



UNITED NATIONS GLOBAL COMPACT Communication On Progress

"Children of Today Will Make Tomorrow's World"

2016 - 2017



Statement of Managing Director



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Growrite Substrates (Pvt) Ltd.

I am pleased to re-affirm the commitment that Growrite Substrates (Pvt) Ltd. commitment to the principles of the United Nations Global Compact (UNGC). A major focus at Growrite is our commitment to build and maintain trusts in our community and our partners while simultaneously attempting to solve the complex social issues affecting the communities in which we work. This has been encapsulated in our work ethic at Growrite and is key driver of the various CSR initiatives which the company undertakes annually. Growrite is fully committed to using the relationships we have cultivated over the many years and the skills developed to influence and work with our partners, customers and the community in order to create a lasting beneficial impact through the many positive changes that have contributed to the company's success.

One of the keys to this success has been through the annual participation of the UNGC. In this our tenth year, I am happy to report that the 10 principles of the UNGC are now well and truly incorporated into the company culture. These 10 principles have all been incorporated into our policies and procedure guidelines which were codified in 2016.

Participation in the Global Compact continues to provide Growrite with a recognized and respected policy framework for our CSR work. Many of our customers are continuing to demand higher levels of cooperation and innovation in the areas outlined in the Global Compact's ten principles. We also understand the importance of ensuring that our growth at Growrite is kept at pace with our customer's demands to provide products and service which benefits our customers, our environment, our communities and our world as a whole.

On the following pages you will read more about Growrite's progress relating to the principles of the UNGC. We have built upon the foundations laid over the last eight years to deal with the challenges that lie ahead, and we are committed to expanding and extending our corporate citizenship efforts, moving forward to create a sustainable impact in our community.

Growrite Substrates (Pvt) Ltd.



We continue to be a focused coir growing media business. In this our eleventh year since the forming of Growrite, we have been promoting sustainable development by producing new and innovative uses for coir. Today, we are a trusted global leader in providing exceptional products to their customers. Customers rely on us to deliver world-class solutions that will maximize their returns and increase their long term business success and most importantly support their sustainability goals.

The nature of our business dictates that the products and services we provide to customers have varying impacts on the environment, our employees and the communities in which we operate. These manifest themselves in varying degrees through the products which we export to our global customers and include:

- The production of coir growing media, much of which is sourced from many coconut plantations is itself a waste product from the desecrated coconut industry. As a consequence we are mindful of ensuring that all relevant environmental controls and proper labor practices are applied throughout our supply chain
- The washing, drying of coir at our plants where we use of water are closely monitored to be within the stringent requirements of the environmental laws of Sri Lanka
- Many of our employees who work in our plants are female and work with industrial machinery and equipment and we recognize the importance of providing them with the appropriate training, tools and equipment to create a safe and healthy working environment
- The delivery of our products and services involves a high level of logistics and we therefore understand the importance of continually reviewing the routing of delivery vehicles to ensure the most efficient delivery of products throughout our entire supply chain
- Our operations recruit from the local community our factory is located in a rural area providing much needed employment. We therefore recognize the importance of maintaining a strong

further strengthening our obligations to a sustainable lifestyle is achieved through our adherence to:

- ISO 9001:2008; Quality management principles which includes leadership and involvement of people to achieve our goals,
- ISO 14001:2004; Environmental management system that minimize the impact of our operations on environment, and
- SA 8000:2008; Social Accountability standard that helps to develop, maintain, and apply socially acceptable practices in the workplace.

Our commitments also extend to our community which plays a central role in our success. We recognize that corporate responsibility is vital to the long-term sustainability of both our company and the community which we live in. We stay close to our key stakeholders in order to understand their expectations on all aspects of CSR which in turn guide our business decisions. By creating strong linkages over the last decade, we forged a strong sense of civic duty and we are deeply committed to improving the living conditions in our community. The key initiatives which we have undertaken include the ongoing maintenance of an orphanage for 50 boys and 50 girls located at Diyakalamulla – Kuliypitiya.



- As there was a requirement of a building to conduct religious activities, we donated a two-story building to Galweheragama temple.
- Donated LKR 500,000 to complete, partially constructed building to Samagi Community Society at Thissawa village.
- In view of developing sports activates at Pimburuwellegama school we donated a safety mat [floor mat] for the gymnasium.
- As Drinking pure water, is an essential need for all Humans we provided two water tanks to Balagolla village.

Our formal commitment to the UNGC and its ten principles of human rights, labor rights, environment, and anti-corruption was initially made in 2007. The following report reflects actions we took during the year 2017 and as the UNGC and its principles are further strengthened and integrated into our business.



THE TEN PRINCIPLES HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2: make sure that they are not complicit in human rights abuses
Assessment, Policy and Goals**

At Growrite, we wholeheartedly acknowledge the importance of supporting and respecting the protection of internationally proclaimed human rights processes. Our policies and procedures have been designed to ensure that we are not complicit in any human rights abuses. Our main human rights risks relate to our suppliers. We reduce these risks by closely managing our supply chain and only awarding contracts to a few trusted suppliers that we have worked with over the last decade that the company has been in existence. Our anti-discriminatory criteria in our policy document refers to criteria that includes (but is not limited to) race, color, ethnicity or national origin, gender, sex, religion and political conviction. Our HR Policies are in compliance with all Sri Lankan and SA 8000 rules clearly stipulating the number of work hours, ages of employees and leave entitlements for all company employees. Our organization is also committed to improving the quality of education providing generous scholarships to children of all company employees to ensure a bright future for all.

Lastly with the completion of our policies and procedures, our attention now shifts to developing a supplier code of conduct in order to ensure that the values of the UNGC which have tremendously benefitted us will also be experienced by our suppliers.

THE TEN PRINCIPLES LABOUR RIGHTS



Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation Assessment, Policy and Goals

Growrite is committed to upholding the conventions and recommendations of the ILO Core Conventions. A direct impact on our overall strategic performance is clear evidence of our ability to look after the well-being and development of all our people. By engaging our people we have improved our customer's satisfaction with our products and retention of employees and ultimately leading to enhanced growth prospects for Growrite. In addition, we invest in the development of our people's skills and in 2015 we spent approximately LKR 1.5 million on training and development all of which have helped us retain our valued employees. Further our Human Resources Policies and Procedures outline the appreciation of our responsibility to our employees, and the importance of creating and maintaining a working environment where the basic rights of all employees are recognized.

Furthermore our anti-discriminatory criterion outlined in our HR Policies Document is in accordance with Principle 6 of the Global Compact. We also have specific practices relating to workplace health and safety in order to ensure that our employees are not forced to work in unsafe conditions. We provide all employees with compensation if injury or incidence does occur and are also currently reviewing our HR Policies so that all suppliers and business partners are made aware of our labor principles. This review reinforces our company commitment through our policies to eliminate forced labor, child labor, and employment discrimination. We will continue to refine our policies to incorporate the principles of the UNGC into all aspects of our work.

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

THE TEN PRINCIPLES ENVIRONMENTAL



Respect for our environment is central to our approach to sustainable development and we continue to acknowledge the importance of our business activities supporting a cautionary approach to environmental challenges. We vigorously undertake initiatives to promote greater environmental responsibility, and encourage the development of environmentally friendly technologies. We remain fully committed to protecting the environment both through our own actions and also by working with our suppliers. By effectively planning and implementing these programs, we limit the environmental impact of our activities thereby conforming to the UNGC environmental principles.

THE TEN PRINCIPLES ANTI-CORRUPTION



Principle 10: Businesses should work against corruption in all its forms

Growrite is committed to Principle 10 of the Global Compact. Our company's HR Policies, states that employees and the employers will not engage in fraud or corruption, report any fraudulent or corrupt behavior, report any breaches of the law as well as generally accepted practices of good conduct along with understanding and applying all relevant accountability requirements. We are committed to eliminating acts or corruption, and have a zero tolerance policy for any violation of this policy.