



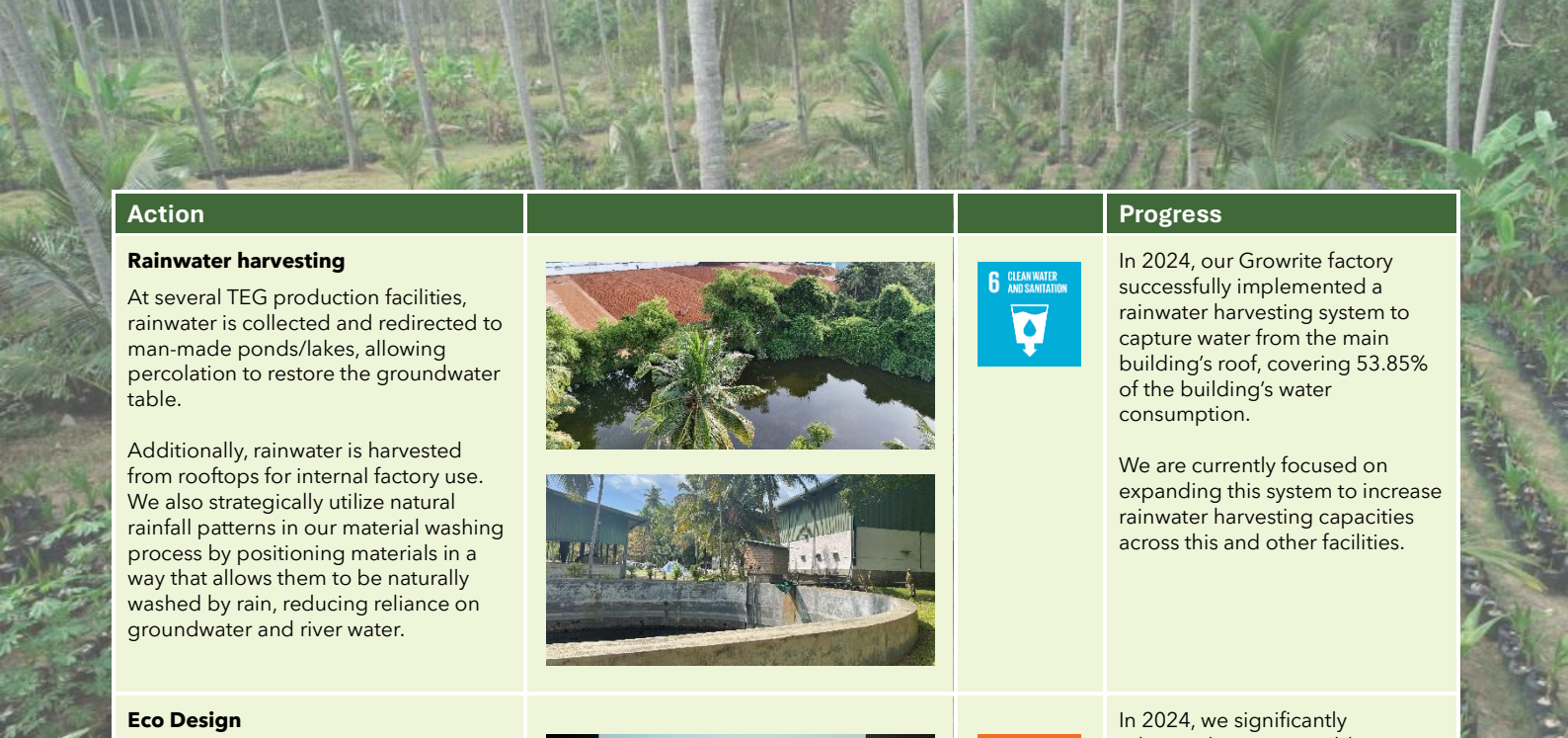
# Sustainability Report - 2023 / 2024

At TEG, sustainability is at the core of everything we do. We recognize its growing importance and are committed to embedding it into our company's ethos. Understanding that sustainability is a long-term journey, we are focused on laying a solid foundation that will allow us to thrive and grow responsibly for years to come. By aligning our ambitions with a clear strategy, we are taking concrete actions to address key impact areas, empowering our teams to actively contribute to our sustainability goals. Our mission is to optimize the value of coconut resources for the greater good of people and the planet, driving positive economic, societal, and environmental outcomes through continuous innovation. With nearly 27 years of commitment to quality, performance, and sustainability, we remain dedicated to advancing the Sustainable Development Goals, ensuring that our progress continues year after year.

This report highlights initiatives that define our strategic commitment to our People, Planet and Prosperity.

## PLANET

Action			Progress
<p><b>GHG Calculation</b></p> <p>We began measuring our GHG inventory in 2022 in accordance with ISO 14064-2 and the GHG Protocol, committing to annual calculations.</p>			<p>Successfully compiled our 2023-2024 GHG inventory and are currently in the process of compiling our 2024-25 inventory, aligned with ISO 14064-2 and the GHG Protocol.</p> <p>Our 2023/24 year emissions:            PTWE-LK : 2730 tCO<sub>2</sub>e            Sc1: 10%, Sc2: 12%, Sc3: 78%</p> <p>VDK-LK: 2717 tCO<sub>2</sub>e            Sc1: 12%, Sc2: 19%, Sc3: 69%</p> <p>Following this, we have begun designing a robust decarbonization strategy aligned with the global target of limiting global warming to 1.5°C.</p>
<p><b>Water Footprint Calculation</b></p> <p>We recognize the critical importance of water scarcity and its impact. To gain better insight into our usage patterns, we have started calculating our direct water footprint within our operations.</p>			<p>We have completed a water footprint calculation for our direct operations. Moving forward, we are working on identifying strategic methods to reduce our water impact.</p>
<p><b>Renewable Energy</b></p> <p>In 2019, TEG installed its first rooftop solar energy system of 400 kW. Following this, in 2020 and 2021, we expanded to two additional facilities, bringing TEG's collective renewable energy generation capacity to 900 kW. Since then, by end of 2024 we have generated 5,340 MWh of energy—equivalent to 3,492 tons of CO<sub>2</sub> saved and 62,481 trees planted.</p>			<p>In 2023, our total solar energy generation through 2023 was 1,165 MWh, while in 2024, we generated 1087 MWh.</p> <p><i>Figures derived from our solar energy management system.</i></p>



Action			Progress
<p><b>Rainwater harvesting</b></p> <p>At several TEG production facilities, rainwater is collected and redirected to man-made ponds/lakes, allowing percolation to restore the groundwater table.</p> <p>Additionally, rainwater is harvested from rooftops for internal factory use. We also strategically utilize natural rainfall patterns in our material washing process by positioning materials in a way that allows them to be naturally washed by rain, reducing reliance on groundwater and river water.</p>			<p>In 2024, our Growrite factory successfully implemented a rainwater harvesting system to capture water from the main building's roof, covering 53.85% of the building's water consumption.</p> <p>We are currently focused on expanding this system to increase rainwater harvesting capacities across this and other facilities.</p>
<p><b>Eco Design</b></p> <p>We recognize the importance of integrating sustainability into our products and are committed to developing and introducing packaging solutions that minimize environmental impact while ensuring quality and integrity.</p> <p>The years 2023 and 2024 were pivotal in this regard, as we introduced multiple eco-design elements for clients to choose from, including Eco-One additives, recycled content in growbags, FSC Mix-certified recycled paper packaging, and Novapal recycled wood pallets.</p>		 	<p>In 2024, we significantly advanced our sustainable packaging efforts by integrating the following:</p> <p><b>Eco-One:</b> A biodegradable additive enhancing the breakdown of our growbags. ASTM D5511 (US) and ISO DIS15985 tests confirm its anaerobic biodegradation in active landfills. TEG became the first in the agricultural industry to adopt Eco-One.</p> <p><b>40% Recycled Plastic Content in Growbags:</b> Meticulously tested for UV exposure, our recycled plastic growbags maintain quality and durability while being 100% recyclable—extending their lifecycle when disposed of responsibly.</p> <p><b>FSC Recycled Paper Packaging:</b> We are proud to have fully transitioned all our paper packaging to FSC-certified material, made with 75% recycled paper.</p> <p><b>Novapal Pallets:</b> These 100% recycled wood pallets are designed for efficiency, saving 60% more space and further reducing their carbon footprint. 500 Novapal pallets are equivalent to 180 metric tons of CO<sub>2</sub> savings.</p>



## PEOPLE

### Action

#### Anagathaya Wawamu - (Grow Your Future)

Launched in 2018, the "Anagathaya Wawamu" (Grow Your Future) coconut cultivation project aims to distribute 500,000 coconut trees, strengthening rural Sri Lankan economies and contributing to the national food system. The initiative educates participants on tree care and provides an additional income source, reinforcing our commitment to sustainability and community resilience.

A key component of the project is involving children in tree planting, instilling environmental responsibility in the younger generation.



### Progress



In 2023, we planted 44,033 coconut trees, and in 2024, an additional 34,110 trees, bringing the total distributed to 199,618. The project has impacted multiple regions across multiple regions, including Kurunegala, Mullativu, and Ampara.

#### Training and Development

We prioritize long-term investment in our team's development, recognizing the need for continuous learning and skill enhancement. Over this period, we conducted multiple internal and external training programs.



In 2023, we conducted a myriad of internal trainings spanning 19,160 hours and in 2024, 20,564 hours across the TEG group,

#### Educational Support

We believe that access to quality education is essential for all. As part of our commitment to our team, we extend our support to their families, ensuring that their children have the opportunity to receive quality education.





**Book donation:**  
Every year, we provide books needed for the new school term to team members' children.

**Scholarships:**  
We support undergraduate students in team s' families with monthly grants until they complete university.



In 2023 and 2024, we provided books to 715 and 853 students respectively for the new school year.

We also continued scholarship grants for 59 undergraduates throughout this period.

Action			Progress
<p><b>TEG English and IT Academy</b></p> <p>Since 2011 and 2013, our TEG English and IT Academy has been dedicated to educating students within the communities, enhancing their English proficiency and IT skills. Our academy serves as a catalyst for societal change by fostering critical thinking, innovation, and adaptability.</p>			<p>By 2023, the academy had 331 students, which grew to 360 in 2024, excelling in English (grades 1-11) and IT (grades 6-11).</p>
<p><b>Kruthaguna Piyasa (Shelter for all)</b></p> <p>Initiated in 2014, this program supports team members in building secure housing. Each year, 10 selected team members from each factory receive financial assistance for housing development.</p>			<p>In 2023, we supported 38 team members with total stipends of LKR 2,050,000.</p> <p>In 2024, we supported 35 team members with total stipends of LKR 1,850,000.</p>
<p><b>Sripathi Children's Home</b></p> <p>Established in 2006, Sripathi Children's Home operates two facilities in Kuliapitiya, providing love, protection, and education to over 55 underprivileged children.</p> <p>Our team is committed to creating a supportive environment that nurtures their well-being and personal growth, helping them become successful citizens.</p>			<p>Every month, a team from one of our locations visits the home to engage with the children, play, and interact with them.</p>
<p><b>Nikaweratiya Hospital Ward Development</b></p> <p>The renovation of Nikaweratiya Improving healthcare quality and accessibility—especially in mental health services—is vital to community well-being. With this in mind, we chose to renovate the mental health ward at Nikaweratiya Hospital, which was previously in disrepair. The renovation included upgrading essential facilities, which significantly enhances access to quality mental health care within the local area, reducing the need for patients to travel long distances for treatment.</p>			
<p><b>Wheelchair Donation to Ruwanwelisaya Temple</b></p> <p>TEG donated 10 wheelchairs to the Ruwanwelisaya temple, ensuring that everyone can comfortably access this sacred site. We believe that no one should be hindered from experiencing the peace and spirituality of religious spaces.</p>			



**Action** | **Progress**

**Sustainability Education and Awareness**

We recognized that to truly integrate sustainability into the core of our company, it was essential for everyone to understand what sustainability means and how their contributions play a vital role in this collective effort. Therefore, in 2024 we launched sustainability awareness sessions both within the company and in the wider community.

**Within the company:**  
To cultivate an organization-wide culture of sustainability, we conducted engaging and informative awareness sessions on key sustainability topics. These sessions were designed for both internal teams and external stakeholders, including suppliers and subcontractor team members.

**For the community:**  
With a focus on future generations, we expanded our sustainability knowledge-sharing efforts by conducting awareness sessions in local schools and training centres. These sessions engage students in discussions on sustainable development and the importance of individual responsibility in creating a more sustainable future.



In 2024, we conducted sessions at 6 schools, reaching 453 students.




Moving forward, we aim to expand this initiative to more regions, ensuring a broader impact on sustainability education.

**Earth Month Initiatives**

As part of our ongoing efforts to foster a sustainability culture within the organization, we recognized the significance of Earth Day and Earth Month. We launched the "Little Bins, Mighty Impact" initiative at our head office, providing team members with designated bins to collect and responsibly dispose of recyclables, which are then sent for recycling.

Additionally, we hosted a sustainability trivia evening, covering key topics such as the Paris Agreement, waste management, and circular economy, to deepen awareness and engagement.



Action			Progress
<p><b>TEG Kids Environment Day Essay and Art competition</b></p> <p>Held in honour of World Environment Day, the TEG Kids Essay and Art Competition reflects our passion for sustainability education.</p> <p>This competition was designed to spark children's interest in environmental stewardship, helping them understand the importance of protecting the planet. Participants explored thought-provoking topics, including climate change, the impact of pollution, and the importance of sustainable living.</p>	 		<p>We received an incredible 69 essays and drawings from talented young participants, showcasing their creativity and enthusiasm for the competition.</p>

## PROSPERITY

### Action

#### Job Creation / New Employment

Our business model prioritizes hiring from local communities, creating employment opportunities and fostering economic stability.



#### Mental Health Awareness

We have established a system that fosters open discussions on mental health while providing team members with access to professional support.

To strengthen this initiative, we have selected and trained trusted team members from each location by enrolling them in a one-year Diploma in Psychological Counselling. These qualified individuals serve as accessible support figures, offering professional guidance to their colleagues.

This initiative, combined with our Group-wide Health and Safety Competition, has significantly contributed to reducing lost time due to ill health.



### Progress

By the end of 2023, across the group, we had a total of 1193 team members.

By the end of 2024, across the group, we had a total of 1191 team members.



We have observed a decrease in requests for painkillers (often linked to stress-related headaches) and fewer workplace accidents due to improved mental clarity among team members.

Over the past two years, 11 trusted team members completed the Diploma in Psychological Counselling offered by the Sri Lanka National Youth Services Co-operative Societies Union Ltd.

In 2023, 77 team members sought counselling, while in 2024, this number changed to 94.

#### Sustainable Innovation

We leverage the regenerative properties of coconut to produce high-value substrates for professional horticulture, home gardening, and environmental technologies, offering a sustainable alternative to traditional substrates.



Action			Progress
<p><b>Collaborating for Sustainability</b></p> <p>Since 2008, we have been an active participant in the UN Global Compact, aligning our operations with its principles to drive sustainable and responsible business practices.</p> <p>We are also a proud member of Biodiversity Sri Lanka (BSL), a national platform led by the private sector, dedicated to fostering corporate engagement in biodiversity and environmental conservation.</p>	<p style="text-align: center;"><b>WE SUPPORT</b></p>  <p style="text-align: center;">General Member</p> 	 	<p>Tropicoir Lanka has been an active UNGC participant since 2011.</p> <p>Growrite Substrates has been an active participant since 2008.</p> <p>Euro Substrates joined the UNGC in 2020.</p> <p>In 2023, we became a member of Biodiversity Sri Lanka, joining a coalition of leading corporates committed to environmental sustainability in Sri Lanka.</p>
<p><b>Expansion for Climate Mitigation</b></p> <p>By expanding our operations across different regions while incorporating/ equipping ourselves with better capacity, we can adapt to climate variations that impact our industry, enhancing our reliability as a supplier.</p> <p>Expanding our operations across different regions while enhancing our capacity enables us to better adapt to climate variations affecting our industry. This approach strengthens our resilience and reliability as a supplier.</p>	 		<p>Over the past two years, we have expanded multiple facilities and integrated innovative technologies to enhance efficiency and capacity. These developments include expanding drying floors, upgrading them to concrete, and implementing tarpaulin drying, which has proven to be more efficient in the drying process.</p> <p>These upgrades have strengthened our ability to operate effectively in varying climate conditions while ensuring consistent production output.</p>