

# **ELPITIYA PLANTATIONS PLC**

## **POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY**

**(Version 1.0)**

[FOR INTERNAL USE ONLY]

Policy Reference No. ...

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## 1.0 INTRODUCTION

Elpitiya Plantations. PLC being a Listed Entity in terms of Section 7 of the Continuing Listing Rules of the Exchange which has its securities listed on the Main Market Segment of the Exchange is required to comply with Section 9 on Corporate Governance of the Listing Rules issued by the Exchange and to promote principles on Environmental, Social and Governance Sustainability.

## 2.0 OBJECTIVE

To satisfy and comply with the requirements under Rule 9.2.1 (h) supplementary to Rules 9.2.1 (c), 9.2.1 (f) 9.13.4 (vii) and 9.11.5 (vii) and to adopt the best practices set out in the Code of Best Practice on Corporate Governance published by the Institute of Chartered Accountants of Sri Lanka in order to integrate ESG Sustainability considerations into the Company's business strategy.

## 3.0 DEFINITIONS

<b>‘Articles of Association’</b>	means the Article of Association of the Company
<b>‘Board’</b>	means the Board of Directors of the Company and includes its chairperson.
<b>‘Carbon Economy’</b>	means the economy based on low carbon power sources which has minimal output of emission of greenhouse gasses to atmosphere.
<b>‘Committee’</b>	means the Board Audit Committee
<b>‘Committees’</b>	mean all the Board Committees established in terms of Rule 9.3 of the Rules and any other Board Committee/s established by the Board at its discretion or as mandated by Regulators from time to time.
<b>‘Company Secretary’</b>	means the Company Secretary of the Company
<b>‘Company’</b>	means Elpitiya Plantations PLC
<b>‘Direct impact’</b>	means impact caused through the Company's services, products and produce to its stakeholders.
<b>‘Environmental Social and Governance Sustainability (ESG Sustainability)’</b>	means the extent of sustainability measured based on a set of aspects including environmental and social issues faced by the Company in its business model and the Company's level of Corporate Governance that can be considered in investing in the Company.
<b>‘Exchange’</b>	means the Colombo Stock Exchange
<b>‘Greenhouse Gasses’</b>	means the gasses in the atmosphere that cause the surface temperature of the planet to rise.
<b>‘Indirect Impact’</b>	means impact caused by use of energy, electricity and waste.
<b>‘Integrated Approach’</b>	means an approach based on the assessment of multiple distinct indicators identified by the Company as having an impact on its resilient existence in designing its business strategies.

<b>‘Policy’</b>	means this Policy on Environmental, Social and Governance Sustainability including all its versions and amendments.
<b>‘Regulators’</b>	means the Exchange and the Securities and Exchange Commission of Sri Lanka and any other Regulatory Authority specifying mandatory or voluntary compliance
<b>‘Responsible Officer’</b>	means an officer or officers upon whom the Board confers the authority and has entrusted the responsibilities of making the Disclosures necessary under the Rules, reviewing this Policy and doing such other and further things required to practice and maintain principles of Good Governance within the Company
<b>‘Risk Appetite’</b>	has the same meaning assigned to the term in the Company’s Policy on Risk Management and Internal Controls.
<b>‘Risk Tolerance Limits’</b>	has the same meaning assigned to the term in the Company’s Policy on Risk Management and Internal Controls.
<b>‘Rules’</b>	means the Continuing Listing Rules issued by the Exchange.
<b>‘Section 9’</b>	means the Section 9 on Corporate Governance of the Rules including all sub provisions and Rules thereunder
<b>‘Stakeholders’</b>	include Company’s shareholders, investors, employees and customers
<b>‘Statutory and Regulatory Provisions’</b>	includes Listing Rules of the Exchange, all laws, rules and regulations in force in relation to or concerning employment and labour, environment, health and business ethics.

## 4.0 KEY PRINCIPLES

### 4.1 Intention and Support

4.1.1 Through the impact assessment on ESG Sustainability, the Company’s intention is to;

- i. continuously improve its business strategies through an integrated approach
- ii. remain resilient and
- iii. to create and deliver durable and sustainable value to the Company’s stakeholders.

since ESG sustainability factors impact the Company’s

- a. Access to financial capital
- b. Cost saving and productivity
- c. Brand value and reputation
- d. Employee recruitment
- e. Employee retention
- f. Access to markets
- g. License to operate and
- h. Market capitalization

4.1.2 The scope of this Policy shall fall under the purview of the Company’s Policies on Corporate Governance, Nominations and Re-election,

Internal Code of Business Conduct and Ethics for Directors, Internal Code of Business Conduct and Ethics for Employees and Risk Management and Internal Controls to the respective applicable extents.

- 4.1.3 Company's plan on ESG Sustainability, the risks and the opportunities arising therefrom shall be included in the Company's annual strategic plan and approved with or without modifications, by the Board.
- 4.1.4 The risks arising out of the ESG Sustainability shall be included and analyzed in the Company's Risk Management process in order to determine the Company's ESG Risk Appetite and ESG Risk Tolerance limits in terms of the Company's Policy on Risk Management and Internal Controls.
- 4.1.5 The ESG Sustainability of the Company and the impact thereof on the Company's business model shall be continuously and regularly ascertained, assessed, measured and managed across the Company.
- 4.1.6 The Company shall aim at contributing materially towards Carbon Economy of the country through substantially reducing the adverse impact and/or numbers evidenced from the assessment of ESG Sustainability carried out across the Company by gauging same through appropriate measures taken across the Company

#### 4.2 Environmental Governance and Sustainability

4.2.1 The Company shall adopt an integrated approach in Environmental Governance and Sustainability

- 4.2.2 The integrated approach shall include,
- 1. multi-disciplinary,
  - 2. inter - disciplinary and
  - 3. trans-disciplinary (e.g.: business travel, transportation of a product, advertising and marketing, customers' energy usage)

approaches in assessing the direct and indirect impact therefrom in designing Company's business model and planning its Operations and Short Term, Medium Term and Long-Term strategies.

4.2.3 The direct and indirect impacts respectively resulting from the decisions taken by the Company on aspects, including the following shall be measured across the Company at regular intervals

- i) prevention of pollution
- ii) effluent treatment
- iii) usage of sustainable resources
- iv) climatic changes
- v) environment protection
- vi) protection of bio diversity
- vii) restoration of natural resources,
- viii) health and safety

4.2.4 The Company shall identify and recognize its significant stakeholders and matters considered by them as material by such stakeholders and engage them in a continuous process to the extent of their respective interests and levels in developing and maintaining the Company's Governance Sustainability strategies.

#### 4.3 Social Governance and Sustainability

4.3.1 The Company shall adopt an integrated approach in Social Governance and Sustainability, integrating diverse and inclusive practices across all areas of the Company's business including diversity across all levels of the organizational hierarchy and hiring practices,

4.3.1.1 striving to be a conscientious employer and establishing and maintaining a satisfied team in a happy and enthusiastic working environment, building a strong work place culture

4.3.1.2 designing and building products with consideration of the ethical and human implications on the end-user and society

4.3.1.3 working towards an ethical and environmentally resilient supply chains embracing principles globally practiced

4.3.1.4 engaging separately with representative groups of the community, customers, employees, suppliers, outsourced service providers and any other stakeholder who may or can influence or be influenced by the Company's business model in relation to aspects material to its sustainable growth.

4.3.1.5 building relationships with customers and other stakeholders by improving Company's business model and stakeholder experience through means including encouraging stakeholder feedback, efficient service delivery, setting standards for product responsibility and product recall if warranted

4.3.1.6 building relationships with the community for sustainable development through responsive community engagement, fair competition and business practices, demonstrating Company's corporate social responsibility.

4.3.2 Identification, establishment and continuous maintenance of Social Governance sustainability through continuous shareholder and stakeholder engagement

4.3.2.1 Company shall;

- 4.3.2.1.1 identify the key resources and capitals deployed in its business, the parties who have influence over same and have in place financial and non-financial measures for resource and capital management and their related matters to measure their respective outputs/outcomes.
  - 4.3.2.1.2 ensure inclusion of fair and healthy labour practices compliant with relevant Statutory and Regulatory provisions incorporating provisions including provisions for health and safety, equal opportunity, gender balance, career development, training, rewards and recognition, conditions of work, work-life balance and industrial relations.
- 4.4 Governance Sustainability
- 4.1.1 Company shall;
- 4.4.1 have in place appropriate governance structures in place supported by relevant operational framework guided by Policies, Procedures, Guidelines, Directives and such other documented processes for operational convenience and uniformity
  - 4.4.1.2 have a robust Risk Management process and an equally robust Internal Controls system across the Company
  - 4.4.1.3 have a responsible and accountable work culture and environment across the Company.
  - 4.4.1.4 comply with all relevant Statutory and Regulatory provisions prevailing from time to time and act in constant consideration and adherence to the Company's values and this shall be disclosed in the Annual Report.
  - 4.4.1.5 adopt a Whistle-blowing Policy and implement same across the Company, which preserves the identity of and protects the whistle blower from adverse repercussions consequent to acts of whistleblowing.
  - 4.4.1.6 ensure data privacy and security, instilling a strong culture of trust, responsibility and best practices concerning data governance.
  - 4.4.1.7 comply with ESG Reporting and disclosures on a regular basis, either forming part of the Integrated Reporting Framework or following the Global Reporting Initiative Guidelines, as deemed appropriate enabling stakeholders to understand how the Company assesses recognizes manages measures and reports ESG risks and opportunities.

## 5.0 POLICY IMPLEMENTATION MECHANISM

The Company shall facilitate the implementation of this Policy through:

- 5.1 establishment and implementation of formal and transparent Procedures, Directives, Guidelines and such other documented operational processes covering such aspects deemed appropriate and/or necessary and/or supplementary to the Key Principles of this Policy whether mandated under the Rules or otherwise with a view of enhancing the sustainability and supporting Corporate Governance within and across the Company.
- 5.2 continuous review and improvement of all Policies, Procedures, Directives, Guidelines and such other processes containing instructions of a similar nature referred to in Clause 5.1 above.

## 6.0 RESPONSIBILITIES

- 6.1 The Company
  - 6.1.1 To ensure
    - 6.1.1.1 compliance with Section 9, by the establishment, functionality and the sustainability of the ESG Sustainability risk and opportunity assessment process through the oversight of the Committees
    - 6.1.1.2 that the mechanisms for operational convenience referred to in Clause 5 above are in place and implemented through practical and effective mechanisms across the Company
- 6.2 The Board
  - 6.2.1 To ensure
    - 6.2.1.1 implementation of Clause 5.1 and 5.2 above
    - 6.2.1.2 establishment and/or designation of other Committees with oversight on ESG Sustainability and risks and opportunities related thereto, complementing the oversight of the Committee on the ESG Sustainability
    - 6.2.1.3 the inclusion of on ESG Sustainability and risks and opportunities related thereto in the Company's Annual Strategic Plan with mitigative action, Risk Appetite and Tolerance limits included and especially focus on the ESG Sustainability Plan when granting approval to the Company's Annual Strategic Plan.
    - 6.2.1.4 that appropriate and acceptable tools are deployed to measure the direct and indirect impact of multidisciplinary, interdisciplinary and trans-disciplinary approaches on the Company's business



model, including the impact on the Carbon Economy through the activities of the Company, towards maintaining resilience and creating and delivering sustainable value to the stakeholders

6.2.1.5 Oversight on ESG Sustainability and ESG Sustainability Reporting and Disclosures in compliance with all relevant Statutory and Regulatory provisions.

6.2.1.6 to appoint a Responsible Officer if deemed appropriate

6.2.1.7 to authorize and confer upon the Company Secretary or the Responsible Officer authority for the purpose of making the Disclosures and/or the Market Announcements as the case may be and to authorize and confer upon such person the authority to issue a copy of this Policy, upon receipt of a written request therefor from a shareholder of the Company and to do and/or assist in doing such further and other things required in implementing the Key Principles of this Policy and maintain principles of good governance within the Company.

### 6.3 The Committee

#### 6.3.1 To ensure

6.3.1.1 that appropriate uniform, formal and transparent procedures and processes established, documented, implemented and followed include the assessment and analysis of risks and opportunities arising out of ESG Sustainability factors

6.3.1.2 establishment, functionality and implementation of all Policies, Procedures, Directives, Guidelines and other instructions of a similar nature required for the effective and practical implementation of this Policy are duly issued.

6.3.1.3 recommendation to the Board, of the Company's ESG Sustainability Plan for approval

### 6.4 The Committees

#### 6.4.1 To ensure

6.4.1.1 that the Committee is supported in carrying its responsibilities by contributing on the diverse aspects falling within their respective purviews

### 6.5 The Company Secretary or the Responsible Officer

#### 6.5.1 To ensure

- 6.4.1.1 that responsibilities set out under 6.1 to 6.4 in this Policy are complied with
- 6.4.1.2 that all responsibilities under ESG Sustainability, Reporting and Disclosures are duly complied with, including those under Section 9 in a timely manner.
- 6.5.1.3 to review the Policy at regular prescribed intervals and to provide safe custody of the Policy
- 6.4.1.4 to issue a copy of this Policy upon receipt of a written request therefor from a shareholder
- 6.4.1.5 that all other responsibilities entrusted by the Board upon him/her are carried out in order to practice and maintain principles of Good Governance within the Company
- 6.5.2 Constant follow up on matters requiring compliance by the Committees under Section 9
- 6.6 Heads of Business Units
  - 6.6.1 To ensure
    - 6.6.1.1 identifying the relevant and material aspects and interests of material and other stakeholders through continuous engagement with them in order to identify opportunities compatible with the Company's business model and submit such business opportunities to the Risk Assessment process in line with the Company's Policy on Risk Assessment and Internal Control.
    - 6.6.1.2 including the relevant Risk Analyses on ESG Sustainability Plan in the Company's annual Strategic Plan
    - 6.6.1.3 a healthy, happy and trusting work environment in the work place ensure compliance with internal policies, procedures, codes of ethics and conduct and healthy business practices especially relevant to Governance and Risk in their respective teams and across the Company.

## **7.0 POLICY OWNERSHIP, CUSTODIANSHIP AND REVIEW**

The ownership of this Policy is vested in the Board. This Policy shall be subject to an annual or sooner review if circumstances so warrant. The review shall be carried out by the Company Secretary or the Responsible Officer nominated by the Board to carry out such task, who shall also be the Custodian of this Policy, who is responsible for ensuring the security, accessibility, and accuracy of same.