



Communication on Progress

"Children of today will make tomorrow's world"

2020 - 2021

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1 Who we are,

Growrite Substrates (Pvt) Ltd.

Vision

To be the world's leading **sustainable coco solutions** provider.

Mission

Passionately pursue product and process innovation to ensure that our Stakeholders achieve their goals



We continue to be a focused coir growing media business since 2006 and have been promoting sustainable development by producing new and innovative uses for coir. We are a trusted global leader in providing exceptional products to our 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. We always try to reach our vision by satisfying our customers.

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:

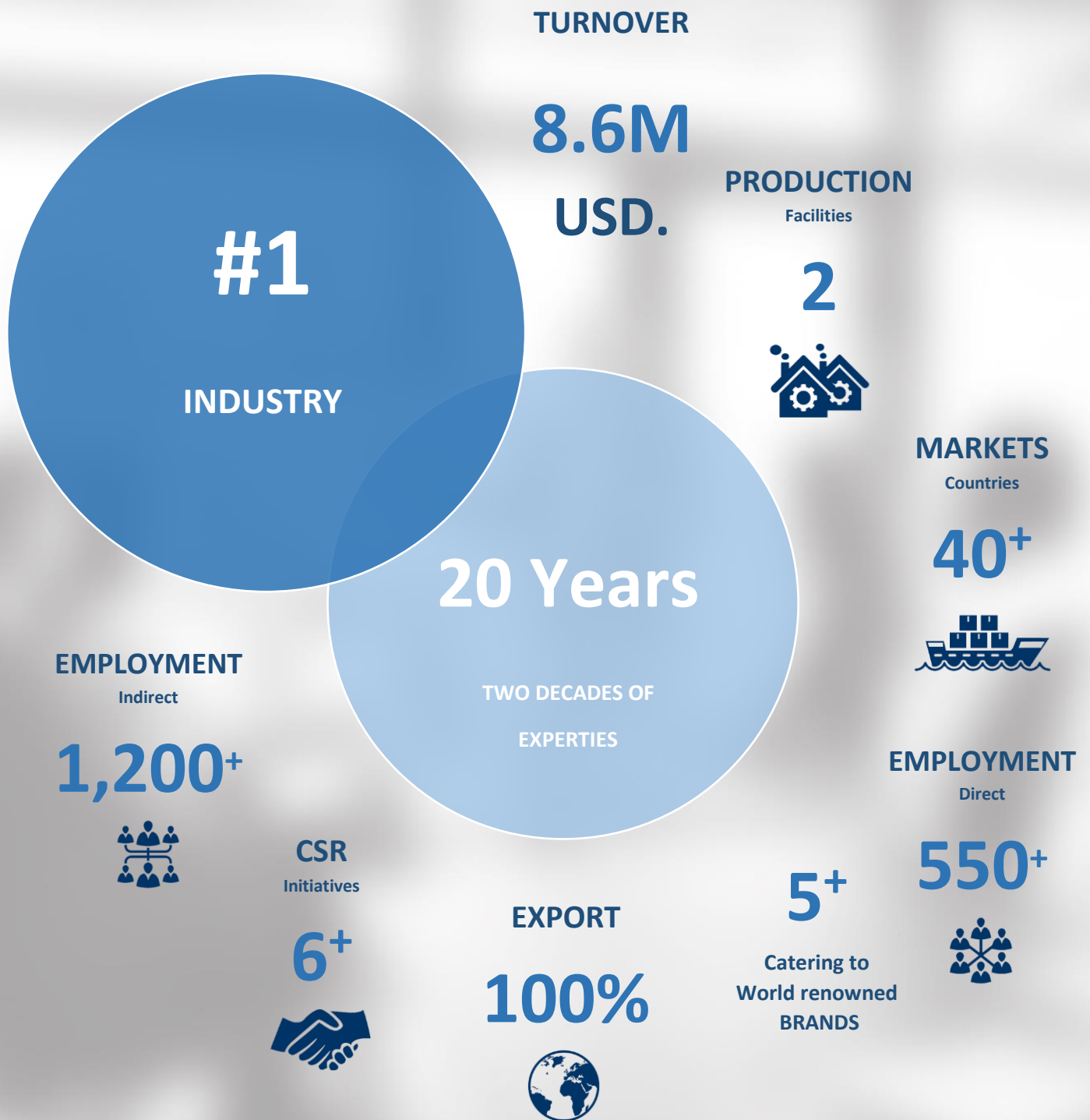
- The production of coir growing media, much of which is sourced from many coconut plantations is itself a waste product from the desecrated coconut industry. As a consequence we are mindful of ensuring that all relevant environmental controls and proper labour practices are applied throughout our supply 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. We as a responsible company focus on reducing usage of water by 50% by 2021. The company has managed the existing Effluent Treatment Plant efficiently during in this year and was able to reduce the consumption of water from 15% aiming at a target in 2024.
- 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 bond with the community and to support for their sustainability goals.
- 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.
- We have taken many steps for the safety of our employees from the global pandemic situation COVID -19 and managed to commence work in low key in 2020. As a company we have introduced a separate Protocol for the safety and health from COVI-19.

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

- ISO 9001:2015; Quality management principles which includes leadership and involvement of people to achieve our goals,
- ISO 14001:2015; Environmental management system that minimize the impact of our operations on environment, and

- SA 8000:2015; Social Accountability standard that helps to develop, maintain, and apply socially acceptable practices in the workplace.

1.1 Organizational Dash Board



2 Statement of Managing Director

Dinesh Fernando
Managing Director
(Growrite Substrates (Pvt) Ltd.)



I am pleased to submit the details pertains to Growrite Substrates Pvt Ltd annual Communication on Progress for the consecutive Eleventh year to the United Nations Global Compact (UNGC). We have successfully updated our policies and procedures to be in line with the UNGC ten principles and maintain the same standard for the previous year as well. We have introduced a new protocol to face the global pandemic COVID - 19 aiming the safety and health of our employees and other stake holders.

We being a motivated team has committed to build and maintain trusts in our community and our stake holders while simultaneously attempting to solve the complex social issues affecting the communities in which we work. This has been digested in our work ethic at Growrite and is key driver of the various CSR initiatives undertaken by the company annually.

Growrite Team is fully involved in using the relationships which we have cultivated over the many years, to create a lasting beneficial impact through the many positive changes that have contributed to the company's success.

Being the Managing Director I am confident and also proud of the way Growrite's employees use their skills, knowledge and experience to create value for communities. Their dedication and wholehearted enthusiasm for supporting our organizational goals and objectives has helped to make a tremendous impact on the people and communities around them.

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. Further we aim to manage ourselves in a more sustainable way, in keeping with our commitment to the UNGC 10 principles.

Dinesh Fernando

Managing Director Growrite Substrates (Pvt) Ltd.

3 Story of sustainability

Our Corporate Social Responsibility (CSR) company policy refers to our responsibility towards our Environment, Economy, and Society. Doing the right thing at right time has always been a way of life at our company. As an organization we have strived to achieve highest standards not only in our performance but also in our commitment to serve our community. From the very inception we have demonstrated a strong desire to uphold ethical practices, respect human rights, denounce any form of discrimination and have given priority to empower our team, uplifting the community and reducing our impact on the planet.

Throughout our CSR and sustainability journey, we have implemented many initiatives successfully for the benefit of our team members, suppliers, community at large and to preserve the nature. We believe that the journey of sustainability is a path we need to step forward with the unity of all the interested parties of the organization. As a result, our Corporate Social Responsibility (CSR) company policy outlines our efforts to give back to the world as it gives to us.

We'll ensure that we do not risk the health and safety of our employees and communities, avoid harming the lives of local and indigenous people, Support diversity and inclusion. As a part of this incessant task, we are engaged in activities ranging from providing shelter by financially supporting people to build their houses. We have been conducting “Kruthaguna Piyasa” project for several years and been able to help most of our employees who had the need of our support.

Promoting education for children by facilitating free English and IT classes, donating computers, computer tables, chairs and other facilities for schools with the intention of supporting our future generations to gather global knowledge to go forward with the world other than cornering to the limited area.

We ensure the health and safety of our employees by upgrading medical facilities and encouraging safety first culture within the organization and helping the society to build health conscious community by providing financial support and equipment to hospitals and other health related authorities and organizing medical campaigns.



4 CSR Model

Growrite Corporate Social Responsibility principles

The company CSR policy is in line with the Triple Bottom Line approach which takes in to consideration Environmental and Social Factors and unifies the three pillars People, Planet and Profit.

Responsible business	- We being a responsible team commits to build and maintain trusts in our community and our stake holders.
Ethics	- We recognize that ethics of our stake holders is vital to the long-term sustainability of both our company and the community which we live in.
Compliance	- We follow the rules and regulations to the expected standards and we have a mechanism to verify same.
Good corporate governance	- Our commitment also extend to our community which plays a central role in our success.
Transparency	- We are open to all stake holders and welcome the ideas of them.
Commitment to Society	- 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.
Commitment to the Environment	- Donated approximately 15,000 plants by March 2021 for the team members, Armed Forces, Temples under the project of “Anagathaya Wawamu Kapruka Rekaganimu”. Our aim to plant 100,000 coconut plants by year 2022.

The key initiatives which we have undertaken during the year 2020/2021 include,

- a) Ongoing maintenance of an orphanage for 50 boys and 50 girls located at Diyakalamulla – Kuliypitiya.
- b) Ongoing maintenance of English and ICT School for approximately 150 students.
- c) Donated LKR 50,000 each for 10 employees and LKR 100,000 each for 2 staff members under the program of “Kruthaguna Piyasa” in the year 2021.
- d) Spent LKR 1,000,000 for Coconut Plantation Project 2020/2021

5 Main Risk Management Procedure

We follow the below given policies and practice same to mitigate the risk we face.

- a) HR Policies
- b) Financial Risk Regulations
- c) Purchasing policies and procedures
- d) Quality standards i.e. ISO 9001,ISO 14001, SA 8000, GMP, RHP etc

We manages risk through,

- a) Communication
- b) Identification
- c) Assessment
- d) Treatment
- e) Monitoring

6 How we measure the value we create

Following pillars underpin everything we do. Each pillar has defined key performance indicators (KPIs) and targets that we set for the business and against which we measure our financial and non-financial performance: For our KPIs see page 9

Safety and Health -To do no harm to our workforce.

Environment -To minimise our impact on the environment.

Socio-political -To partner in the benefits of mining with local communities and government.

People -To create sustainable competitive advantage through capable people and an effective, performance-driven organization.

Production -To sustainably produce valuable product.

Financial -To deliver sustainable returns to our shareholders.

6.1 Key Performance Indicators

Safety and Health

- a) Fatal Injury Frequency Rate (FIFR)
- b) Total Recordable Injury Rate (TRIR)
- c) New cases of occupational diseases

Environment

- a) Energy consumption
- b) Water consumption
- c) Air pollution

Socio-political

- a) Social way assessment scores

People

- a) Voluntary labour turn over
- b) Women in Management
- c) Women in work force

Production

- a) Per KG cost
- b) Cost against budget
- c) Quantity against budget

Financial

- a) Turn over
- b) Gross profit
- c) EBIDTA Margin



7 How do we honor the UNGC Ten principles.

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 2021 and as the UNGC and its principles are further strengthened and integrated into our business.

7.1 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**

As a practice from the inception we the Growrite, 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. We respect the race, color, ethnicity or national origin, gender, sex, religion and political conviction of all stake holders. Our HR Policies are in compliance with all Sri Lankan and SA8000 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 benefit us will also be experienced by our suppliers.



7.2 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

Our Human Resources Policies and Procedures outline importance of Human Rights of all employees and 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 2021 we spent approximately LKR 1.5 million on training and development all of which have helped us retain our valued employees. Further we do 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 labour principles. This review reinforces our company commitment through our policies to eliminate forced labour, child labour, and employment discrimination. We will continue to refine our policies to incorporate the principles of the UNGC into all aspects of our work.

7.3 Ten principles – Environmental

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

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.

One of our objective is to reduce water foot print and energy foot print by 30% and 50% respectively by 2021. In order to achieve same we have upgraded the Effluent Treatment plant at Growrite and managed to covert the energy source to solar power 100%. We continually engage to meet our target by 2021.



7.4 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.

Growrite Substrates (Pvt) Ltd.

United Nations Global Compact (UNGC) – Communication on Progress

2020 - 2021