Factory Manager of Tropicair Lanka (Pvt) Ltd visited certain dwellings of employees and noted a needy request by the employees concerned to have the roofs covered by sheets or tiles etc.

We undertook to donate funds for the purpose



OUR CSR FOCUS

“CHILDREN OF TODAY WILL MAKE TOMORROW’S WORLD.”

Donation of spectacles



As per to “Children of today will make tomorrow’s world ” we have donated a pair of spectacles to an employee’s child at Tropicair Factory.

Name of Employee	: W.G.G.A. Mallika
Student Name	: B. Sithara Hansani Piumali
School	: R/Halmillaketiya M.V., Embilipitiya
Grade	: Year 4



OUR CSR FOCUS

“CHILDREN OF TODAY WILL MAKE TOMORROW’S WORLD.”

Cash Donation for Factory Employee

We have donated amount of Rs. 50,000/= for the operation of an employees' husband.

English translation of the letter

02nd May 2014

G.D.P. Rohini Gamage
Employment No 01
Tropicoir Lanka [Pvt] Ltd
Thambuththegama

The Managing Director
Tropicoir Lanka [Pvt] Ltd

Dear Sir,

Financial Assistance For A Patient

I am employed as a worker No 01 under Tropicoir Lanka [Pvt] Ltd., and require financial assistance of Rs. 100,000/- for a surgery connected with my husband's neck.

Therefore, I seek financial assistance for a sum of Rs. 100,000/- for expenses for surgery and I am unable to seek this sum from elsewhere.

Please help me with this sum as I hope that my request will be granted.

Thank you,

Yours faithfully,

G.D.P. Rohini Gamage



OUR CSR FOCUS

“CHILDREN OF TODAY WILL MAKE TOMORROW’S WORLD.”

Scholarships for University students

Sponsorship has been given to Mr Mendis’s daughter Kasuni Mendis at Medical College and Mr Sajeewan’s son Isuru Lokuge for entering the University of Jayawardenapura.





10 Principles

Human Rights , Labour Standards
Environment , Anti-Corruption



THE TEN PRINCIPLES

HUMAN RIGHTS

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights;



We comply with international and local labour laws totally.

A labour officer from the labour department visits our factory in every quarter.

Tropicoir Lanka organizes training courses, especially on human resources-related policies in coordination with different appropriate entities.

Principle 2

Make sure that they are not complicit in human rights abuses.

Tropicoir Lanka is strongly committed to the socio-economic development in Sri Lanka, and also committed to avoid involvement in any business activity which directly or indirectly violates human rights.



THE TEN PRINCIPLES

LABOUR STANDARDS

Principle 3

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

In Tropicair, the organizational structure is based on an 'open-door policy', whereby the labour

management relationships are maintained through suggestions and discussions. Labour suggestions and complaints are usually communicated to the top management via a common suggestion-box.

Further we have provided an opportunity for the workers to discuss; labour matters, developments and concerns on welfare each month at the workers council meeting. This is an open-forum for all to express their views freely. This forum is also represented by the top management.

We strongly believe proper communication between the workers/peers/supervisors and the top management harnesses the team-spirit of our company.

We encourage our employees to utilise their annual leave.

If an employee requests additional leave after he/she completes their entitlement, we provide paid leave as below;

Sick or accident of an employee

Funeral of a close family member

Extra maternity

Educational matters



SA 8000

Principle 4

The elimination of all forms of forced and compulsory labour;

Tropicair respects Rights of all its employees and considers any form of harassment to be unacceptable. The company is also committed to ban any form of verbal or physical abuse amongst its staff.



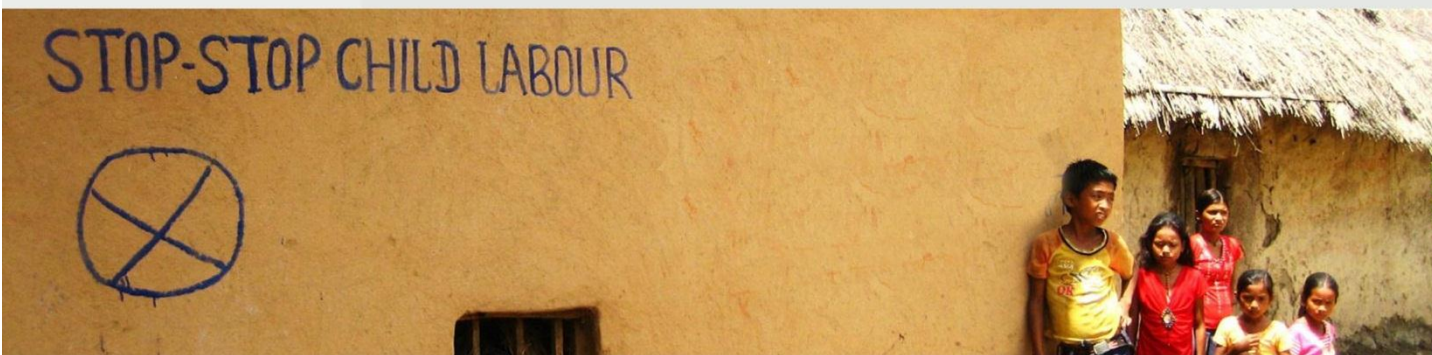
THE TEN PRINCIPLES

LABOUR STANDARDS

Principle 5

The effective abolition of child labour;

Tropicoir Lanka adheres to all international laws, regulations and policies in preventing child labour.



Principle 6

The elimination of discrimination in respect to employment and occupation

Tropicoir will not discriminate any employee for any reason such as age, race, gender, marital status, religious belief, national extraction or disability.

Tropicoir Lanka guarantees its employees a fair working environment and protection from the loss of their employment. Any employee without any discrimination whatsoever has the right to receive equal pay for equal work. All candidates seeking to be hired are required to pass through a series of quantitative exams (multiple choices) which ensures, objectivity, fairness and equal chances are given to all in our hiring process. We affirm and pledge to uphold the universal human rights of all individuals without limitation.



THE TEN PRINCIPLES



ENVIRONMENT

Principle 7

Businesses should support a precautionary approach to environmental challenges;

Tropicoir is highly concerned with matters concerning cleanliness and hygiene, along with the prohibition of Smoking in all of its offices.

Giving preference to renewable resources as well as minimizing waste, Tropicoir applies all methods possible for recycling and the usage of paperless work to reduce paper consumption.

Principle 8

Undertake initiatives to promote greater environmental responsibility;

Tropicoir Lanka adheres to all international laws, regulations and policies in preventing child labour.

Principle 9

Encourage the development and diffusion of environmentally friendly technologies

All products manufactured by us are fully organic & derives from an environmentally sustainable renewable resource, Coconut (Cocos Nucifera). All products supplied by Tropicoir are friendly to the environment and Tropicoir chooses very consciously for natural raw materials that are 100% recyclable.



THE TEN PRINCIPLES

ANTI-CORRUPTION



Principle 10

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

In response to the UN Global Compact 10th principal, Tropicoir has expanded and formalized this general principle by issuing a Tropicoir Code of Ethics, which binds all employees. The new rules state explicitly that all employees must avoid even the appearance of a conflict. The Code of Ethics has been disseminated to all employees through internal memos, and via the corporate website.

Tropicoir's Code of Ethics provides a basic framework for guiding us towards ethical conduct. It is hence important that all employees familiarize themselves with any relevant statutes. Tropicoir, moreover, fully anticipates that each employee will accept individual responsibility for his/her own conduct and will engage in no conduct that would undermine his/her own personal integrity or the reputation of Tropicoir. Violations of this policy may result in disciplinary action, including termination.

Tropicoir management has an internal audit department that supervises all our transactions; regular unannounced visits are made from time to time to ensure full compliance by the laws and regulations of the company, including our code of ethics.

Tropicoir will not directly or indirectly, engage in bribery, fraud, or any other activities which may be construed as corrupt and unethical business practices.



CONCLUSION

Tropicoir's membership in the Global Compact has helped to focus our corporate citizenship initiatives on actions that produce concrete outcomes and benefits. The issues we have highlighted in the Human rights are particularly for women and minorities; elimination of discrimination and achievement of transparency and high ethical standards in business, including the avoidance of even the mere appearance of corruption and cronyism. We will continue to focus on technology transfer and application of environmental accounting standards.

