

2020/21

Dilmah Ceylon Tea Company PLC



COMMUNICATION
ON

PROGRESS



Introduction

Dilmah is a globally renowned Sri Lankan family tea company, with an unparalleled reputation for producing authentic, natural and ethical Sri Lankan tea of the finest quality. The Company pioneered the concept of Single Origin Tea in 1988, offering tea which was 'picked, perfected and packed' where it is grown, giving power back to Sri Lankan tea growers and consumers around the world. As the first producer-owned tea brand, Dilmah is the only fully vertically integrated tea company with presence along the entire value chain including ownership in several of Sri Lanka's finest tea gardens, factories, printing and packaging facilities. Dilmah products are sold in over 100 countries supported by an extensive global distribution network.

The Company has remained true to its Founder, Merrill J. Fernando's vision of making business a matter of human service, and understand the Company's most invaluable assets are its people. The Company pursues its commitment towards sustainability through balancing economic success, environmental preservation, and social responsibility, which is reflected through the Company's key pillars of Taste, Goodness and Purpose. A significant portion of the Group's profits are directed every year towards supporting the humanitarian and environmental initiatives of Dilmah Conservation and the MJF Charitable Foundation.

This document provides an overview of how Dilmah has implemented the Ten Principles of the UN Global Compact (UNGC) across our business and value chain.

The 10 Principles

01

Human Rights

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

02

Human Rights

Businesses should make sure that they are not complicit in human rights abuses

03

Labour

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

04

Labour

Businesses should uphold the elimination of all forms of forced and compulsory labour

05

Labour

Businesses should uphold the effective abolition of child labour

06

Labour

Businesses should uphold the elimination of discrimination in respect of employment and occupation

07

Environmental

Businesses should support a precautionary approach to environmental challenges

08

Environmental

Businesses should undertake initiatives to promote greater environmental responsibility

09

Environmental

Businesses should encourage the development and diffusion of environmentally friendly technologies

10

Anti-Corruption

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



Measuring Progress

This document is intended to provide a snapshot of how Dilmah's commitment to people and planet aligned to the ten principles...

Issue area:
HUMAN RIGHTS

SDG area/s covered:



UNGC Principle	Implementation policies in place & measurement	Activities
<p>Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights</p>	<p>Human Rights Policy https://www.dilmahtea.com/dilmahhuman-rights-policy.html</p> <p>Business Ethics Policy https://www.dilmahtea.com/privacy-and-terms/dilmah-business-ethics-policy</p> <p>Dilmah Corporate Sustainability Strategy Page 27, https://www.dilmahtea.com/sustainability/pdf/dilmah-ceylon-tea-company-plc-annual-report-2020-21.pdf</p> <p>Health & Safety Policy</p>	<p>At Dilmah, human rights typically take the form of non- discrimination and diversity in personnel practices, privacy, professional development, and work-life balance. We value differences; in thought, style, culture, ethnicity and we have embedded concern for human rights in our core values, as a means of integrating respect for one another in the organization’s culture. Dilmah recognizes that we have a responsibility to uphold human rights both in the workplace and more broadly within our sphere of influence.</p> <p>Dilmah Human Rights Policy ensures that people are treated with dignity and respect. This policy is guided by international human rights principles encompassed in the Universal declaration of Human Rights, the international Labor Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, the United Nations Guiding Principles and local laws on Business and Worker Rights.</p>



UNGC Principle	Implementation policies in place & measurement	Activities
<p>Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights...</p>	<p>Refer initiatives:</p> <p>Changing lives: https://www.mjffoundation.org/changing-lives/</p> <p>Empowering the less privileged: https://www.mjffoundation.org/empower/</p> <p>Small Entrepreneurs Programme https://www.mjffoundation.org/small-entrepreneur/</p> <p>Communication https://www.facebook.com/page/109030695414/search?q=labor%20day</p>	<p>Implemented initiatives;</p> <ul style="list-style-type: none"> • Integrated Human Rights as an element to the company's sustainability strategy. • Cup of Kindness; A program to foster human rights and health & safety in the workplace • Establish a Human Rights Committee represented by HR, Legal, Sustainability & MJF Charitable foundation • Grievance mechanism for reporting of issues relating to Human Rights and workplace harassment consists of open door policy, joint consultative committee, townhall meetings, professional counselling services, and grievance records. • Introduce ethics training to HR orientation programs • Awareness sessions • Human Rights Day communication
<p>Principle 2 Businesses should make sure that they are not complicit in human rights abuses</p>	<p>HR Governance and policies Page 49, https://www.dilmahtea.com/sustainability/pdf/dilmah-ceylon-tea-company-plc-annual-report-2020-21.pdf</p>	<p>Dilmah's comprehensive HR policy framework is designed to comply with local and international regulations, standards and industry best practices.</p> <p>Dilmah conducts Supplier Capability Assessments when selecting suppliers following a stringent evaluation process based on quality, business practices, social and environmental practices and ethics including human rights and labour.</p>



UNGC Principle

Implementation policies in place & measurement

Activities

Principle 3

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

Freedom of Association and Collective Bargaining -

Human Rights Policy:
<https://www.dilmahtea.com/privacy-and-terms/dilmah-human-rights-policy>

Dilmah fosters and celebrates an inclusive workplace without barriers. The organization’s inclusion efforts continue to focus on factors - including gender, ethnicity, age, and disability. We emphasize our commitment to ethical behavior in our values and reinforce the responsibility of everyone in the organization to act with integrity.

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labour

Joint Consultative

Committee: Page 52,
<https://www.dilmahtea.com/sustainability/pdf/dilmah-ceylon-tea-company-plc-annual-report-2020-21.pdf>

Integrity: Preference to do what is right, in line with moral and ethical convictions under all circumstances. Dilmah is in compliance with all applicable, Labour Laws.

Principle 5

Businesses should uphold the effective abolition of child labour

Code of ethics: Page 99,
<https://www.dilmahtea.com/sustainability/pdf/dilmah-ceylon-tea-company-plc-annual-report-2020-21.pdf>



Ethical Tea Society:

<https://www.mjffoundation.org/ethical-tea-society/about-us.html>

Ethical tea Society: The Ethical Tea Society was established by Dilmah in recognition of the importance of sharing the deep sense of fulfillment that is an indirect benefit of the process of changing lives.

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation

Forced Labor and Human Trafficking -

Human Rights Policy:
<https://www.dilmahtea.com/privacy-and-terms/dilmah-human-rights-policy>

Dilmah has extended the BRC food safety cultural excellence to review the overall company culture.

Child Labor -

Human Rights Policy:
<https://www.dilmahtea.com/privacy-and-terms/dilmah-human-rights-policy>



Issue area:
ENVIRONMENTAL

SDG area/s covered:



UNGC Principle	Implementation policies in place & measurement	Activities
<p>Principle 7 Businesses should support a precautionary approach to environmental challenges</p>	<p>More information is available on - Dilmah Conservation; https://www.dilmahconservation.org/initiatives</p> <p>Solar dashboard: dilmahconservation.org/climate-reality</p> <p>Environmental Management System (EMS) and Policy</p>	<p>The Group is an industry leader in environmental conservation, with substantial investments directed every year towards preserving natural resources and generating national level dialogue on environmental sustainability.</p>
<p>Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility</p>	<p>ISO 14001 Certified</p> <p>Natural Capital: Pages 81-91, https://www.dilmahtea.com/sustainability/pdf/dilmah-ceylon-tea-company-plc-annual-report-2020-21.pdf</p>	<p>Dilmah has played a pivotal role in raising awareness and propagating best practices in biodiversity conservation, emission management and addressing implications of climate change. Following its inception in 2007, Dilmah Conservation has worked towards promoting the sustainable use of the environment in partnership with other organizations including the International Union for Conservation of Nature (IUCN).</p>
<p>Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies</p>	<p>Carbon Neutral Certificate https://www.dilmahtea.com/sustainability/pdf/carbon-neutral-ctf1.pdf</p> <p>Also refer: Purpose - https://issuu.com/dilmah/docs/dilmah_purpose_book_-_edition_2/1</p>	<p>Our pledge of sustainability and fostering the endearing connection with nature, have ensured that Dilmah’s production facility and its entire range of products are Carbon Neutral since 2018. In 2020, the scope of carbon neutrality status for Dilmah products has been extended up to the destination ports of all overseas markets, demonstrating a significant commitment towards the pledge of being Carbon Negative by 2030 (Zero emissions for the entire manufacturing process).</p> <p>Dilmah is an active member of the Climate Emergency Taskforce of the UNGC Sri Lanka. In 2021, Dilmah has committed to UNGC Science Based Targets initiative (SBTi) to align the Company’s voluntary greenhouse gas reduction targets with climate science.</p>



UNGC Principle	Implementation policies in place & measurement	Activities
<p>Principle 7 Businesses should support a precautionary approach to environmental challenges...</p>	<p>Dilmah Beach Caretaker Program: A success story in community-led coastal conservation https://www.ft.lk/environment/Dilmah-Beach-Caretaker-Program-A-success-story-in-community-led-coastal-conservation/10519-714222?fbclid=IwAR2oITUz8sadb3li9TZfznduL-cYOXQLh3IR-C_782Bi9_0Y42kNK7pU7bw</p>	<p>During the year Rs. Mn 25.9 (\$ 0.13 Mn) was utilized for Dilmah Conservation with the aspiration of safeguarding the environment.</p> <p>Safeguarding Sri Lanka’s biodiversity and natural habitats is integral and therefore a key focus area of Dilmah Conservation. Conservation efforts led to Kayankerni Reef being declared a Marine Protected Area in 2019.</p>
<p>Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility...</p>		<p>In 2020, Dilmah Conservation joined forces with conservationists from Global Wildlife Conservation (USA), Durrell Wildlife Conservation Trust (UK) and the IUCN Species Survival Commission - amphibians, for building capacity of Sri Lankan herpetologists to facilitate assessing over 120 species of frogs that inhabit Sri Lanka to include them in the Global IUCN Red List.</p>
<p>Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies...</p>	<p>Ecovation Awards 2021: Encouraging Eco-friendly Inventions and Ideas in Sri Lankans: https://pressroom.dilmahteac.com/news-about-dilmah/ecovation-awards-2021-encouraging-eco-friendly-inventions-and-ideas-in-sri-lankans--607.html</p> 	<p>In 2021, the Beach Caretaker programme has been extended to maintain a pollution-free 50km stretch of beach with the help of 50 Beach Caretakers.</p> <p>Initiatives such as Dilmah upcycling, Biochar and "Waste to craft" shows Dilmah's commitment towards the protection of the planet and the circular economy.</p> <p>Dilmah implemented ECOVATION (Eco-Innovation) Awards in 2021, welcoming innovative ideas on sustainable packaging and waste management.</p>

Issue area:

ANTI-CORRUPTION

UNGC Principle	Implementation policies in place & measurement	Activities
<p>Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery</p>	<p>Business Ethics Policy https://www.dilmahtea.com/privacy-and-terms/dilmah-business-ethics-policy</p> <p>Anti- Bribery and Corruption (ABC) Policy https://www.dilmahtea.com/dilmahanti-bribery-and-corruption.html</p> <p>Human Rights Policy https://www.dilmahtea.com/dilmahhuman-rights-policy.html</p> <p>Corporate Governance Statement: The Company has complied with the Rules of Colombo Stock Exchange (CSE) on Corporate Governance.</p> <p>Corporate Governance: Pages 94-103, https://www.dilmahtea.com/sustainability/pdf/dilmah-ceylon-tea-company-plc-annual-report-2020-21.pdf</p>	<p>Dilmah has implemented a comprehensive Anti-Bribery and Corruption (ABC) Policy to uphold its approach of “zero tolerance” of bribery and corruption and commitment to integrity in all its business dealings.</p> <p>The ABC policy scope applies to employees and third parties dealing with the Company and is accessible to employees via the intranet and to all third parties dealing with the Company The Groups Human Rights Policy promote mutual respect, upholding rights and dignity of all employees and stakeholders.</p> <p>Code of Conduct and Policy Framework implemented by the Group ensure ethical and responsible decision making and endeavour to guide the directors, employees and other stakeholders to maintain high standards of values and ethical business culture practices by Dilmah Tea from its inception.</p> <p>The company’s zero tolerance towards bribery and corruption is communicated through the Anti-Bribery and Corruption Policy, its Workplace Anti-bribery rules and its Code on Business Ethics, are all made available to employees via Dilmah’s intranet site.</p> <p>Training on these policies is carried out in the induction programme conducted by the Legal department during the onboarding process of new employees.</p>

As a Brand, Dilmah firmly believes that **business is a matter of human service**. The Founder's long-term vision of building a truly sustainable tea industry that benefits people, communities and the environment, is deeply instilled into the Group's ethos and organisational culture. For Dilmah, sustainability is more than just caring for the environment, and the Company's social responsibility begins with Dilmah's very own employees, because nature and communities lie at the core of Dilmah's purpose.

We thank you for your continued support in our efforts to contribute to the UNGC Ten Principles and Sustainable Development Goals (SDGs).

