

COMMUNICATION ON PROGRESS – 2021

1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER



9th December, 2021

H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

I am pleased to confirm that Bogawantalawa Tea Estates PLC reaffirms its support of the Ten Principles of the UN Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the UN Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Yours Faithfully,


L.H. MUNASINGHE
EXECUTIVE DIRECTOR

2. DESCRIPTION OF ACTIONS

2.1 Environment

Bogawantalawa is committed to climate positive tea growing, manufacturing and marketing operations while increasing our positive social impacts for offering most sustainable teas to our customers. True to our motto of being “Passionate Growers with sustainability at heart”, we have made it the way of life here in Bogawantalawa. While adopting Climate Smart Agricultural practices across all our estates and focusing on overall atmosphere, water, soil and quality of life of our tea harvesters we focus to bring to the world the finest teas ethically produced with the highest level of sustainability. We are committed to making continuous improvements in the management of our environmental impacts.

Sri Lanka is now confident of significant changes on its climate, associated to global climate change. Many researchers including the Bogawantalawa Sustainability Center have found that there is a significant increase of ambient air temperature and recent increase of variability in rainfall. Plantation sector of Sri Lanka cannot be sustained if site specific integrated environmental sustainability approaches are not intensively implemented, going beyond the traditional frame work in this decade.

Analysis of past data suggests that atmospheric temperature is gradually rising almost everywhere in the country. It has been reported that mean daytime maximum and mean night time minimum air temperatures also have increased. Heavy rainfall events have become more frequent in central highlands during the recent period. The intensity and the frequency of the extreme events such as floods and droughts have increased, during recent decades.

Climate is the primary determinant of agriculture as well as the agriculture is one of the causal factors in climate change. Since agriculture is depend on climate, climate change could influence food production via direct and indirect effects on crop growth processes. The main vulnerabilities related to the plantation sector are mainly higher temperatures, rainfall variabilities and high intensity rainfall and droughts, all of which are expected to increase in the future. High rainfall intensity will increase soil erosion in tea lands and reduce the number of days available for rubber tapping. Increased temperatures may increase metabolic rates and number of breeding cycles of insects which leads to increase pest populations.

Therefore, we have recognized environmental sustainability should be a part and parcel of a plantation’s strategy which can focus on adaptation measures such as preserve beneficial effects, minimize adverse effects and no-regret strategies to aim at crop improvement, soil improvement, improvement of aerial environment.

Despite challenges faced by the Tea industry and globally, we continued to stay ahead and record significant progress due to our longstanding Climate Smart Agricultural practices, Factory operations and modernization, product quality and brand building. Moving forward, we are confident to pro-actively withstand the challenges caused by climate change and rapidly changing consumer lifestyles and tea trends relying on our sustainable initiatives and quality measures. While conforming to the principals of sustainable food to provide ultimate value to our discerning customers and stakeholders, Bogawantalawa ensures sustainable management of the natural resources, eco systems and social wellbeing by making it part of our core operation. Through our Environmental Policy, we are committed to:

- Setting environmental targets, including on carbon reduction, renewable energy, packaging and recycling, water usage and replenishment, and sustainable sourcing.
- Continuously reviewing and improving our environmental performance.
- Set targets for continuous improvement and put in place environmental safety and sustainability programmes.
- Refresh our materiality assessment periodically, which includes considering current and future environmental issues.
- Ensuring our compliance with local and national environmental legislation and regulations, focusing on effectively utilizing resources, energy and fuel, minimizing waste and air emissions, and preventing pollution everywhere we operate.
- Meaningful and accurate environmental information and dialogue based on scientific evidence about our products, activities and services at corporate, market and product brand level
- Independent environmental auditing, verification and certification of our practices and along our supply chain
- Environmental awareness training and education for our employees, alongside effective communication with employees and recognition of their initiatives and achievements towards environmental improvement

MOU with Ministry of Environment

Strengthening its sustainability Program, Bogawantalawa Tea Estates PLC signed a Memorandum of Understanding (MOU) collaborating with the Ministry of Environment, working to protect the biodiversity of the central hills in Sri Lanka.

The MOU was signed between Hon. Minister Mahinda Amaraweera, Minister of Environment and Dinesh Ambani, Chairman, Bogawantalawa Tea Estates. This initiative was inaugurated during a recent visit by the Minister to the company's plantations.

Acclaimed as the leader being the world's leading sustainable tea growing, manufacturing and marketing company Bogawantalawa aims to contribute towards strengthening conservation activities in the central hills. Conducted through the 'Husma Dena Thuru' (Breath for Life) National Tree Planting Programme, the activities will contribute to protect the biodiversity of the central hills and help in the conservation of threatened flora and fauna. The initiative will also support the special program for the conservation of leopards, protect water falls and catchments and facilitate the reforestation of more than 100 hectares of barren lands with the objective of increasing forest cover.

The project also aims to support proper waste management, promote climate smart agriculture, greenhouse gas emission reduction in the plantation sector and promote carbon neutral and climate positive production.

National Planting programme to plant 50,000 Mee Plants (*Madhuca longifolia*)

A National programme has been started to plant 150,000 Mee (*Madhuca longifolia*), Kumbuk (*Terminalia arjuna*), Jack (*Artocarpus heterophyllus*), Na (*Mesua ferrea*) plants throughout the country. Planting materials are being raised internally and distributed for different planting programmes under the supervision of Bogawantalawa Conservation Team.

Solar Phase 3 was started

Leading the way in sustainability, Bogawantalawa is now in the process of expanding the Solar power generation capacity to augmenting its balance sheets. Commencing the 3rd phase of this initiative to generate 1.6 MW of renewable energy, all manufacturing plants in the Tea Estates and the packaging plant in Colombo are being converted to State-of-the-art Solar powered rooftops. Going beyond carbon neutral status, Bogawantalawa will be able to additionally sink 1500 metric tons of Carbon dioxide equivalent per annum. This enables the company to strengthen the position of being the world's 1st Tea growing, manufacturing and marketing company to offer Uncompensated Climate positive Teas certified for product and facility.

Bogawantalawa Climate Smart Agriculture Center

Bogawantalawa Climate Smart Agriculture Center is now in operation and fully equipped to monitor changing climate and undertake research and development activities for Climate Smart Agriculture. We facilitate local and international Researchers for their studies and conduct trainings and awareness for interested parties.

Sri Lanka's largest Organic Spices and Herbs Zones

Bogawantalawa is investing 1 Billion Rupees on their Sri Lanka's largest Organic Spices and Herbs Zone in Deraniyala Area. This initiative will be the World First Climate Positive, certified for Organic and other highest sustainability standard, Spices and Herbs Project. Export oriented Sri Lankan Spices and Herbs will be produced and value addition will be done in many angles.

International and National Awards

Leading the way in sustainability as a Tea growing, manufacturing and marketing company, the Presidential Environmental Award was bestowed upon the organization for the contribution made towards the environment and attaining international recognition in the categories; 'New Sustainable Product Award' at the Global Sustainability awards held in Amsterdam, 'Global Green Award' at the international Green Environment awards held in Turkey, 'Sustainable Leadership Award' at the World Sustainability Awards held in Jakarta and the 'Green Ambassador honor' by Green Apple Awards presented at the Houses of Parliament in Westminster – London.

Environmental Sustainability Initiatives

Bogawantalawa is complied with UN's 17 SDGs and below 17 are the key Environmental Sustainability Initiatives of Bogawantalawa. There are many other initiatives those are directly and indirectly link to those major initiatives being implemented at ground level.



Going beyond Carbon Neutral status, Bogawantalawa has achieved the pinnacle of environmental sustainability by reaching 'Uncompensated Climate Positive' status certified for product and facility. Causing a paradigm shift in the Ceylon Tea industry and how it is viewed globally Bogawantalawa is the world's 1st Tea growing, manufacturing and marketing company to offer Uncompensated Climate Positive Teas traceable from garden gate up to shipping.

In addition to this, 'Net Zero Energy' status has been achieved by the company by harnessing renewable energy through solar and hydropower projects, where the power generated via these sources and sent to the national grid is more than the energy consumption of the company. As a result, Bogawantalawa Tea Estates PLC is the world's first tea growing, manufacturing and marketing company Certified for 100% Renewables.

While conforming to the principals of sustainable food to provide ultimate value to our discerning customers and stakeholders, Bogawantalawa ensures sustainable management of the natural resources, eco systems and social wellbeing by making it part of our core operation.

Our dashboard below provides an overview of other environmental sustainability commitments and actions by which we drive our system wide approach beyond small operational improvements.

Commitment	Highlights
Carbon Foot Print and climate action	Bogawantalawa takes stepped-up efforts to reduce greenhouse gas emissions and strengthen resilience and adaptive capacity to climate-induced impacts in all estates. Weather parameters are being closely monitored and internal weather forecasting are done based on weather records are collected through number of Digitalized Weather Stations in Bogawantalawa Estates. GHG emissions are also closely monitored and assessed every year for verifications and certifications. Air quality measurements are also done in the Bogawantalawa Valley.
Sustainable Soil Development	As soil development is as a thumb rule for our productivity and quality improvement of our Teas. To nurture the gift of nature in the Golden Valley of Ceylon Tea, we invest more than 40 million per annum for Sustainable Soil Development practices. Latest technologies are used to soil mapping, identification of nutrient deficiencies, fertility management, erosion control and develop fertile soil resource base.
Conservation Forestry	Conservation forestry practices consist of the conservation of sensitive areas, water shed areas, water sources, etc. Further, biodiversity and improvement of ecosystem stability are also being practiced while conducting awareness programmes and training programmes internally as well as externally for the public.
Plantation Forestry	Forestry projects are another key component of our distinctiveness. There are three main objectives of Plantation Forestry, namely the Production, Protection and Recreation benefits. The largest timber nursery in Sri Lanka is owned by the company with myriad species of timber, firewood, native plants, herbs and fruit plants.
Social Forestry	Our Social Forestry initiatives includes programmes with school children, awareness, training, planting programmes in public places, planting material distribution, enrichment of line gardens, promotion of organic vegetable farming...etc. These initiatives are conducted on recurring basis within our company and community.
Towards organic	Approximately 200 hectares of tea extent have already been converted in to True Organic plantations following the Principals of Organic Farming. Majority of required organic fertilizers are being produced internally from Bogawantalawa organic fertilizer production units assuring the high quality of products. Organic farming is our approach within the context of environmental sustainability initiatives.
Organic pesticides	Organic pesticides are produced internally by the research and development team of the company and it is also being carried out to minimize the usage of inorganic pesticides.
Bio-fertilizers	The efficiency of fertilizers used in tea plantation is reducing while approximately 40% and 60% of the application is wastage. Bogawantalawa has developed their own Bio-fertilizers that improves

	the fertilizer efficiency and nutrient availability in the soil. Bio fertilizers are living cells or latent cells of efficient strains of microorganisms that boost the nutrient uptake of plants by their interactions in the rhizosphere when applied through seed or soil.
Water stewardship	Water footprint is an indicator of both direct and indirect freshwater use of a consumer or producer. Calculation of green water, blue water and grey water and water foot print are done to improve the water use efficiency throughout the value chain. Water audits, awareness programs and water conservation practices are being implemented to manage the water resources appropriately as it is vital for all the living beings.
Waste Footprint	We practice the 5R (Reduce, Reuse, Recycle, Refuse and Repurpose) concept in all stages of our value chain while the production of compost from our biodegradable waste being carried out. Our strategy is to follow a circular economy with zero waste within the plantation.
Energy Management	Energy Management projects are being implemented with the following objectives. Our strategy includes, identification of energy hotspots through energy audits, quantification of losses, minimizing losses, improvement of efficiency, usage of latest technologies for production, awareness / training programs, setting up of emission targets, group responsibilities and introduction of incentive scheme for staff.
Hydropower	3.2 MW has been commissioned within the plantation as projects and internal systems. Our sister company Eco Power (Pvt) Ltd has already commissioned more than 40 MW in Sri Lanka and many more projects overseas.
Solar Power	BTE commenced solar trials in 2010 and with the successful results of trials, large scale developments were initiated. Although the Solar irradiation levels are low, ambient air temperature, less aerosols in atmosphere, cool wind and less RH are favourable factors for solar generation in Up Country area. 780 kW has already been installed and 1.6MW is being installed and working for another 4.8MW Solar Park within the Bogawantalawa Valley.
Climate Smart Agriculture	The Climate Smart Agriculture Centre was established to undertake research and development activities related to climate change with the slogan of "Climate Smart Agriculture". Weather parameters, solar radiations and intensity, soil parameters, ground water table, air quality, biodiversity, farming and yields, animal husbandry, forestry and related factors, P & D outbreaks and weeds and intensity are being monitored and analysed from this centre. Numerous research and development activities are also being carried in order to identify the methods and practices to improve resiliency of plantations to face the challenges of climate change successfully.

Flora and Fauna	Many projects are being implemented to protect the biodiversity not only in own planation but also in Central Hills and throughout the country. Identification of Biodiversity hot spots, forest enrichment, habitat conservation, propagation of native species...etc. are few highlights.
Walk toward the nature and plating of rain forest	<p>Bogawantalawa undertake Tropical reforestation (TR) and Reforestation of Rainforests (RR) on scientific approach which have been highlighted as an important intervention for climate change mitigation because of its carbon sequestration potential. Reforestation is also very important to avoid many hazardous effects of soil erosion, bringing back to fertile land and environmental balance.</p> <p>TR and RR can also play other frequently overlooked, but significant, roles in helping society and ecosystems adapt to climate variability and change. Management of increased forest cover must also incorporate measures for reducing the direct and indirect impacts of changing climate on reforestation itself.</p> <p>Bogawantalawa always advocate a focus on "Climate-Smart Reforestation," defined as reforesting for climate change mitigation and adaptation, while ensuring that the direct and indirect impacts of climate change on reforestation are anticipated and minimized.</p>

Collaborating with Environment Ministry to preserve highlands

Bogawantalawa Tea Estates showcases sustainability leadership

Strengthening its sustainability programme, Bogawantalawa Tea Estates PLC signed a Memorandum of Understanding (MoU) with the Ministry of Environment, to protect the biodiversity of the central hills in Sri Lanka.

The MoU was signed between Minister Mahinda Amarasekera, Minister of Environment and Dinesh Ambani, Chairman, Bogawantalawa Tea Estates. This initiative was inaugurated during recent visit by the Minister to the company's plantations.

Speaking at the event, Minister Amarasekera said, "We understand the urgency to take action to preserve some of our most precious natural resources, to plant more trees to prevent global warming and future catastrophes. I commend Bogawantalawa's initiative as the first company to come forward to joining the National Programme and collaborating with the Ministry significantly contributing in our efforts towards environmental conservation."

The Minister added, "Leading the way in sustainability in the sector, Bogawantalawa Estates has over the years implemented several conservation activities in their plantations and can be portrayed as a shining example among other entities including Government organisations. The support of Bogawantalawa in our reforestation

the activities will contribute to protecting the biodiversity of the central hills and helping in the conservation of threatened flora and fauna. The initiative will also support the special programme for the conservation of leopards, protect waterfalls and catchments and facilitate the reforestation of

Bogawantalawa Tea Estates signs MoU with Environment Ministry



At the MoU signing (from left, Bogawantalawa Tea Estates Director of Sustainability, Research and Development Theophilus Bandula, Bogawantalawa Tea Estates Chairman Dinesh Ambani, Environment Minister Mahinda Amarasekera, Bogawantalawa Tea Estates Co-Chairman Lalith Arambure, and Bogawantalawa Tea Estates Executive Director Lalith Manasinghe.

joins forces with Ministry to preserve central highlands

climate-smart agriculture and greenhouse gas emission reduction in the plantation sector, and promote carbon neutrality and climate-positive production.

Explaining the company's involvement, Ambani said: "As passionate growers with sustainability at heart, we continue to relentlessly pursue our mission to raise the bar while conforming to the principles of sustainable food, to provide the ultimate value to our discerning customers and ensure sustainable management of our natural resources and ecosystems."

He added, "Moreover, Bogawantalawa has taken it upon

natural resources and eco systems."

He added, "Moreover, Bogawantalawa has taken it upon themselves to fund these efforts without having to utilize public money, where the Environmental Ministry will be able to redirect them to other environmental sectors."

As a leader in environmental sustainability, Bogawantalawa has unanimously pioneered trailblazing initiatives. Among the key milestones include becoming the world's first tea growing, manufacturing and marketing company offering 'Uncompensated Climate Positive Teas' certified for export and facility in 2019, going beyond the Carbon Neutral Status.

Causing a transformational shift in a tea industry, Bogawantalawa has harnessed progressive change from a traditional system to a low emission/ zero-carbon pathway. These include major transformative strategies such as carbon reduction, carbon offsetting and mainstreaming sustainable climate

Bogawantalawa joins forces with Environment Ministry to preserve central highlands

2.2 & 2.3 Human rights and Labour

Our people are our greatest assets and Bogawantalawa Tea Estates PLC is committed to uplift the society in all the ways possible. The pandemic year 2020 had been a challenging one for our communities in the estates. However, the stringent measures we have taken to prevent Covid-19 got our people more engaged in the company's business and that enabled us to continue to support our communities in fulfilling their needs. The thirteen tea estates of Bogawantalawa have got a total population of 47101 among the worker population 7181 and we invest in the whole community on their socio wellbeing.

MAKING LIFE BETTER FOR OUR EMPLOYEES

Our employees are the key to our successful business and we take keen interest on our employees by investing in them for a better life in the estates. We ensure everyone provided with whatever required for living and working in the estates from housing, water sanitation, child care facilities, health, safety and wellbeing in our estates.

Housing - Maintaining 9468 houses and have provided 34 hectares land for new single housing projects for the communities in the estates.

Child care facilities - Children aged up to five are cared by qualified child development officers at 65 child development centers. All our child development centers are facilitated with Breast Feedings Corners for lactating working women.

In house **medical facilities** - Through dedicated dispensaries with the service by government approved Estate Medical Assistants appointed by the company for treating basic injuries, sickness. These medical facilities avail free for the entire estate community.

Job Site Rest Rooms – These are available in all the factories and in the field.

Improve Worker Relations and Working Environment through Community Development Forum (CDF) - Phase II has been commenced aiming to strengthen the CDFs that had been established in 2018. This CDF model was recognized as a “mini parliament” which is to facilitate dialogs between workers, management and the broader community.

FOR AN EMPOWERED COMMUNITY IN OUR ESTATES

Our work goes beyond the worker population and we help the whole community in our estates to be empowered.

Community health & wellbeing

The wellbeing of the community is our key concern and we go beyond worker population to provide the maximum to the whole society in the estates. Access to drinking water, latrines, bathing sites, awareness programs, medical camps, nutrition programs were aimed at improving the wellbeing of the community.

Covid Prevention activities were undertaken last year through awareness programs, setting up hand wash facilities in the estate offices, factories, child development centres and in the dispensaries. Further the communities were provided with facemasks, sanitizers. With the support of our partners, our people were issued dry rations.

Programs on dengue prevention and protecting community from rabies were conducted which includes awareness sessions, cleaning environment and vaccination to stray dogs.

Improving Nutrition

Improving Nutrition among the plantation people is one of our objectives for a better and healthy society. In order to achieve the objective, BTE has taken number of initiatives such as sustainable home gardens at the child development centers to feed children, nutrition feeding programs for children at child care centers, community kitchen to provide healthy diets for the locals and awareness/education sessions for parents, young mothers and children.

Educational Empowerment

Aimed at empowering children through education, we help needy children in our estates through scholarships, stationary supplies and life skill coaching. Currently 24 girl children at schools, eight children at universities and four at other higher studies were provided with financial supports and 5052 school children were benefitted from annual stationary supplies. We take girls education serious and the girl children in schools were not only provided with scholarship but their educational progress were further followed up closely with continues and close monitoring with their schools and parents.

Disabled Support

Bogawantalwa Tea Estes PLC through Lanka Mother and Child Foundation which is an NGO arm of Metrocops helps persons with disability in our estates. Child development officers were trained well in helping the 114 children with disabilities to give necessary therapies and medical attentions through continues home visits.

Participation in Fair Trade

By participating in fair trade, we bring additional income to our worker population which is managed by the workers themselves through a committee and used for and invested in socio-economic development of the workers, their families and the community. Seven of our estates are fair trade certified.

Protecting children through policy

Bogawantalawa Tea Estates PLC (BTE) has a social responsibility to ensure that no harm is brought upon any child through our actions and operations, and to actively ensure a safe and protective environment free from violence, for the children of our workers in the estates. Having adopted the Child Rights and Business Principles Framework introduced by the UN Global Compact together with UNICEF and Save the Children, and having received the Rainforest Alliance Certification for effectively complying with the Sustainable Agriculture Standard (SAS 2017), BTE has clearly demonstrated their commitment to engage in ethical and socially responsible business practices, that develops, empowers and transforms communities with which we work.

Engaging actively with our partners

We have had the opportunity to meet with all our stakeholders who are making a greater impact in the lives of our communities in a common forum. Plantation Human Development Trust, Ambagamuwa Pradeshiya Saba, Ethical Tea Partners, Save the Children, WASSiP, Chrysalis, World Vision Lanka, Oxfam, ADRA, PALM Foundation and the team Bogawantalawa came together for a successful discussion over the sustainability challenges and to plan a way forward. This event had been an opportunity for the company to honor the righteousness for their contribution towards our people.

2.4 Anti-Corruption

Bogawantalawa practice eight steps to mitigate the risk of corruption in their business.

1. Understand the law and other regulations
2. Conduct a risk assessment
3. Set the tone top-down
4. Always conduct due diligence
5. Keep reviewing your policy
6. Communicate and train
7. Always protect whistleblowers
8. Monitor and review

Other practices and related details to anti-corruption are given in following figures.

CORPORATE GOVERNANCE

The Board of Directors of Bogawantalawa Tea Estates PLC believes that good Corporate Governance is essential to create value for all stakeholders and are committed to upholding very high standards of transparency and utmost integrity in the governance of the Company. The Directors confirm that the Company has already implemented action to comply with the Rules on Corporate Governance contained in the listing rules of the Colombo Stock Exchange.

The Board of Directors

The Directors of the Board are responsible for the formation of overall business strategies, policies and setting standards and ensuring the implementation of them, setting goals and targets in short, medium and long term basis. The Directors review progress quarterly and during the year under review they met on four occasions.

Attendance at these meetings was:

Mr. D J Ambani	3/3
Mr. L J Ambani	3/3
Mr. C M O Haglind	3/3
Mr. D A D S Wickramanayake	3/3
Mr. S A S Jayasundara	3/3
Mr. G V M Nanayakkara	2/3
Mr. L H Munasinghe	3/3

The Board reviews and approves the Annual Budget, actual performance against the budget, grants approval for capital expenditure and any other project proposals. Separate sub committees are set up by the Board for investment decisions and special projects. The recommendation from these sub committees are forwarded to the Board for the final approval at a Board meeting.

Management Meeting

Management meetings are held every quarter whereby all Directors, the senior management including all divisional heads review the progress for the most recent quarter and the performance against budget and last year. Further the next quarters forecast and the forecast for the year are discussed and agreed upon at each meeting. Estate wise details are analysed and recommendations are made to the Board. All capital expenditure, other project proposals, budgets are initially reviewed at this meeting and referred to the Board at the Board Meeting for formal approval and/or ratification wherever necessary. In addition there is also a Management Committee consisting the Chairman / Directors and the Senior Management Team which meets every month to review progress, approval for payments and recommendations to the Board for any Board papers.

Audit Committee

An Audit Committee is formed at the Company level and the members of the Audit Committee (AC) are as follows

Mr G V M Nanayakkara - Chairman AC
(Independent non executive Director)

Mr S A S Jayasundara - Member AC
(Independent non executive Director)

Mr C M O Haglind - Member AC
(Non executive Director)

Attendance at the AC meetings was:

Mr G V M Nanayakkara	4/4
Mr. S A S Jayasundara	4/4
Mr. C M O Haglind	4/4

The Audit Committee, is responsible, for reviewing policies and procedures of Internal Control, Risk Review and Control reports, planning and audit completion

reports from the Company's external auditors and ensuring that the Company has an embedded process of identifying risks, both financial and operational. The Committee ensures that risks, so identified, are managed via a well-defined action plan.

The Committee is also responsible for the consideration and appointment of external auditors, the maintenance of a professional relationship with them, reviewing accounting principles, policies and practices adopted in the preparation of public financial information and examining all documents representing the final financial statements.

The Chief Financial Officer, DGM Auditing and System Monitoring and relevant operational divisional heads attend the meeting by invitation. The decisions of the Audit Committee are reported to the Directors at the Board Meetings.

The report from the Chairman of the Audit Committee is on page no 23.

Remuneration Committee

The Remuneration Committee is set up at Company level and the members of the Remuneration Committee (RC) are as follows

Mr G V M Nanayakkara - Chairman RC
(Independent non executive Director)

Mr S A S Jayasundara - Member RC
(Independent non executive Director)

Mr C M O Haglind - Member AC
(Non executive Director)

Attendance at the AC meetings was:

Mr G V M Nanayakkara	1/1
Mr. S A S Jayasundara	1/1
Mr. C M O Haglind	1/1

The Remuneration Committee is

responsible for the recommendation of the remuneration payable to the Chairman, Executive Directors and Chief Executive Officer and sets guidelines for the remuneration of the Senior Management within the Company, to the Board of BTE PLC. The Board makes the final determination upon consideration of such recommendations. The remuneration recommendations are based on the present market rates.

The gross amount amount paid as directors emoluments for the year is disclosed under notes to the financial statements – note no 12 Page 65.

The report from chairman of the Remuneration Committee is on Page 26.

Related party Transactions Review Committee

The Related party Transactions Review Committee is set up at Company level and the members of the Related party Transactions Review Committee (RPTRC) are as follows

Mr G V M Nanayakkara – Chairman
(Independent non executive Director)

Mr S A S Jayasundara – Member
(Independent non executive Director)

Mr L H Munasinghe – Member
(Executive Director)

The Committee is entrusted with evaluating and considering all transactions with related parties of the company except the exempted transactions as per the Listing Rules of the CSE in order to ensure the related parties are treated on par with other shareholders and constituents of the company and related party transactions are evaluated according to the applicable rules and regulations. To this end the Committee shall ensure

that necessary processes are in place to identify, approve, disclose and monitor related party transactions according to the provisions contained in the Board approved Related Party Transactions Policy pertaining to the company and its subsidiaries.

Attendance at the RPTRC meetings was:

Mr G V M Nanayakkara.....	4/4
Mr. S A S Jayasundara	4/4
Mr L H Munasinghe.....	4/4

The report from the Chairman of the Related party Transactions Review Committee is on page no 24.

Internal Control

Board has endeavored to ensure that control systems, designed to safeguard the Company's assets and maintain proper accounting records that facilitate the production and availability of reliable information, are in place and are functioning as planned.

An internal audit and monitoring division is set up to monitor whether all internal control systems, processes and procedures are followed. Any issues relating to controls, productivity, efficiency, effectiveness are discussed at the monthly review meetings with respective operational managers. All operational and financial functions and approval levels are clearly defined and controlled by the officers with proper segregation of duties. All purchases for major inputs, capital expenditure, disposals are handled by a committee at Center Office and recommend to the Chief Executive Officer. Payments to major suppliers of estates are made from Head Office. All sales proceeds are collected at Head Office and the required funds

are released for remuneration and local purchases to operational units. Actual utilization of funds released are monitored by obtaining certified statements from respective operational managers.

Compliance with Legal Requirements

The Board is conscious of its responsibility to the Shareholders, the Government and the Society in which it operates and is unequivocally committed to upholding ethical behavior in conducting its business. The Board, through the Company's Administrative and Finance Divisions, strives to ensure that the businesses of the Company and its subsidiary comply with the laws and regulations of the country. The Board of Directors ensure that all financial statements are prepared in accordance with the Sri Lanka Accounting Standards and conform to the requirements of the Colombo Stock Exchange.

Relations with the Community

The Board is conscious of the principles of good citizenship and the operational dimensions of the BTE PLC's social programmes. The Human Resources division of the Company is set up at Head Office in Colombo with regional coordinating officers.

CORPORATE GOVERNANCE Compliance Table (Colombo Stock Exchange – Listing Rules)

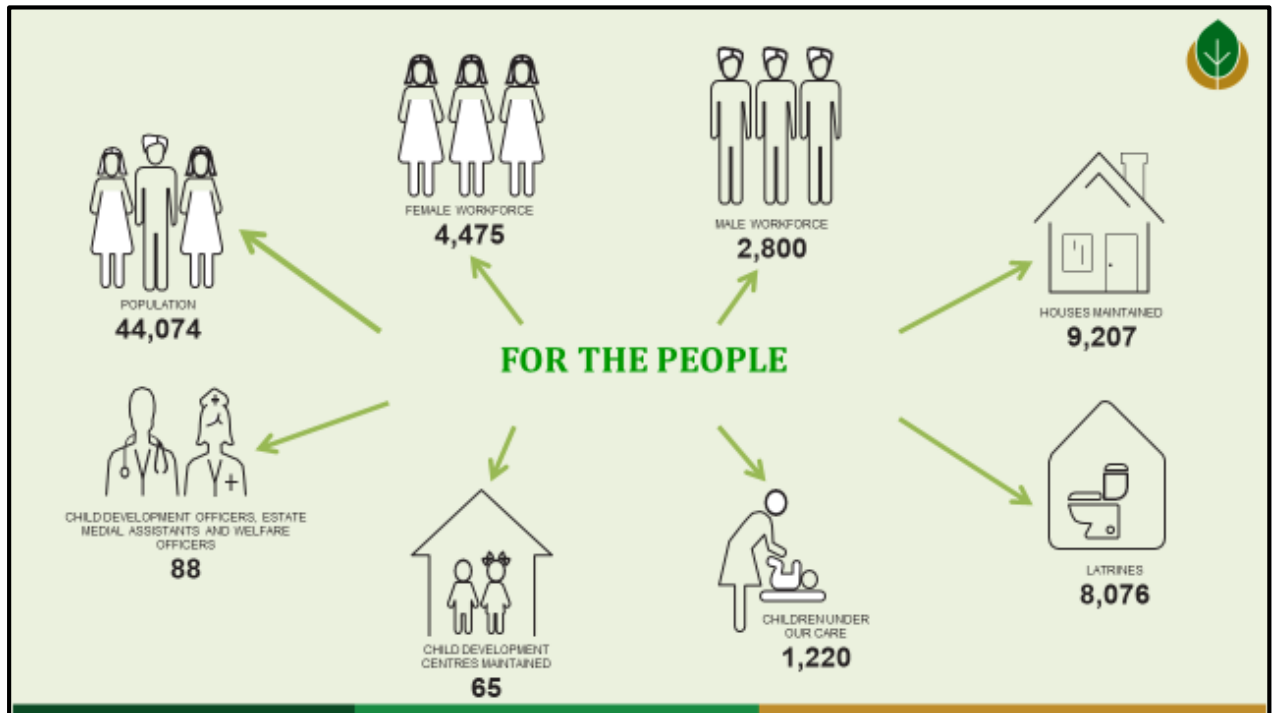
Subject	Compliance Status	Details
Disclosures regarding the Board of Directors		
Four of the seven Directors are Non-Executive Directors	Compliant	Please refer page no 32.
Two of the four non-executive directors are Independent Directors.	Compliant	
Independent Non-Executive Directors have submitted the declaration of independence	Compliant	Each Independent Non-Executive Director submits a written declarations of his independence to the Board on an annual basis. Based on the said declarations, the Board considered them as continuing to be independent
Names of independent Directors included in the Annual Report	Compliant	Please refer page no 32.
A brief resume of each Director included in the Annual Report	Compliant	Please refer page no 15.
Disclosures regarding remuneration and Remuneration Committee		
Specify whether a separate Remuneration Committee was formed or listed parent's remuneration committee used	Compliant	A separate Remuneration Committee was formed.
The names of the members and the composition of the Remunerations committee included in the annual report	Compliant	Please refer page no 34.
The functions and the remuneration policy of the Remuneration Committee included in the annual report	Compliant	Please refer page no 26.
The aggregate remuneration paid to Executive & Non-Executive Directors specified in the annual report	Compliant	Please refer page no 65.
Contents under the Audit Committee Report		
Specify whether a separate Audit Committee was formed or listed parent's audit committee used	Compliant	A separate Audit Committee was formed
The names of the members and the composition of the Audit committee included in the annual report	Compliant	Please refer page no 34
Chief Executive Officer and the Chief Financial officer attend Audit Committee Meetings	Compliant	
The Chairman of the Audit Committee and two members are Members of a professional accounting body	Compliant	
The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Compliant	Please refer Audit Committee Report on page 23
The Annual Report shall Contain a Report of the Audit Committee setting out the manner of Compliance of the Functions	Compliant	Please refer Audit Committee Report on page 23

Subject	Compliance Status	Details
Contents under the Related Party Transactions Review Committee Report		
Specify whether a separate Related Party Transactions Review Committee was formed or listed parent's Related Party Transactions Review Committee used	Compliant	A separate Related Party Transactions Review Committee was formed
The names of the members and the composition of the Related Party Transactions Review Committee included in the annual report	Compliant	Please refer page no 34.
The Related Party Transactions Review Committee shall meet once a calendar quarter	Compliant	
The Chairman of the Related Party Transactions Review Committee should be an independent non executive Director	Compliant	
The Annual Report shall Contain a Report of the Related Party Transactions Review Committee setting out the manner of Compliance of the Functions	Compliant	Please refer Related Party Transactions Review Committee Report on page 24.

3. MEASUREMENT OF OUTCOMES

1. 100% Renewable Energy For Production – Net Zero Certification
2. Climate Positive – Negative GHG emission
3. 65% recycling of waste
4. Improvement of Water footprint
5. Organic Developments
6. No occupational diseases, injuries, and absenteeism

7.



Women Empowerment & Career progression



- Skill development trainings such as Household cash management, commination and conflict resolution, time management
- Resource mapping and awareness on accessibility
- Bank accounts and direct salary transfers
- Vocational trainings for other income generating sources and Financial assistance through CDFs
- Skilled worker trainings and Women Supervisors
- 50% administration roles in CDFs